



# Overview of the Philippine Financial System

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**BSP Economic and Financial Learning Program Session  
EkonoMEya: Ekonomiya + Ako: Session for Educators  
25 April 2024**



# This Presentation

**01**

Overview of the  
Philippine Financial  
System

**02**

Overview of Financial  
Supervision in the  
Philippines

**03**

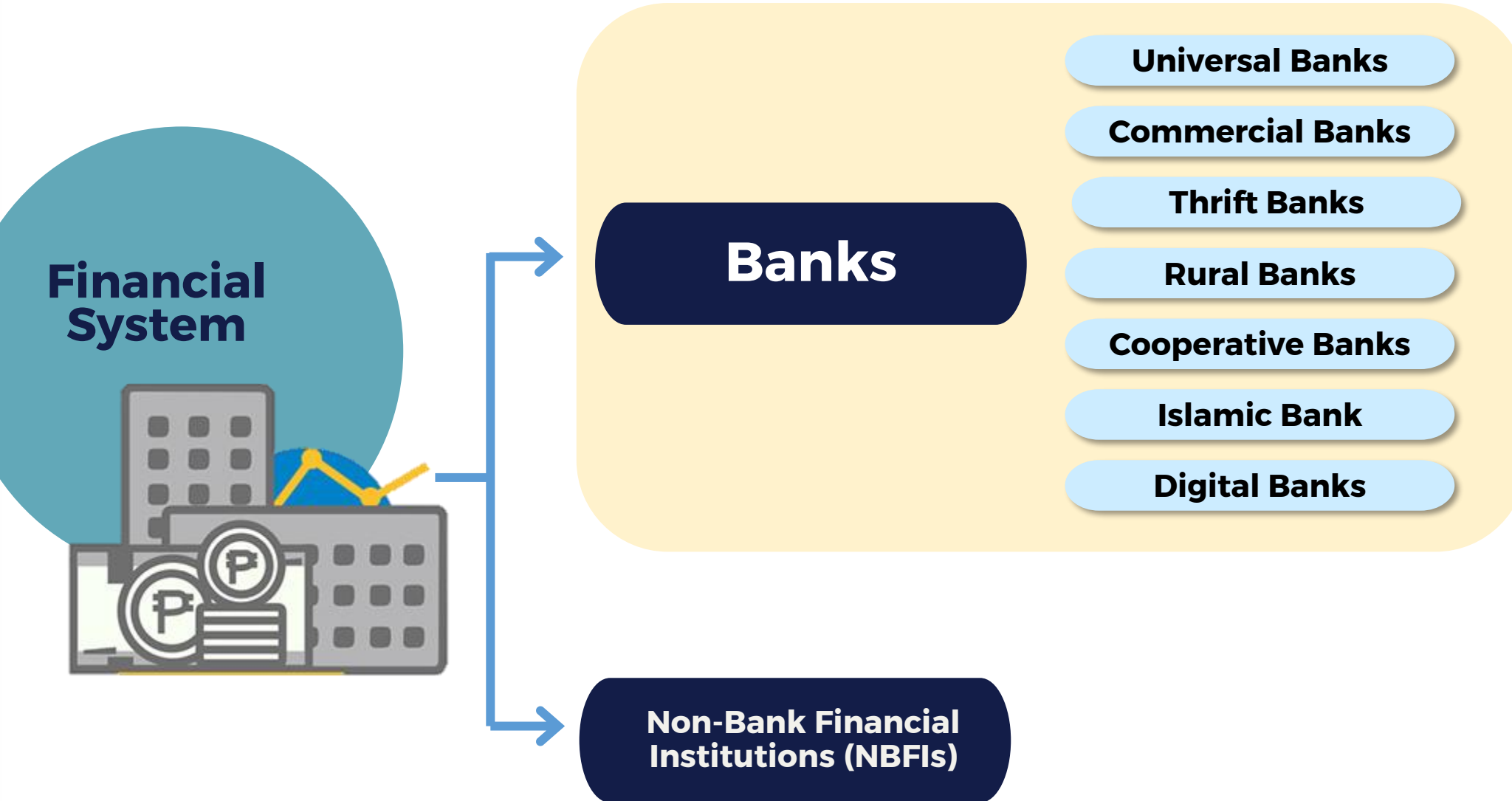
Key Policy Priorities  
and Reform Agenda

**04**

Key Takeaways



# 01 - Structure of the Philippine Financial System





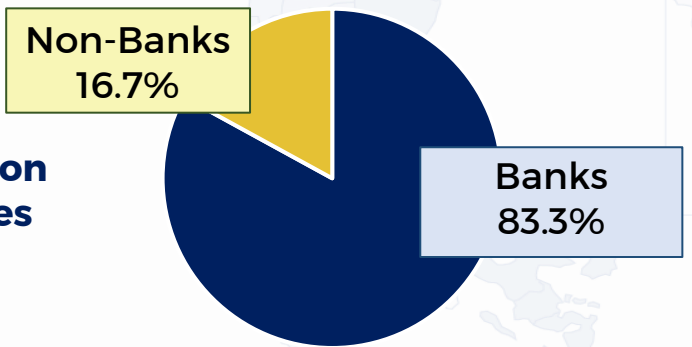
# 01 - Diverse delivery channels for financial services

## Philippine Financial System: Distribution by Resources

as of December 2023 <sup>p/</sup>

Philippines

**₱31.1 Trillion Resources**



## Philippine Banking System: Distribution by Network

as of February 2024 <sup>p/</sup>

Type of Banks	Total Offices	Head Office	Other Offices
<b>Banking System</b>	<b>13,357</b>	<b>480</b>	<b>12,877</b>
Universal Banks	7,011	22	6,989
Commercial Banks	185	22	163
Thrift Banks	2,602	42	2,560
Rural Banks	3,373	366	3,007
Cooperative Banks	180	22	158
Digital Banks	6	6	-



**13,357 banking offices**  
as of February 2024



**23,352 ATM units**  
as of December 2023



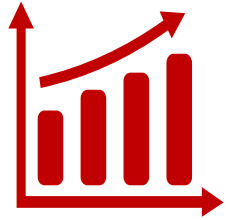
**129 banks with e-banking facilities**  
as of December 2023

Source: BSP  
This map cannot be resold or freely distributed, if you need an editable PowerPoint or Adobe Illustrator version of this map please visit www.bjdesign.com or www.mapsfordesign.com. This text can be cropped out. © Copyright Bruce Jones Design Inc. 2010

p/ preliminary



# 02 - Banking system performance supportive of growth



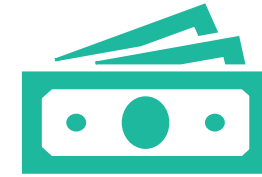
**10.3%**  
(₱24.8 trillion)  
**Asset Growth**  
as of January 2024<sup>p/</sup>

**Assets further expanded**



**8.4%**  
(₱13.4 trillion)  
**Loan Growth**  
as of January 2024<sup>p/</sup>

**Lending continued**



**8.1%**  
(₱18.7 trillion)  
**Deposit Growth**  
as of January 2024<sup>p/</sup>

**Deposits fueled bank operations**



**3.4% NPL Ratio**  
**100.3% NPL**  
**Coverage Ratio**  
as of January 2024<sup>p/</sup>

**Manageable loan**  
**quality**



**16.7% (Solo)**  
**17.1% (Conso)**  
**CAR**  
as of September  
2023<sup>p/</sup>

**Well capitalized**  
**banks**



**182.7% LCR (Solo)**  
as of December 2023<sup>p/</sup>  
**135.8% NSFR (Solo)**  
as of September 2023<sup>p/</sup>

**Highly-liquid**  
**banks**



**15.0% Net Profit Growth**  
**1.48% RoA and 12.3% RoE**  
period ending December 2023<sup>p/</sup>

**Sustained**  
**profitability**



# 03 – Mandates of the BSP



“The Bangko Sentral ng Pilipinas (BSP) shall promote financial stability and closely work with the National Government, including, but not limited to, the Department of Finance, Securities and Exchange Commission, the Insurance Commission, and the Philippine Deposit Insurance Corporation.”

*- The New Central Bank Act, as amended.*



# 03 – Regulatory Ambit and Purview

## Institutional Design and Arrangement



# 03 – Shared Responsibility with Relevant Stakeholders

## Supervision and Regulation Collaborative Arrangements



**Financial Sector Forum**

**Financial Stability Coordination Council**







# Key Policy Priorities and Reform Agenda



1

# Institutional Stability



# Risk Governance and Institutional Stability

## FIT AND PROPER STANDARDS

Enhanced Corporate Governance Guidelines for BSP-Supervised Financial Institutions

## THREE LINES OF DEFENSE

**First Line of Defense**  
(Business Line Functions)

**Second Line of Defense**  
(Risk Management and Compliance Functions)

**Third Line of Defense**  
(Internal Audit Function)

## RISK MANAGEMENT

Credit

Market and Liquidity

Operational, Social Media & IT

Related Party Transactions

Money Laundering/ Terrorist and Proliferation Financing

Climate and Environment

Reputation and Business Continuity

Interest Rate Risk in the Banking Book

## INSTITUTIONAL SUPPORT

Basel III Capital and Liquidity

Minimum Capital

Stress Testing

Recovery Plan of Banks



2

# Prudent Innovation



# Digital Payments Transformation Roadmap

**2023**

50% of retail payment transactions are Digital

70% of adult Filipinos Have/use a transaction account

Digital Payment Rails

Instapay

PesoNet

QR Ph P2P  
QR Ph P2M

**2022**

Cybersecurity Roadmap

EGovPay

**2021**

Open Finance Framework and Roadmap 2021 - 2024

Promoting digitalization to accelerate financial inclusion and boost economic growth



3

# Sustainability





# Sustainable Finance Initiatives

- ✓ Integrating sustainability in banks' corporate and risk governance, strategy and operations
- ✓ Increasing banks' operational resilience
- ✓ Instituting regulatory incentives for accelerated sustainable finance mobilization
- ✓ Promoting inclusivity in the sustainability agenda - expanded digital access points and innovative financial products and payment solutions
- ✓ Strengthening collaboration with key stakeholders



taxonomy



disclosure standards



climate stress testing



# Key Takeaways

- 01** Philippines has diverse delivery channels.
- 02** The Philippine banking system is sound and stable.
- 03** Financial supervision is a shared responsibility.





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# Q&A

