



BANGKO SENTRAL NG PILIPINAS

ECONOMIC^{and} FINANCIAL LEARNING PROGRAM (EFLP) 2023

for the Academe | Session for Students

ECONnect :

Understanding Economics to Improve Personal Finance

26 April 2023 | 1:00PM

Cebu Parklane International Hotel, Cebu City

 **LIVE** via Pisolit Facebook Page



BRINGING THE BSP CLOSER TO THE FILIPINO PEOPLE



What does the BSP do?

If there are 10 must-do items in BSP's list,
what are on the TOP 3?

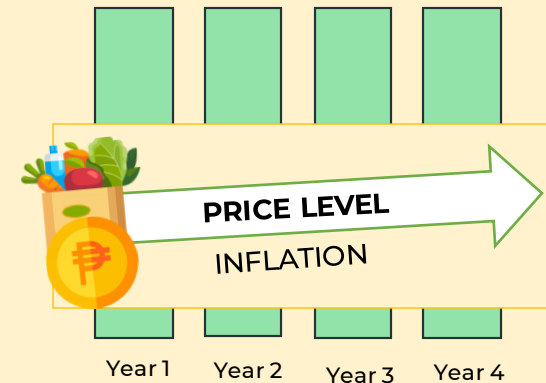
1 Price Stability



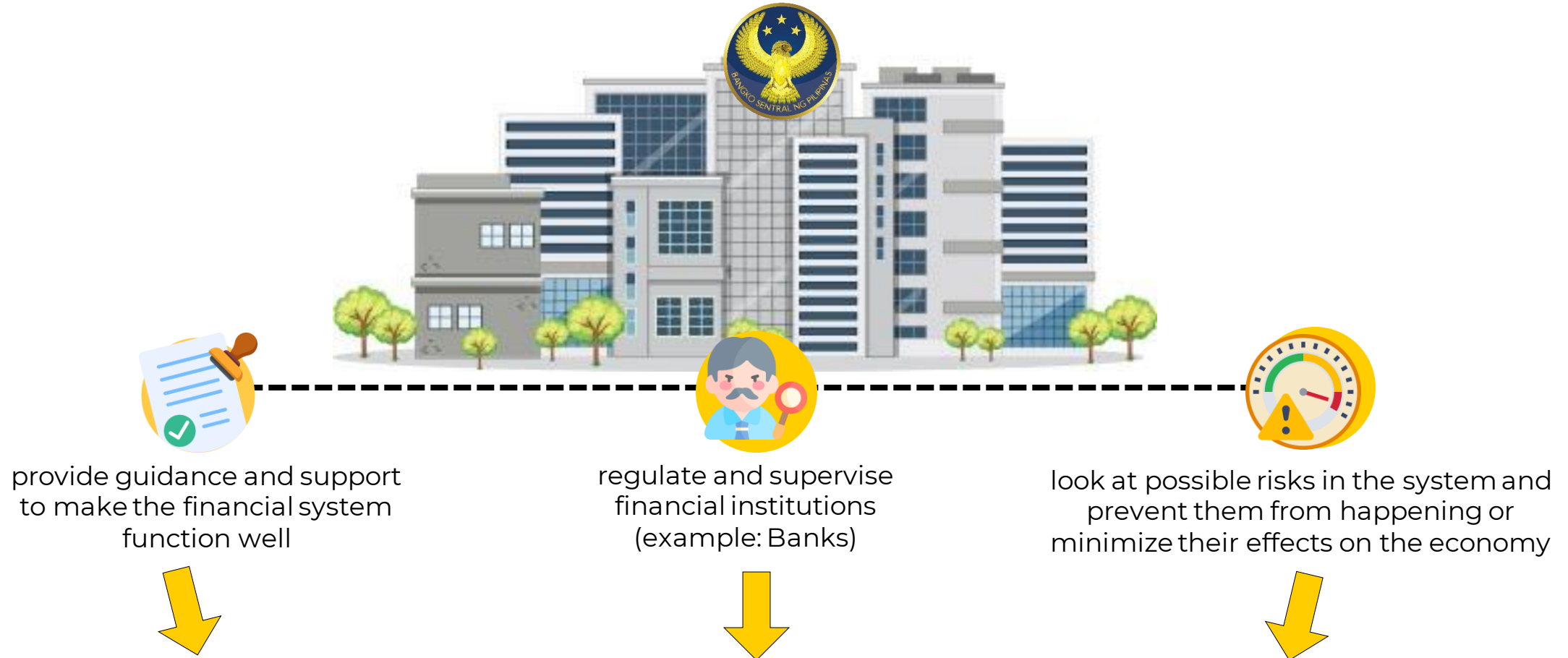
prices are not changing



rate of increase in average prices of goods and services (inflation) remain low and stable over time



2 Financial Stability

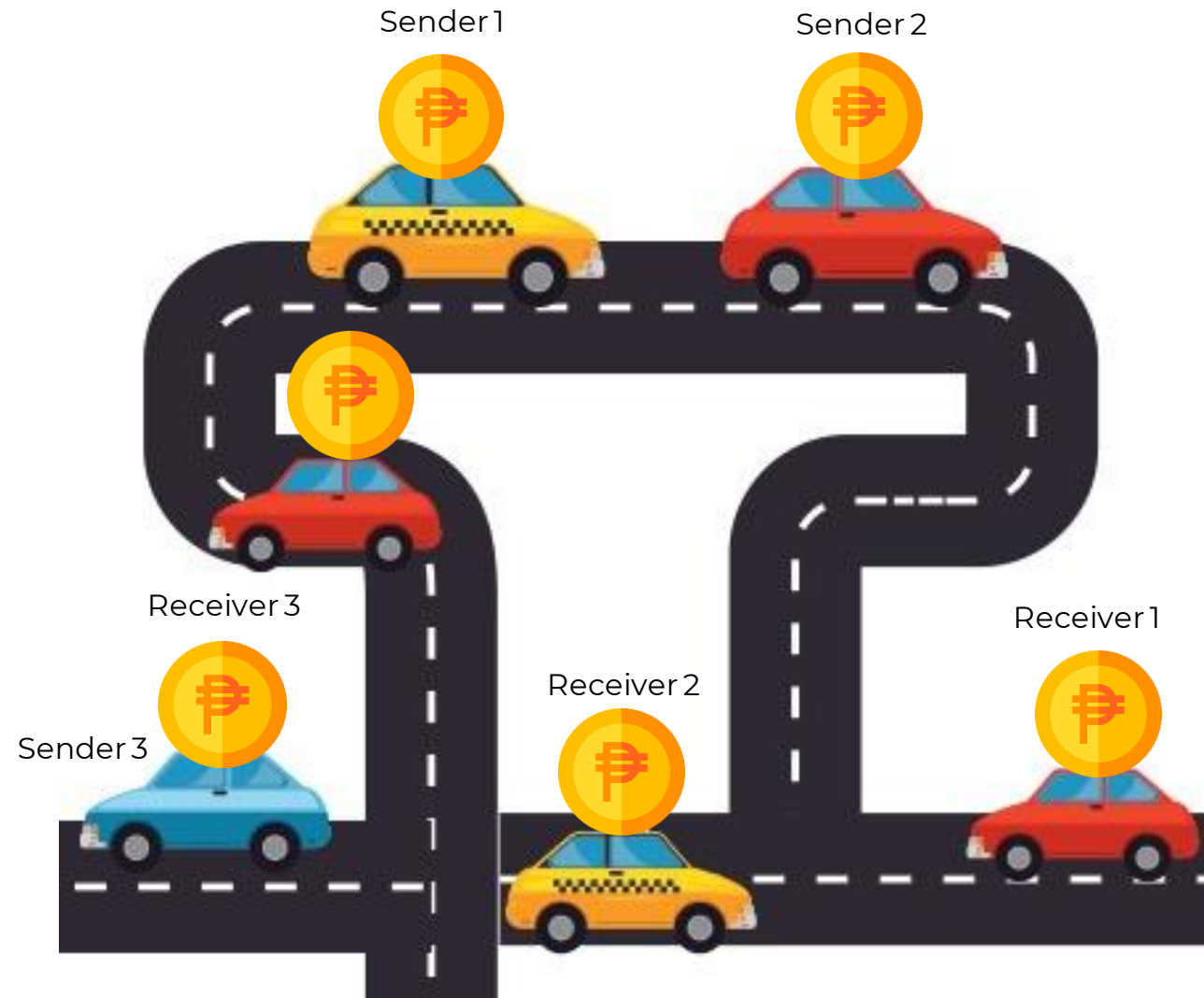


BSP-Supervised Financial Institutions (BSFIs)

3 Payments and Settlements



BSP provides an environment to settle payments efficiently and effectively.



Can central banks exist without printing of money? Do all the central banks around the world have the same functions? How are central banks different from other banks?

Central banks and printing of money

Facilities other than the central bank can be authorized or allowed to print money.



British banknotes are printed by De La Rue (certified commercial printer)



Philippine banknotes are mostly produced by the BSP Security Plant Complex (central bank)



US banknotes are printed by the Bureau of Engraving and Printing (state-owned printing plant)

Primary function: Monetary Policy

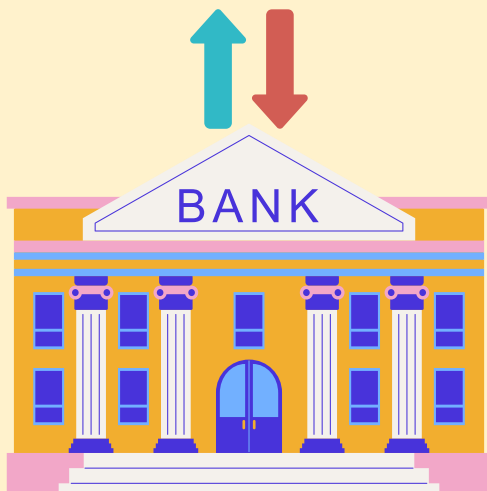
clearing house
bank regulation
reserves management
financial stability
lender of last resort
monetary policy
risk management
payment system
currency production
exchange rate management

Implementing MONETARY POLICY is the common primary function among central banks

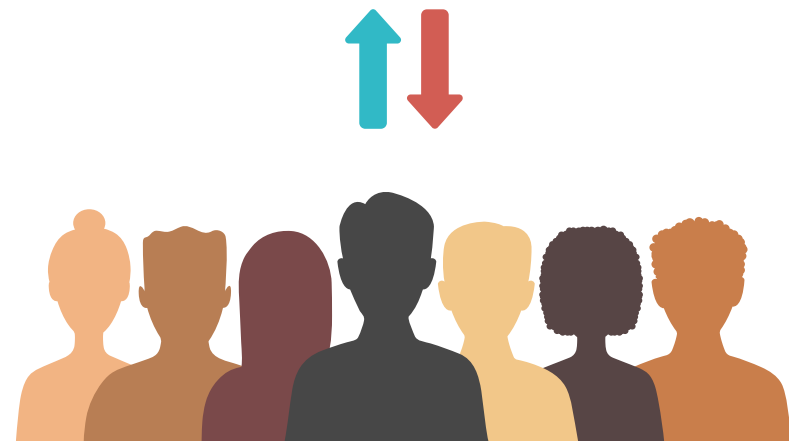


Central banks vs. other banks

CENTRAL BANKS



OTHER BANKS

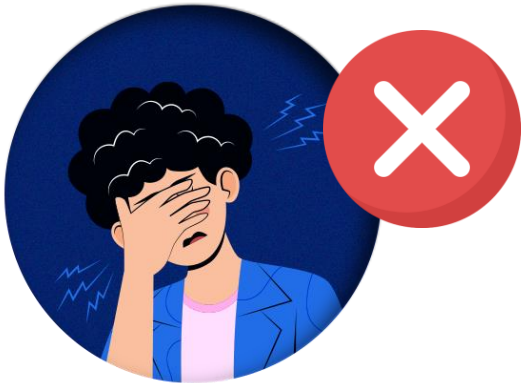


What is inflation?

Why not target 'zero inflation'
to make life easier for the public?

Inflation

PRICES



individual prices of
different goods and
services



**the general price
level or the
representative price
in the economy**



FOOD
WATER AND ELECTRICITY
TRANSPORTATION
EDUCATION
HEALTHCARE
CLOTHING

CPI

**the average price
of the standard
basket of goods
and services
consumed by a
typical Filipino
family for a given
period**

How do you manage inflation?

How come DTI is more associated by the public with prices of products than BSP? In the past months, inflation has continued to increase. Does this mean BSP is not doing its work?

Monetary Policy



If you have more money in your pocket, you tend to buy more (increase demand for) goods and services. However, if you have less money in your pocket, you will tend to buy less (reduce demand for) goods and services.

Monetary Policy

what BSP does to influence the level of money circulating in the country



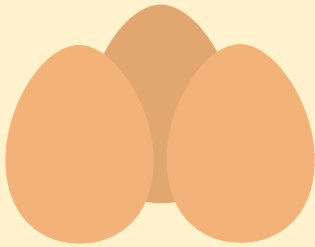
This affects the spending capacity (demand) of Filipinos.

BSP affects the demand side only and not supply side.

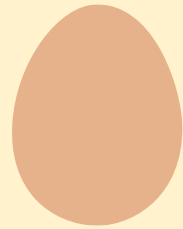
What is the practical use of knowing or understanding inflation? Where can I use it?

Purchasing Power

EXAMPLES



THEN



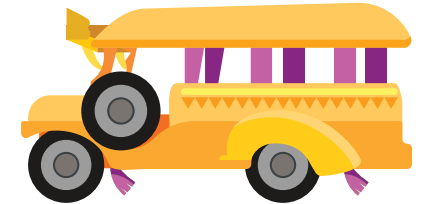
NOW



When inflation increases, your money will be able to buy fewer items.



THEN



NOW



Inflation can erode the purchasing power of money

Do we need to save as students or is the concept of saving only applicable when we start earning/have a job?

Saving

Why it's important to teach savings at a young age:

- It lets them value money at an early age.
- Starting them young develops a habit earlier. If you keep on setting aside an amount for savings, eventually you'll develop the habit of saving regularly.





**Where is the best place
to put our savings?**

Saving in Banks

Choose banks based on your preference or need.

Sample considerations:

- near your home
- offers a higher interest
- offers online banking services
- trusted by your parents



How does inflation affect our interest earnings?

Interest



Compounding Interest

The power of compounding interest over time



Maria

30 years old



P1,200 every year

P18,000

total savings for 15 years



Juan

10 years old



P1,200 every year

P18,000

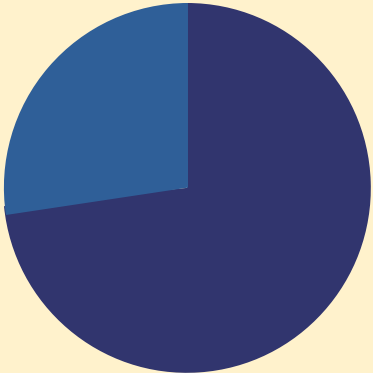
total savings for 15 years

assuming an annual compound rate of 5%

Who earned more by age 60?



P59,350.16



P157,473.63



**Do I need to learn about budgeting?
Why should I care when I am still a student?
What do I budget and how should I budget?**

Things to do when budgeting

- List sources of money
- Identify expenses (include needs and wants)
- Make sure the money you have at hand can finance your expenses



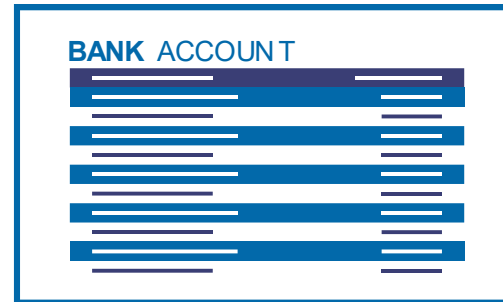
INCOME – SAVINGS = EXPENSES



Budgeting Tools



Excel, notebook
or free apps



Bank account



Digital wallet