

2021 FINANCIAL INCLUSION SURVEY



About the Cover

The cover photo shows a customer of a bakeshop making a QR Ph payment. Promoting wider use of digital payments, especially among micro, small and medium enterprises (MSMEs), is one of the priority initiatives in the National Strategy for Financial Inclusion (NSFI) 2022-2028. The strategy aims to ensure Filipinos, especially the vulnerable sector, have access to a wide range of welfare-enhancing financial services that are in line with their needs and capabilities.

*Photo source: **BSP Corporate Affairs Office (CORAO)***

About the Financial Inclusion Survey

The **Financial Inclusion Survey (FIS)** is a nationally representative survey dedicated to collect financial inclusion data from users and non-users of financial products and services. The 2021 FIS is the fourth run of the biennial survey which began in 2015.ⁱ

The survey is part of the commitment of the Bangko Sentral ng Pilipinas (BSP) to build a comprehensive and robust data framework for financial inclusion. It complements available supply-side dataⁱⁱ to create a more holistic picture of financial inclusion in the country.

The main objectives of the survey are: 1) to generate demand-side data on financial inclusion that would enable the BSP to identify gaps, set priorities, monitor progress, and craft evidence-based financial inclusion policies; and 2) to measure financial inclusion in the Philippines in terms of access (*accessibility of financial service providers or FSPs*), usage (*uptake of financial products and services*), and quality (*consumer experience*). The 2021 round contains new elements covering financial consumer protection, capability, and health. The survey also includes focus group discussions (FGDs) and in-depth interviews (IDIs) as additional source of insights on financial inclusion issues and opportunities from consumers, business owners, and FSPs.

Quantitative Survey

The survey has a sample size of 1,200 adults from both National Capital Region (NCR) and areas outside NCR (Balance Luzon,ⁱⁱⁱ Visayas and Mindanao). Adults in the survey refer to individuals aged 15 years old and above. Adult population is estimated at 77.2 million in 2021.

Multi-stage random sampling methodology was employed in selecting the respondents. Computer-assisted personal interviewing (CAPI) was administered wherein the field interviewers used a tablet/smartphone to record answers given by the respondents during the face-to-face interview. The survey was conducted from 13 January to 9 February 2022, with 2021 as reference year for the questions.

The survey instrument was an enhancement of the questionnaire used in 2019. It was designed by the BSP Financial Inclusion Office (FIO) and approved by the Philippine Statistics Authority (PSA). Data collection, encoding and processing were performed by RLR Research and Analysis, Inc., a leading information and

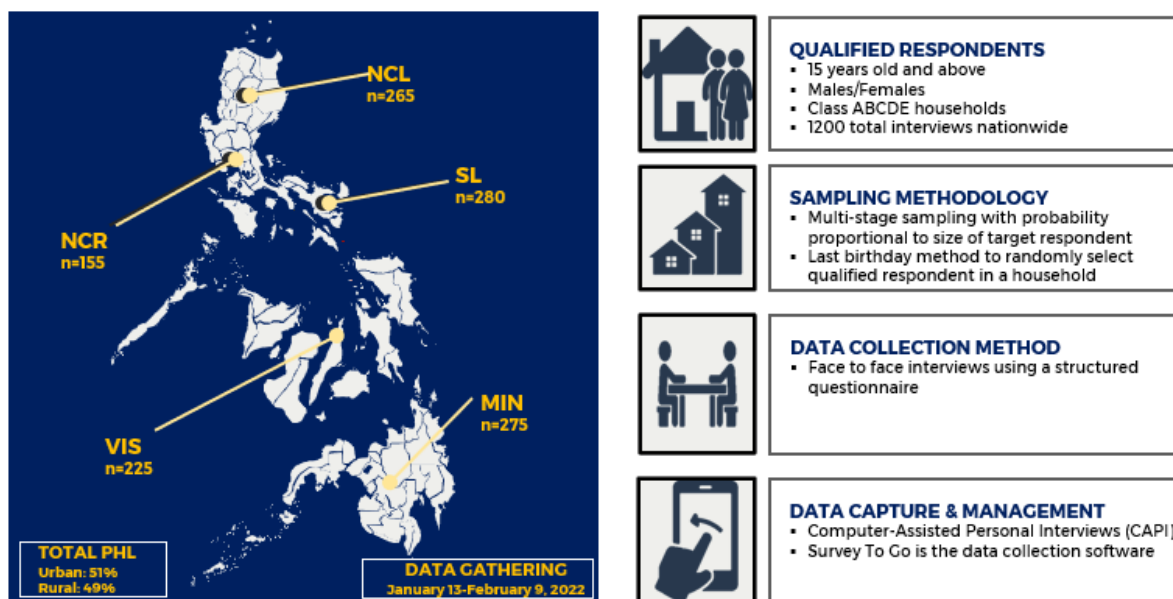
ⁱ Previous reports are available at

<https://www.bsp.gov.ph/SitePages/InclusiveFinance/InclusiveFinance.aspx>

ⁱⁱ Published quarterly through the Financial Inclusion Dashboard. Please refer to <https://www.bsp.gov.ph/Pages/MediaAndResearch/FinancialInclusionDashboard.aspx>

ⁱⁱⁱ North/Central Luzon (NCL) and South Luzon (SL)

measurement company providing market research, insights, and data services.^{iv} Analysis and report-writing were undertaken by BSP-FIO.



The sampling error margin is $\pm 3.5\%$ for national-level estimates. Aside from disaggregation by geography and locality (urban, rural), the results could be further segmented by gender, socio-economic class, educational attainment, age group, marital status, and employment.

Respondents came from more or less equal mix in terms of locality, employment status, and gender. Most of the respondents belong to socio-economic class D, married, and have at least high school education. The distribution of respondents by geographical area and age group mimics the Philippine population.

^{iv} <https://www.rlrresearch.com/>

**TOTAL NATIONWIDE
POPULATION***
77.2M

SEC		AREA		AGE		LOCALE		GENDER	
ABC1	3%	NCR	13%	15 - 19	13%	Urban	52%	Female	50%
C2	10%	NCL	22%	20 - 29	28%	Rural	48%	Male	50%
D	67%	SL	23%	30 - 39	20%				
E	20%	VIS	19%	40 - 49	18%				
		MIN	23%	50 - 59	15%				
				60 above	7%				

EMPLOYMENT STATUS		MARITAL STATUS		EDUCATIONAL ATTAINMENT	
Working	62%	Married	50%	None / some / completed elementary	12%
Non-working	38%	Single	30%	Some / completed high school	60%
		Separated	2%	Some / completed vocational	12%
		Widowed / Widower	5%	Some / completed college or post grad degree	16%

highest in segment/category
▲ ▼ sig higher/lower vs. 2019 at 95% CL

Qualitative Survey

To support the findings of the quantitative survey, FGDs and IDIs were conducted on 17 to 26 May 2022 to the following:

A. Consumers

The study performed six (6) face-to-face FGDs in four (4) geographical areas to identify the following issues:

No.	Area	Main Topic
1	North and Central Luzon	Barriers to having a formal account Barriers to digital use for financial transactions
2	South Luzon	Use of formal and informal credit channels
3	Visayas	Consumer protection Financial literacy/capability/health
4	Mindanao	Financial resilience Digital payments

Each group consisted of three (3) male and three (3) female decision-makers, aged 30 to 49 years old,^v and belonged to socio-economic class D or E.^{vi}

^v To assess financial literacy/capability/health across age groups, one (1) FGD was composed of mixed aged representatives from Cebu.

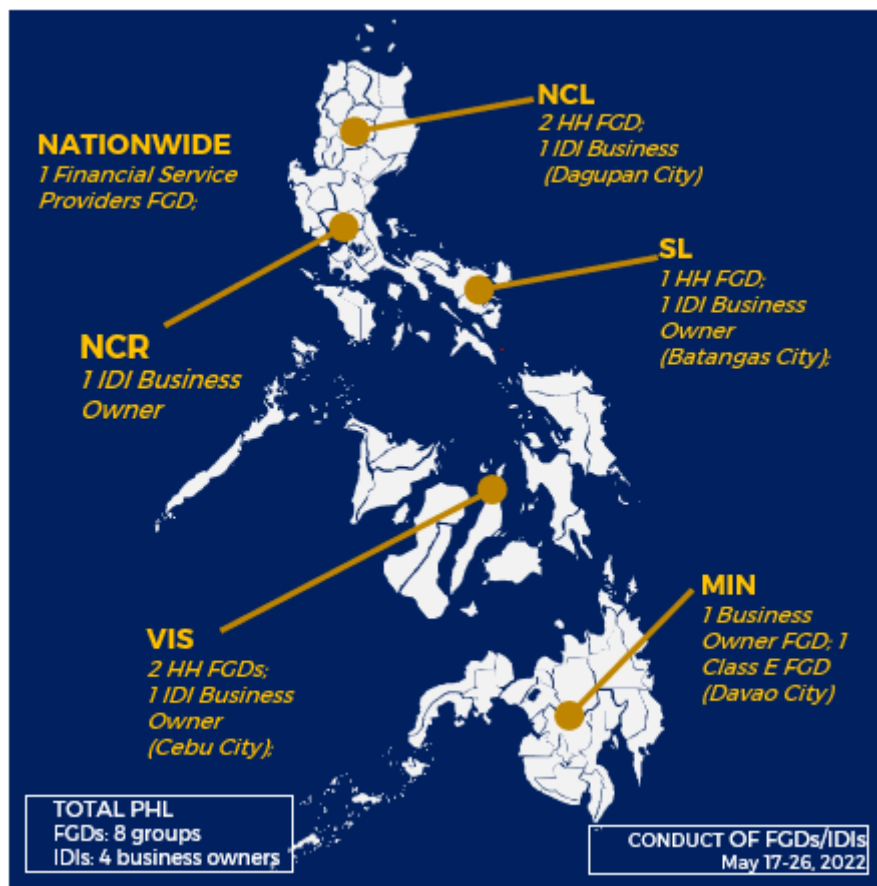
^{vi} To assess financial resilience, one (1) FGD was composed of socio-economic class E representatives from Davao.

B. Financial service providers (FSPs)

To explore the challenges in serving the mass market, one (1) virtual FGD composed of six (6) FSPs from various areas in the Philippines was also conducted.

C. Business owners

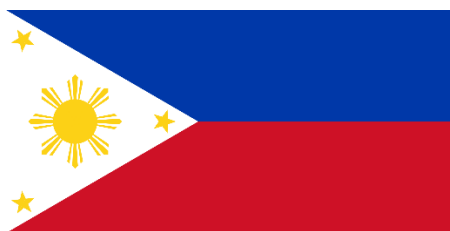
To probe the reception of digital financial transactions (i.e., payments), four (4) IDIs and one (1) FGD (six (6) representatives from Mindanao) were conducted among five (5) female and (5) male business owners of small and medium enterprises (SMEs) for at least five (5) years.



List of Abbreviations and Acronyms

4Ps	Pantawid Pamilyang Pilipino Program
ATM	Automated Teller Machine
AONCR	Areas Outside National Capital Region
BDA	Basic Deposit Account
BSP	Bangko Sentral ng Pilipinas
CAPI	Computer-Assisted Personal Interviewing
Cenfri	Centre for Financial Regulation and Inclusion
COVID-19	Coronavirus disease 2019
DFS	Digital Financial Services
DOLE	Department of Labor and Employment
DOTr	Department of Transportation
DSWD	Department of Social Welfare and Development
EFT	Electronic Fund Transfer
E-Money	Electronic Money
EMI	E-Money Issuer
FGD	Focus Group Discussion
FIO	Financial Inclusion Office
FMT	FinMark Trust
FSP	Financial Service Provider
GSIS	Government Service Insurance System
HMO	Health Maintenance Organization
IDI	In-depth Interview
LGU	Local Government Unit
MFI	Microfinance Institution
MF NGO	Microfinance Non-government Organization
Min	Mindanao
MSB	Money Service Business
MSME	Micro, Small and Medium Enterprise
NCL	North and Central Luzon
NCR	National Capital Region
NSFI	National Strategy for Financial Inclusion
NSSLA	Non-stock Savings and Loan Association
OFW	Overseas Filipino Worker
OTC	Over-the-counter
Pag-IBIG	Home Development Mutual Fund (HDMF) or Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industria at Gobyerno (Pag-IBIG) Fund
P2G	Person-to-Government
P2M	Person-to-Merchant
PERA	Personal Equity and Retirement Account
PESONet	Philippine EFT System and Operations Network
PhilHealth	Philippine Health Insurance System
PhilSys	Philippine Identification System
QR Code	Quick Response Code
PSA	Philippine Statistics Authority
SEC	Socio-economic Class
SL	South Luzon
SSS	Social Security System
UITF	Unit Investment Trust Fund
Vis	Visayas
VisMin	Visayas and Mindanao
WB	World Bank
WHO	World Health Organization

The Philippines: An Overview



Population (2021 projection) ^{a/}	110 million
Land area ^{a/}	300,000 sq. km
Number of islands ^{b/}	7,641
Main islands	Luzon, Visayas, Mindanao
Capital	Manila
Administrative Units ^{a/}	17 regions, 81 provinces, 146 cities, 1,488 municipalities
Official languages	Filipino, English
Simple literacy (2019) ^{a/}	94%
Unemployment rate (2021) ^{a/}	7.8%
Poverty incidence of population (1 st Half of 2021) ^{a/}	23.7%
Average annual family income (2018) ^{a/}	PhP 313,000
Gross Domestic Product (GDP) full year growth (2021) ^{a/}	5.7%
Inflation rate (2021) ^{a/}	3.9%
Exchange rate (2021) ^{c/}	USD 1 ≈ PhP 50.8
Number of overseas Filipinos (2013) ^{d/}	10.2 million
Amount of cash remittances (2021) ^{c/}	USD 31.4 billion
Percentage of adults with mobile phone (2021) ^{e/}	92%
Percentage of adults using the internet (2021) ^{e/}	77%

^{a/} Philippine Statistics Authority (PSA)

^{b/} National Mapping and Resource Information Authority (NAMRIA)

^{c/} Bangko Sentral ng Pilipinas (BSP)

^{d/} Commission on Filipinos Overseas (CFO)

^{e/} Financial Inclusion Survey (FIS)

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Highlights

Overall, uptake of formal financial services improved in 2021. The share of adults with formal account and formal credit climbed by 27 percentage points (ppts) and six (6) ppts, respectively. Uptake of financial investment, including contributions to government pension schemes, also grew by 11 ppts. Meanwhile, ownership of insurance (excluding PhilHealth) decreased by six (6) ppts.

Uptake of Financial Services

	2019	2021
Formal Account	29%	56%
Formal Credit	19%	25%
Insurance ⁷	23%	17%
Investment ⁸	25%	36%

Account ownership almost doubled in two years, the highest growth to date for the country. Ownership of a formal account is a basic indicator of financial inclusion. Account penetration significantly increased to 56% in 2021 from 29% in 2019, equivalent to an additional 22 million Filipinos opening an account within that period. This was 4.5 times higher than the 6-percentage point (ppt) increase in 2019 from 2017. The top gainers in terms of demographic segments were: socio-economic class ABC, Mindanao, more educated (completed at least vocational or college), and aged 30 to 39. The number of unbanked⁹ Filipino adults dropped to 34.3 million (44% of total adult population) in 2021 from 51.2 million in 2019, or a reduction of 16.9 million.

E-money accounts are now the most-owned accounts, with users growing more than fourfold in just two years. From just eight percent (8%) in 2019, percentage of Filipinos with e-money account grew more than four times to 36% in 2021. Bank account penetration also grew almost twice at 23% in 2021 from 12% in 2019. Account ownership likewise improved in cooperatives (5%) and NSSLAs (0.3%). Only microfinance non-government institutions (MF NGOs)¹⁰ saw a decline in account ownership which stood at nine percent (9%) in 2021 from 12% in 2019.¹¹

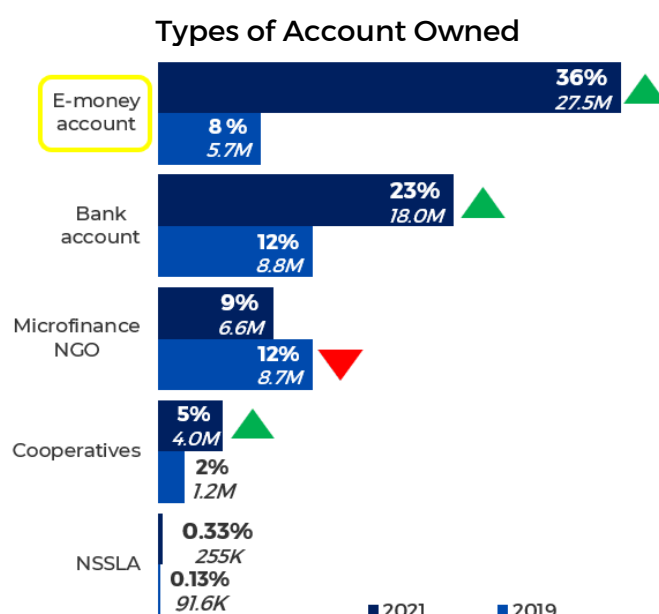
⁷ PhilHealth was added in the listed types of insurance products in the survey questionnaire starting 2021. If PhilHealth is considered in the computation of insurance ownership, 48% of Filipinos had at least one type of insurance in 2021.

⁸ If contributions to pension schemes (i.e., GSIS and SSS) are excluded in the computation of ownership of financial investments, only 10% of Filipino adults had at least one type of investment in 2021, lower than 15% in 2019.

⁹ For purposes of this report, the words “unbanked” and “financially excluded” are used interchangeably to refer to adult Filipinos who do not own any type of formal account (in a bank, e-money issuer, NSSLAs, cooperative, or microfinance institution).

¹⁰ This refers to compulsory savings (also known as capital build up) which is usually deducted from the proceeds of a microfinance loan.

¹¹ Some adults may have an account across different providers, thus the figures per provider type will not sum up to the overall account penetration.



**Respondents can report more than one response.*

Socio-economic class, educational level, age, and geography drove account ownership disparities. In 2021, account ownership in socio-economic class ABC (80%) was almost twice that of class E (44%). E-money was the most common type of account in socio-economic classes C2, D and E. Meanwhile, for class ABC1 it would be a bank account.

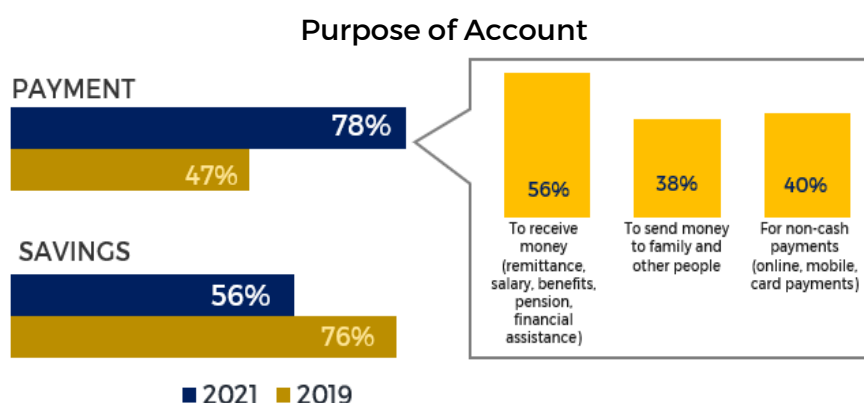
Account ownership among adults who completed at least college (80%) was more than twice than that of elementary graduates (34%). Similarly, the share of adults aged 30 to 39 years old with an account (65%) was more than twice that of younger adults aged 15 to 19 years old (27%).

In terms of location, Mindanao residents (67%) were more likely to own an account than those from North and Central Luzon (47%). MF NGO account, which was the most common type of account for AONCR in 2019, was outranked by e-money and bank account in 2021. MF NGOs came third in account penetration across geographical areas, except in Mindanao, where accounts with cooperatives were preferred after e-money and bank accounts.

Farmers were the least banked among all types of workers. With 73% having no accounts, farmers or workers in the agriculture sector had the highest financial exclusion level in 2021. Other segments with high percentage of unbanked adults were workers for private households (48%) and self-employed individuals (45%). Non-working adults (i.e., housewives, students, retirees/pensioners, sick/disabled) without an account stood at 52%, equivalent to 15.6 million adults.

A significant number of accountholders (78%) used their accounts for payment-related transactions, higher than those who used their accounts for savings (56%). This represents a reversal from 2019 where a higher number of accountholders used their account for saving (76%) than for payments (47%). In 2021, the top payment use cases of accounts were receiving money (56%); cashless payments/purchases (40%); and sending money (38%).

Payment-related account usage was particularly high among e-money and bank accountholders. However, only about one-third of MF NGO and cooperative accountholders used their account for payment.



**Respondents can report more than one response.
Base population – Among accountholders (56% of Filipino adults)*

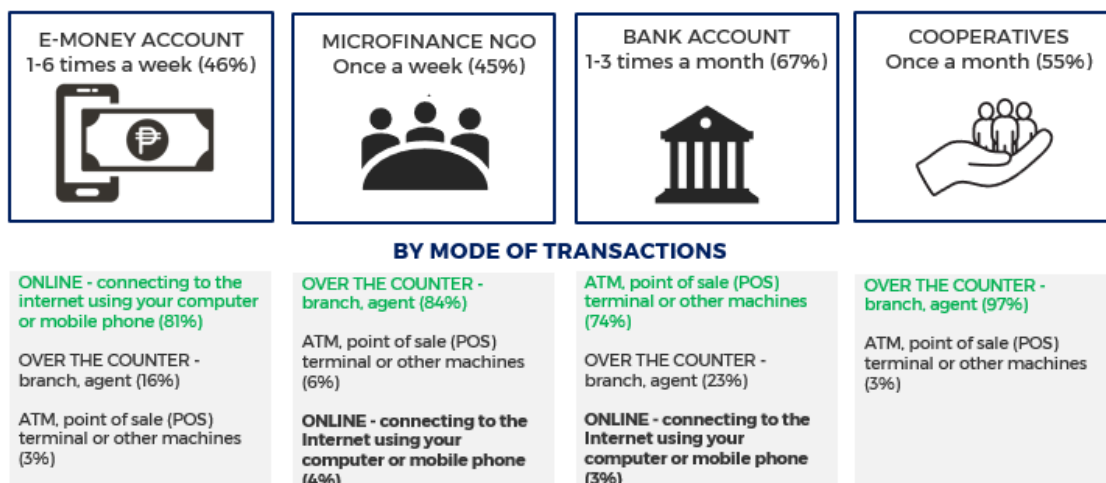
Cost concerns and lack of documents were the primary reasons for not owning an account. Lack of enough money and lack of documentary requirements were the topmost reasons for not having an account, as reported by 45% and 40% of the unbanked, respectively. This was followed by lack of knowledge on the process and perceived lack of need for an account, both at 22%. However, the survey revealed that a high percentage at 54% of unbanked adults were still unaware of the basic deposit account (BDA)¹² – a product designed by the BSP to address primarily the cost and documentary requirement barriers. Notably, 87% of unbanked Filipinos owned a mobile phone, of whom, 79% had access to the internet.

For accountholders, their top reason for opening an account was to save money (40%), while the top three (3) considerations for an account were the amount required to open an account (53%), maintaining balance (38%) and interest rate (38%).

Except for e-money accounts, all other formal accounts were transacted predominantly through physical channels. Majority (81%) of e-money accountholders transacted through electronic platforms (i.e., internet banking and mobile application), a significant increase from just 27% in 2019. On the other hand, 74% of bank accountholders transacted via automated teller machines (ATMs) which makes it the most used bank channel, while online banking was the least used bank channel. Accounts with MF NGOs and cooperatives were primarily transacted over-the-counter (OTC).

¹² Designed as a no-frills bank account, the BDA has opening amount of PhP 100 or less, simple requirements (e.g., any official identification document), no maintaining balance, and no dormancy charges

Mode and Frequency of Transactions Per Account Type



Base population – Among accountholders (56% of Filipino adults)

Fewer Filipinos had savings and insurance in 2021. Despite the increase in account ownership, the percentage of adults with savings fell to 37% in 2021 from 53% in 2019, equivalent to 9.7 million fewer savers. Saving was more prevalent among those belonging to socio-economic class ABC, college graduates, Mindanao residents, accountholders, business owners, and workers. While informal saving remained high with 52% of savers still keeping their savings at home, the share of bank savers increased to 31% in 2021 from 21% in 2019. Majority (81%) of savers cited that they allocate savings for emergency.

The share of adults with insurance declined to 17% in 2021 from 23% in 2019. Starting 2021, PhilHealth was added in the listed types of insurance products in the survey questionnaire. Inclusive of adults who reported to have PhilHealth, the percentage of adults with insurance in 2021 would be 48%. Uptake of private insurance such as life insurance (16%) and microinsurance (13%) remained low. Those belonging to socio-economic class ABC, with high educational background, Mindanao residents, aged 30 to 39 years old, business owners, with overseas Filipino worker (OFW) household members, and workers were more likely to own an insurance.

Uptake of investments improved. Financial investors among adults rose to 36% in 2021 from 25% in 2019. However, excluding contribution to pension schemes (e.g., Government Security Insurance System (GSIS) and Social Security System (SSS)), investment uptake would show a decline from 15% in 2019 to 10% in 2021. Those belonging to socio-economic class ABC, with high educational background, aged 20 to 39 years old, NCR residents, working, males, and business owners were more likely to invest.

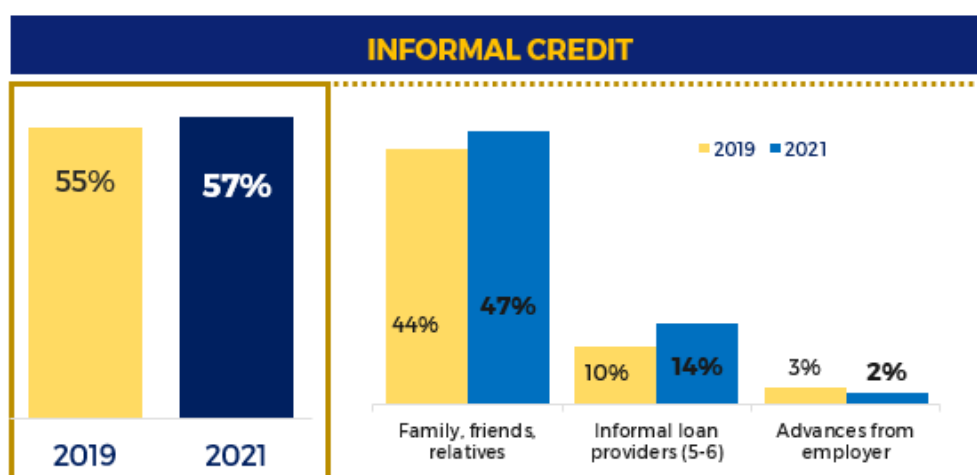
The most common type of investment in 2021 was contribution to pension schemes at 96%, followed by placement in Pag-IBIG Fund (23%) and time deposit (2%). Only one percent (1%) of investors owned stocks, bonds, Unit Investment Trust Funds (UITF), mutual funds, and other managed investment schemes.

Almost half of Filipino adults had an outstanding loan, with family and friends and MFNGOs as the top two sources. More Filipinos had borrowings in 2021, as the share of adults with outstanding loans jumped to 45%, from 33% in 2019.

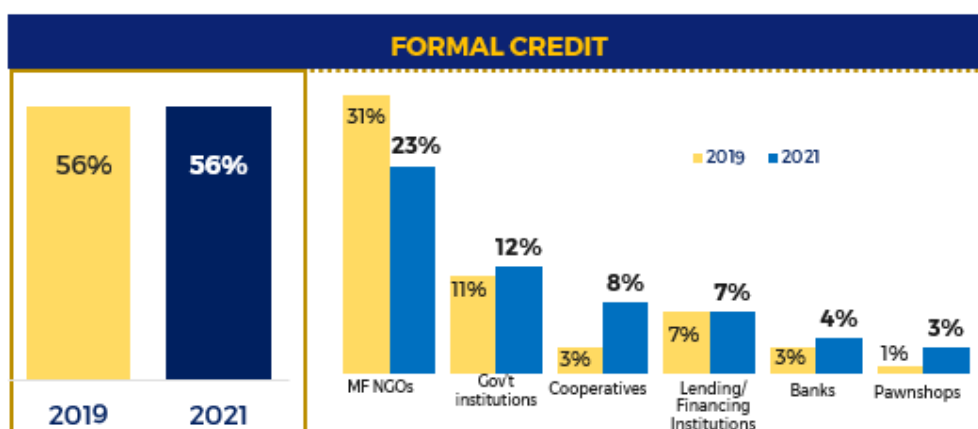
Borrowing from family and friends, and informal lenders both slightly grew in 2021 at 47% and 14%, respectively. On the other hand, while MF NGOs remained the top formal source of credit, percentage of borrowers who loaned from these institutions declined from 31% in 2019 to 23% in 2021, a pattern similar to MF NGO account ownership. MF NGOs were the top formal credit source in Luzon and Visayas, while cooperatives were the primary source of formal loans in Mindanao. NCR borrowers mainly sourced their formal loans from government institutions.

Having a loan was more prevalent in the following demographic segments: socio-economic class E, Mindanao, aged 30 to 59 years old, with at least vocational education, business owners, workers, and women. The top considerations of borrowers in 2021 were interest rate, loan amount, tenor, and flexibility of terms.

Sources of Borrowing



**Respondents can report more than one response.
Base population – Among borrowers (45% of Filipino Adults)*

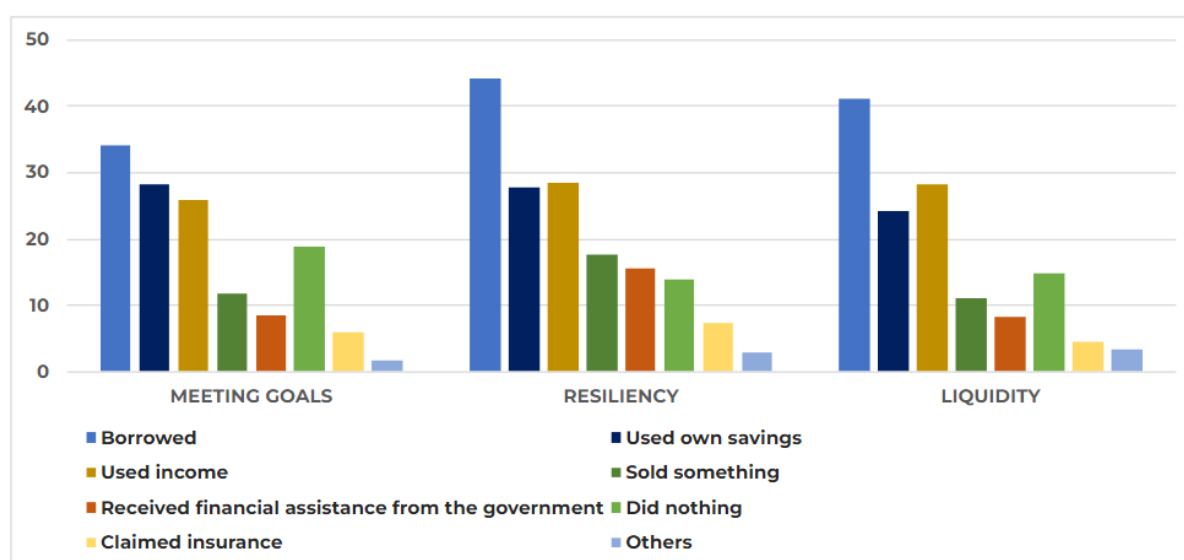


**Respondents can report more than one response.
Base population – Among borrowers (45% of Filipino Adults)*

While banks ranked high in account penetration and channel of formal savings, they ranked low as a formal credit source just above pawnshops. Banks ranked as the top formal savings institution at 31% and second in account penetration at 23% in 2021. However, the share of borrowers sourcing their loans from banks only stood at four percent (4%) in 2021, barely growing from three percent (3%) in 2019. Residents from Mindanao and Visayas, class ABC, aged 50 and above, urban dwellers, business owners, account owners, workers, and males were more likely to borrow from banks.

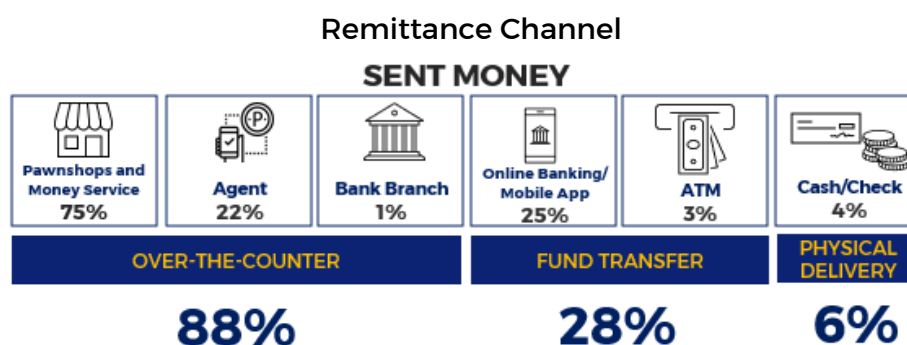
Borrowing was the main coping mechanism of Filipinos across all financial needs, followed by use of savings and income. Financial needs would cover meeting goals (e.g., buying an asset, putting up or expanding a business), building resilience (e.g., dealing with emergencies and natural disasters), and managing liquidity (e.g., meeting regular spending needs). Claiming insurance was the least used mechanism even for resilience needs where risk protection could have been useful. Financial assistance was tapped primarily for resilience needs.

Mechanisms Used to Meet Financial Needs

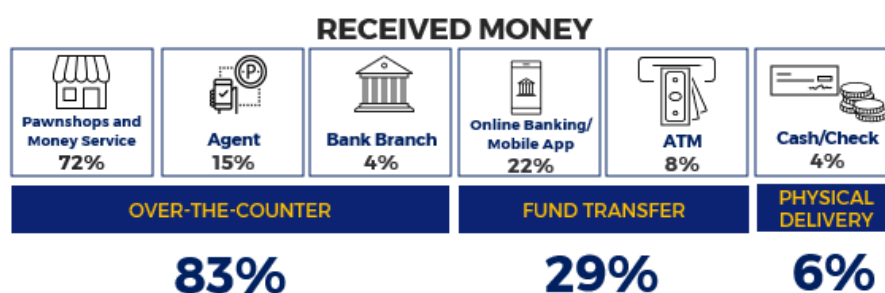


**Respondents can report more than one response.
Base population - Among those who experienced the financial need*

While remittances remained largely over-the-counter (OTC) transactions, use of electronic fund transfer significantly increased. In 2021, 32% and 45% of Filipino adults sent and received remittance, respectively. Remittances were predominantly domestic in nature and were done at least once a month. More than 80% of those who sent and received remittance did so through OTC modes, primarily through pawnshops and money service business (MSB). Nonetheless, fund transfer has picked up in 2021 as a mode used by close to 30% of remittance transactors from less than five percent (5%) in 2019. This was driven by the use of online banking/mobile apps from less than one percent (1%) in 2019 to over 20% in 2021 among senders and receivers.



**Respondents can report more than one response.
Base population – Among those who sent money (32% of Filipino adults)*



**Respondents can report more than one response.
Base population – Among those who received money (45% of Filipino adults)*

Cash was still the dominant mode of paying among those who made payments to the private sector and government. Payments made to private sector remained predominantly cash-based, particularly for services and in-store purchases with more than 90% of payors having done so in cash. Nonetheless, the shift to cashless payments has started. From almost zero in 2019, payment terminals and mobile app usage among payors have grown considerably in 2021 to 13% and nine percent (9%), respectively. Cashless payments for online purchases have also jumped from a measly one percent (1%) in 2019 to 18% of payors in 2021.

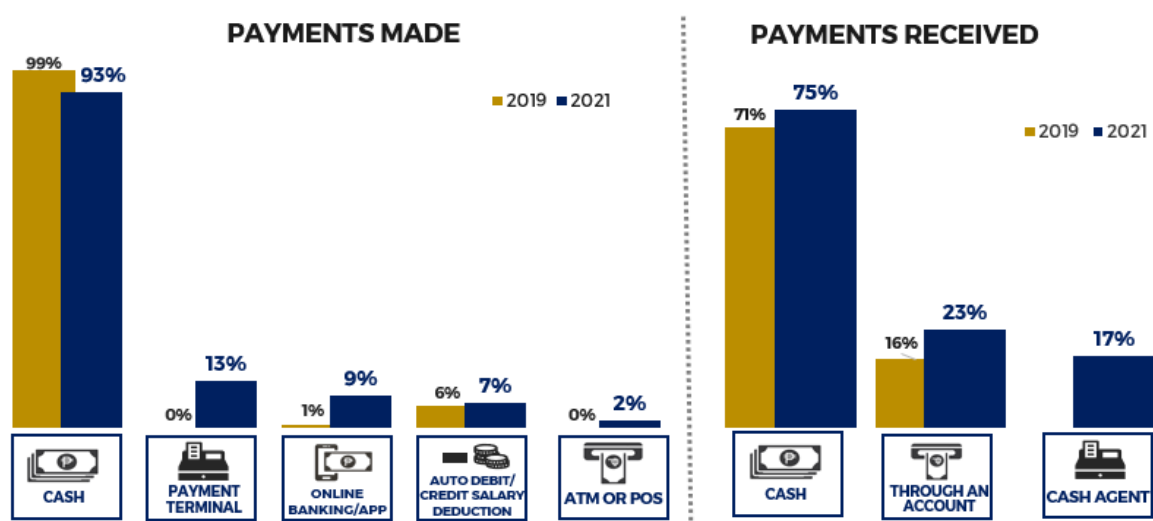
Payments to government, particularly licenses and fees, were still essentially cash based. Transactions such as loan amortization, social security contributions, and taxes registered a lower percentage of cash payors because of the use of auto-debit/salary deduction arrangements.

Mode of Making Payments

	PAYMENTS MADE	CASH	PAYMENT TERMINAL	ONLINE BANKING/APP	AUTO DEBIT/ CREDIT SALARY DEDUCTION	ATM OR POS
PRIVATE SECTOR	In-store/over-the-counter purchases (grocery stores, public market, etc.)	95%	3%	1%	-	1%
	Online purchases (e.g., online sellers, Lazada/Shopee)	77%	4%	18%	-	1%
	Bills (electricity, water, rent, etc.)	82%	12%	5%	-	1%
	Loan amortization (e.g., bank loan)	87%	2%	6%	2%	2%
	Investments, insurance, etc.	88%	3%	6%	3%	-
PUBLIC SECTOR	Services (e.g., transportation, medical, school, etc.)	94%	6%	-	-	-
	Taxes	74%	7%	3%	14%	2%
	Licenses (e.g., driver's license, NBI clearance, PSA birth certificate)	97%	2%	1%	1%	-
	Penalties, fines, fees & charges (e.g., traffic violations)	88%	12%	-	-	-
	Loan amortization (GSIS, SSS, Pag-IBIG)	54%	4%	2%	33%	7%
	Contributions (GSIS, SSS, Pag-IBIG, PhilHealth)	65%	6%	5%	21%	3%

Base population – Among those who made payments (84% of Filipino adults)

Payments Made and Received (2019 vs. 2021)








Base population – Among those who made payments (84% of Filipino adults)

Base population – Among those who received payments (65% of Filipino adults)

Use of accounts for receiving payments (or account-based payment) remained low, particularly for the private sector payees. In government, financial assistance had the lowest percentage of account-based payees. Cash payees significantly outnumber account-based payees for payments received from private sector, particularly business income and dividends. For government payments, pension and loan proceeds had a slightly higher percentage of account-based than cash-based payees.

Government and private sector salaries were still received in cash by 64% and 70% of their payees, respectively. Only 11% of beneficiaries received cash assistance through their account. Meanwhile, more than half of pension payouts (54%) and loan proceeds from the government (50%) were received through an account.

Mode of Receiving Payments

PAYMENTS RECEIVED		 Cash/Check 75%	 Cash Agent 23%	 Credit through Account 17%
 PRIVATE SECTOR	Salaries	70%	6%	28%
	Business income	89%	8%	15%
	Loan proceeds	79%	7%	21%
	Dividends	90%	10%	10%
	Pay-out Insurance	74%	--	26%
 PUBLIC SECTOR	Financial Assistance (ayuda)	71%	23%	11%
	Salaries	64%	9%	34%
	Benefits	62%	4%	36%
	Pension	46%	--	54%
	Loan proceeds	45%	9%	50%

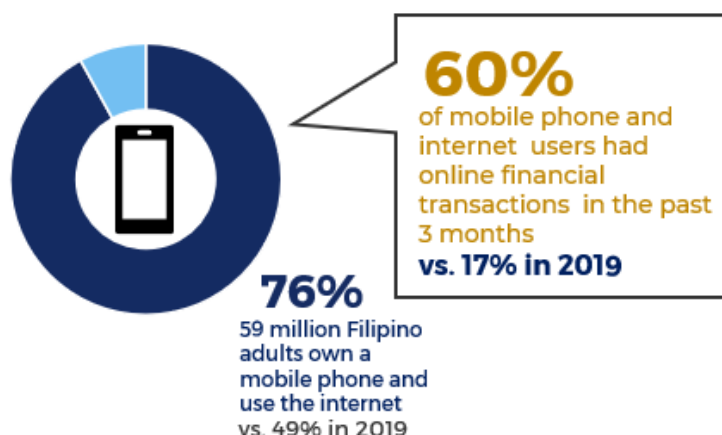
**Respondents can report more than one response.*

Base population - Among those who received payment (65% of Filipino adults)

Six (6) in ten (10) adults with mobile phone and internet conducted financial transactions online. The majority of adults at 93% had a digital device and 77% had access to the internet in 2021, an increase from 70% and 53% in 2019, respectively. Out of 92% of Filipinos who owned a mobile phone (most common type of digital device), 82% had internet access in 2021. This translates to 76% (or 58.6 million) of total Filipino adults having both mobile phone and internet access, higher than 49% in 2019.

Sixty percent (60%) of those with mobile phone and internet performed financial transactions online such as fund transfers and payments, a considerable jump from the 17% in 2019. Mobile phone and internet users who performed online transactions were primarily from class ABC, aged 30 to 39 years old, and NCR residents. Lack of awareness remained the top reason for not using mobile phone or the internet for financial transactions, followed by weak mobile signal and slow internet connection.

Mobile Phone and Internet Use



Among mobile phone and internet users, 40% (or 23.4 million) were unbanked in 2021. Of the 60% who had an account (equivalent to 35.3 million), a majority (79%) made online financial transactions. Lack of awareness remained the top reason for not using mobile phone and internet for financial transactions, followed by weak signal or slow internet connection, trust related issues, and preference to transact at the bank or ATM.

ATMs, pawnshops, and e-money agents were the most accessible touch points. Filipino adults were most aware of banks (80%), ATMs (75%) and pawnshops (69%) while they were least aware of MF NGOs (45%), insurance agents (38%), and non-stock savings and loan associations or NSSLAs (12%). Among those who were aware of financial access points, many adults indicated that ATMs (48%), pawnshops (45%) and e-money agents (42%) were the most accessible touch points.

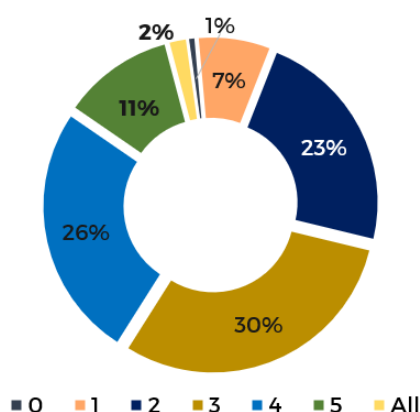
Despite having the highest ownership penetration, e-money only ranked fifth (5th) in the types of products that consumers were aware of. Among different financial products and services, awareness of deposit products was highest (at 81% of adults), followed by lending, remittance, and pawning. Meanwhile, awareness of virtual assets (e.g., cryptocurrency) is still limited at 6% of adults, and only 19% of those who were aware tried using it.

Only two (2) in ten (10) Filipinos reported having encountered an issue or scam in their use of financial services. Only 17% of Filipino adults (of which 77% owned an account) encountered an issue with financial services while only 11% (of which 73% owned an account) experienced a financial scam in 2021. Among these adults who experienced an issue or scam, 82% opted not to report their concern. Nonetheless, 70% of those who reported said their cases were successfully resolved by the FSP. Of the 30% whose concern was not resolved, majority (79%) escalated the issue to the relevant financial regulator (i.e., BSP, Securities and Exchange Commission (SEC), and Insurance Commission (IC)).

Only two percent (2%) of Filipinos were able to correctly answer all the six (6) basic financial literacy questions. In 2021, 69% of adults correctly answered at least half of the six (6) financial literacy questions. Majority demonstrated basic

arithmetic-division skills and awareness of investment risk-return tradeoff and diversification. Meanwhile, less than half (42%) of the respondents in 2021 correctly identified the effect of inflation to their purchasing power, lower than 55% in 2019. The question on simple and compound interest had the lowest correct answers at just 30%. Only seven (7%) of the respondents attended a seminar or webinar aimed at increasing financial literacy. Around half (54%) of adults expressed interest to attend financial literacy training sessions of the BSP.

Correct Answers on Financial Literacy Questions



Less than half of adults had a budget. Around 46% of adult Filipinos had a budget, primarily from the following market segments: class ABC, more educated (with college, or post-grad degree), NCL and Mindanao residents, accountholders, and females. Majority of households planned ahead financially (80%) and were confident in meeting their long-term financial goals (66%).

More Filipinos experienced concerns on the "every day" and "rainy day" aspects of financial health but were generally optimistic about their future. Almost half of Filipino adults had difficulty in meeting their cost of living and were concerned that finances controlled their lives and their savings will not last. These were generally more acute in SEC E segment. Meanwhile, more Filipinos generally have a positive financial outlook as they believed that they a) were on track to meet their financial goals; b) had a clear perspective of their financial goals; and c) felt secure about their financial future. NCR and class ABC respondents were more likely to hold this optimistic view.

The top cited areas needing more regulatory attention were access to savings and loans. Respondents cited that access to accounts/savings (46%) and loans (17%) need more attention and support from the BSP and other regulators. Top concerns were documentary requirements, consumer assistance, and security measures. Nevertheless, majority (83%) of respondents agreed that BSP's programs and policies helped increase access to financial services.

Gender gap, in indicators where it exists, generally remained in favor of women. As in 2019, women outranked men in 2021 when it comes to account ownership, smartphone and internet access, online financial transactions, use of formal credit, fund transfer remittances, and financial literacy.

However, men overtook women in insurance availment in 2021 – a reversal from 2019. Men also continued to outrank women in 2021 in bank account ownership, bank loans, and investments. Nonetheless, the gender gap in investment favoring men has narrowed in 2021 at 5 ppts from 9 ppts in 2019.

Six (6) in ten (10) Filipinos reported a change in financial behavior due to the COVID-19 pandemic. With the onset of COVID-19, 58% of adults indicated that their present financial behavior changed pre-pandemic. In 2021, 37% of adults started to save more for emergencies, 17% either started to use or increased their usage of online banking and digital payments, 15% borrowed more, while four percent (4%) acquired insurance.

1. Account Ownership

A basic indicator of financial inclusion is the ownership of an account held in formal institutions including banks, e-money issuers, cooperatives, and microfinance institutions (MFIs). This account can be used to save money; send or receive remittance, income, and benefits; and make day-to-day payments.

Account penetration

Account ownership significantly increased to 56% in 2021 from 29% in 2019,¹³ the highest growth to date for the country. The number of Filipino adults with an account more than doubled to 42.9 million in 2021 from 20.9 million in 2019, equivalent to 22 million adults who became financially included in the span of two years. This was 4.5 times higher than the 6-percentage point (ppt) increase in 2019 from 2017. Consequently, the number of Filipinos without an account dropped to 34.3 million (44% of total adult population) in 2021 from 51.2 million in 2019, or a reduction of 16.9 million.

Figure 1A. Account Ownership

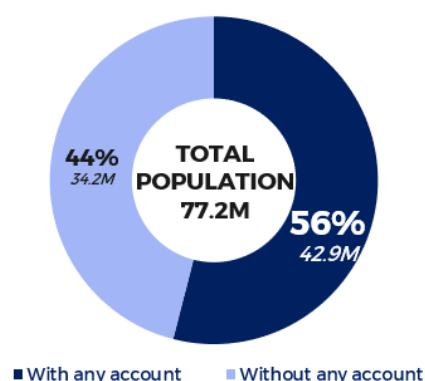
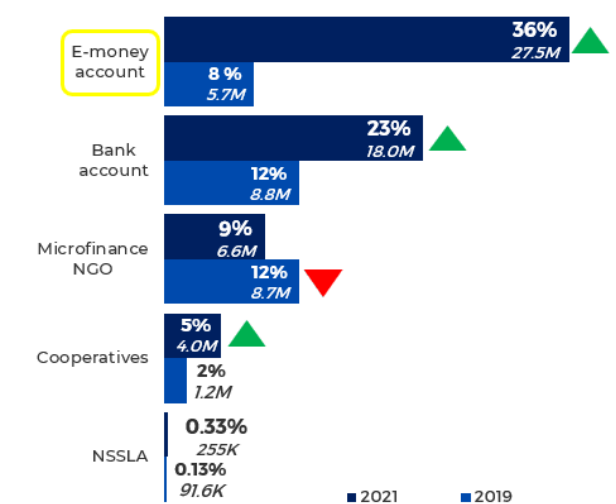


Figure 1B. Types of Account Owned



*Respondents can report more than one response.
Base population – Among accountholders (56% of Filipino adults)

E-money accounts (27.5 million users) surpassed the bank accounts (18 million owners) as the most-owned account in 2021. From just 8% in 2019, the percentage of Filipinos with e-money accounts grew more than four times to 36% in 2021. Bank account penetration also increased almost twice at 23% in 2021 from 12% in 2019. From 2019 to 2021, account ownership likewise improved in cooperatives (5%) and NSSLAs (0.33%). Only microfinance non-government institutions (MF NGOs) saw a decline in account ownership which stood at 9% in 2021 from 12% in 2019.

¹³ Compared with ASEAN countries, the percentage of Filipino adults with an account in 2021 was higher than Cambodia (33%), Laos (37%), Myanmar (48%), and Indonesia (52%), but lower than Malaysia (88%), Thailand (96%), and Singapore (98%), based on the 2021 World Bank Global Findex.

Profile of Filipino adults with an account

The 2021 upsurge in account ownership was generally evident across demographic segments. The top gainers in terms of demographic segments were socio-economic class ABC, Mindanao, more educated (completed at least vocational or college), and adults aged 30 to 39 years old.






Socio-economic class, educational level, age, and geography drove account ownership disparities. In 2021, account ownership in socio-economic class ABC (80%) was almost twice that of class E (44%). Account ownership among adults who completed at least college (80%) was more than twice that of elementary graduates (34%). Similarly, the share of adults aged 30 to 39 years old with an account (65%) was more than twice that of younger adults aged 15 to 19 years old (27%).

Figure 1C-1. Account Ownership by Demographic Profile

SEC		AREA		AGE		GENDER	
ABC1	<div><div></div><div>91%</div></div>	NCR	<div><div></div><div>54%</div></div>	15 – 19	<div><div></div><div>27%</div></div>	Female	<div><div></div><div>57%</div></div>
C2	<div><div></div><div>76%</div></div>	NCL	<div><div></div><div>47%</div></div>	20 – 29	<div><div></div><div>61%</div></div>	Male	<div><div></div><div>54%</div></div>
D	<div><div></div><div>54%</div></div>	SL	<div><div></div><div>54%</div></div>	30 – 39	<div><div></div><div>65%</div></div>	LOCALE	<div><div></div><div>55%</div></div>
E	<div><div></div><div>44%</div></div>	VIS	<div><div></div><div>55%</div></div>	40 – 49	<div><div></div><div>62%</div></div>		
		MIN	<div><div></div><div>67%</div></div>	50 – 59	<div><div></div><div>54%</div></div>		
				60 above	<div><div></div><div>47%</div></div>		
MARITAL STATUS		EDUCATIONAL ATTAINMENT					
Married/Common-law		<div><div></div><div>59%</div></div>	Some / completed elementary		<div><div></div><div>34%</div></div>		
Single		<div><div></div><div>48%</div></div>	Some / completed high school		<div><div></div><div>51%</div></div>		
Separated		54%	Some / completed vocational		<div><div></div><div>65%</div></div>		
Widowed / Widower		54%	Some / completed college or post grad degree		<div><div></div><div>80%</div></div>		

Other income factors such as having a job, being a remittance-receiving household, owning a business, and receiving financial assistance from the government (i.e., Pantawid Pamilyang Pilipino Program or 4Ps) increased the likelihood of account ownership.

Figure 1C-2. Account Ownership by Demographic Profile

EMPLOYMENT STATUS	BUSINESS OWNER
Working  61%	Yes  65%
Not working  48%	No 53%
HH MEMBER WORKING ABROAD	4Ps BENEFICIARY
Yes  62%	Yes  64%
None 54%	No 54%

Certain segments that had significantly lower account penetration rates compared with the national average in 2019 likewise showed considerable improvements in 2021. However, these segments continue to have lower account penetration rates compared with the 2021 national average of 56%, especially young and single adults as well as non-workers.

Table 1A. Account Ownership by Selected Demographic Profile

DEMOGRAPHIC PROFILE	2019	2021	Growth (In percentage points)
Aged 15 to 19 years old	7%	27%	20
Single	15%	48%	33
Not working	19%	48%	29
Without business	24%	53%	29
South Luzon	24%	54%	30
Male	24%	54%	30

The succeeding discussion describes the demographic segmentation of account ownership:

By income class

- Uptake of accounts in class ABC1 at 91% continued to outpace all other classes in 2021. This was followed by class C2 adults at 76%, which also registered the highest growth across all demographics at 42 ppts. The percentage of account owners in class D almost doubled from 28% in 2019 to 54% 2021. Meanwhile, despite recording the lowest growth rate among all income classes, adults with accounts in class E significantly improved from 27% in 2019 to 44% in 2021. E-money was the most common type of account in classes C2, D and E, while for class ABC1 it would be a bank account.

Table 1B. Account Ownership by Type of Account and Socio-economic Class

ACCOUNT	ABC1	C2	D	E
With Account	91%	76%	54%	44%
Bank	71%	43%	21%	13%
E-money	57%	50%	35%	26%
NSSLA	3%	2%	0%	0%
Cooperative	9%	9%	5%	4%
MF NGO	9%	12%	8%	8%

**Respondents can report more than one response.*

FGD Insights

Disbursement of salaries and wages, claims or benefits, and loan proceeds through bank accounts prompted class DE respondents to open an account. Moreover, due to the efficient money transfer system, FGD respondents were keen on owning and using e-money accounts for the receipt of their income and financial assistance, as well as payment for expenses.

“Doon [sa e-money account] pinapadala ang bayad kapag may nagpapapintura ng sasakyan.”

- Davao interviewee,
On reason for opening an e-money account

“Ako [ay] may [account sa] bangko kasi... kailangan [ko] mag-open ng account [para maka-claim ako ng death benefits] noong namatay iyong Mama ko.”

- Cebu interviewee,
On reason for opening a bank account

By educational attainment

- There were eight (8) out of ten (10) college graduates who owned an account in 2021. Moreover, account penetration was almost twice as likely on adults with vocational education at 65% than those with primary education at 34%. Meanwhile, about half of adults with secondary education had an account at 51%. With the exception of MF NGOs, adoption of all types of account was highest among more educated adults (with at least vocational or college degree). E-money was the most common form of account across all educational background.

Table 1C. Account Ownership by Educational Attainment

ACCOUNT	PRIMARY	SECONDARY	VOCATIONAL	COLLEGE/ POST-GRAD
With Account	34%	51%	65%	80%
Bank	13%	17%	31%	50%
E-money	14%	34%	42%	53%
NSSLA	0%	0%	0%	2%
Cooperative	4%	3%	5%	13%
MF NGO	11%	7%	13%	7%

*Respondents can report more than one response.

By geographical area/locale

- In 2021, account penetration was highest in Mindanao at 67%, overtaking Visayas at 55%. Meanwhile, the lowest recorded percentage was in North and

Central Luzon at 47%. The MF NGO account, which was the most common type of account for areas outside NCR (AONCR) in 2019, was outranked by e-money and bank account in 2021. MF NGOs now ranked 3rd in account penetration across geographical areas, except in Mindanao, where account with cooperatives was preferred after e-money and bank accounts.

- Account ownership in urban and rural areas in 2021 were almost the same, with a 1-ppt difference in favor of rural areas, which may be attributed to the marginally higher share of accounts with cooperatives in rural areas. While e-money and bank accounts were the most common form of account in both areas, share of e-money accounts was slightly higher in urban areas.

Table 1D. Account Ownership by Geographical Area and Locale and Type of Account

ACCOUNT	NCR	NCL	SL	VIS	MIN	URBAN	RURAL
With Account	54%	47%	54%	55%	67%	55%	56%
Bank	16%	21%	18%	26%	34%	23%	23%
E-money	45%	27%	40%	30%	38%	37%	34%
NSSLA	1%	0%	0%	0%	0%	0%	1%
Cooperative	0%	2%	1%	5%	15%	5%	6%
MF NGO	3%	8%	11%	14%	5%	9%	8%

**Respondents can report more than one response.*

By age

- Although the youngest age group had an account penetration of only half the nationwide average, the percentage share of young adults aged 15 to 19 with an account grew more than thrice in 2021 at 27% from 7% in 2019. Account penetration improved starting from age bracket 20 to 29 at 61%, peaked for 30 to 39 years old at 65% and gradually declined for older respondents (>50 years old). Across age groups, more adults aged 15 to 49 years old preferred e-money accounts, while a higher share of older respondents (>50 years old) owned bank accounts.

Table 1E. Account Ownership by Age and Type of Account

ACCOUNT	15 to 19	20 to 29	30 to 39	40 to 49	50 to 59	> 60
With Account	27%	61%	65%	62%	54%	47%
Bank	3%	21%	30%	29%	27%	27%
E-money	23%	47%	48%	34%	21%	11%
NSSLA	0%	0%	0%	0%	1%	0%
Cooperative	3%	3%	5%	8%	7%	6%
MF NGO	1%	5%	8%	16%	12%	11%

**Respondents can report more than one response.*

By marital status

- About six (6) in ten (10) married adults owned at least one account in 2021, higher than five (5) out of ten (10) non-married adults. Notably, the percentage of single adults that owned an account tripled in 2021 at 48% from 15% in 2019. E-money account was the most common form of account across different types of marital status, except widowed, who had higher ownership of bank accounts.

Table 1F. Account Ownership by Marital Status and Type of Account

ACCOUNT	SINGLE	MARRIED/ COMMON- LAW	SEPARATED	WIDOWED
With Account	48%	59%	54%	54%
Bank	18%	25%	27%	32%
E-money	38%	36%	33%	14%
NSSLA	0%	1%	0%	0%
Cooperative	4%	6%	0%	7%
MF NGO	1%	11%	16%	14%

**Respondents can report more than one response.*

By employment status

- Working adults had a higher share of account ownership at 61% compared with non-working adults at 48% in 2021. These were significant improvements from the corresponding 2019 results of 39% among working and 19% among non-working adults.

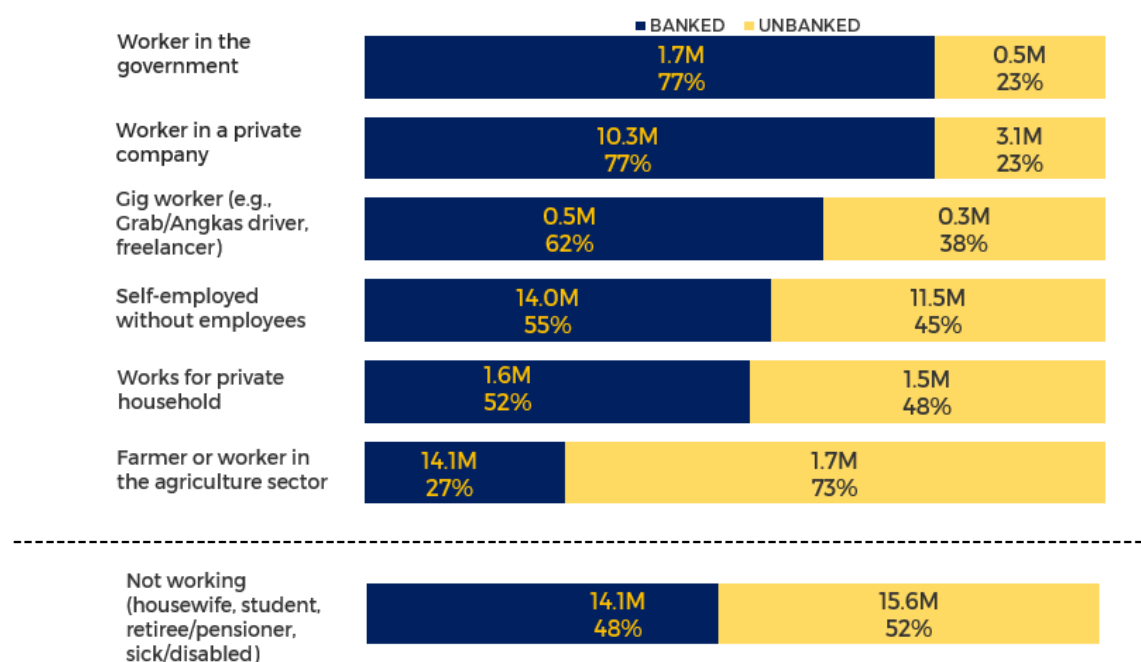
Table 1G. Account Ownership by Employment Status and Type of Account

ACCOUNT	WORKING	NOT WORKING
With Account	61%	48%
Bank	29%	14%
E-money	39%	30%
NSSLA	0%	0%
Cooperative	6%	3%
MF NGO	9%	8%

**Respondents can report more than one response.*

- By class of workers, farmers or workers in the agriculture sector had the highest financial exclusion level at 73% in 2021. Other segments with high percentage of unbanked adults were workers for private households (48%) and self-employed individuals (45%). Non-working adults (i.e., housewives, students, retirees/pensioners, sick/disabled) who did not have an account stood at 52%, equivalent to 15.6 million adults.

Figure 1D. Account Ownership by Class of Workers



By gender¹⁴

- While women remained more financially included than men, the gender gap favoring women narrowed to 3 ppts in 2021, from 9 ppts in 2019. This was due to the faster growth of accounts among men in 2021 at 30 ppts (from 24% in 2019 to 54% in 2021) compared with 24 ppts for women (from 33% in 2019 to 57% in 2021). E-money account was the most common form of account for both genders. Notably, bank account ownership was higher among men in 2021, while ownership of accounts in MF NGOs and cooperatives was higher among women. The gender gap in favor of women was highest (9 ppts) in MF NGOs.

Table 1H. Account Ownership by Gender and Type of Account

ACCOUNT	MALE	FEMALE	GENDER GAP (F-M, in ppts)
With Account	54%	57%	3
Bank	26%	20%	-6
E-money	36%	36%	0
NSSLA	0%	0%	0
Cooperative	4%	6%	2
MF NGO	4%	13%	9

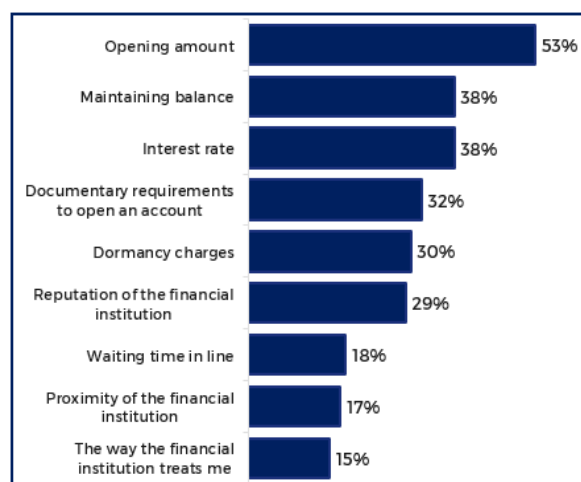
¹⁴ Respondents can report more than one response.

¹⁴ In this report, gender refers to the sex at birth of the respondent.

Primary considerations in opening an account

The amount required to open an account was the top consideration of accountholders (53%) in 2021. Other main considerations were maintaining balance (38%), interest rate (38%), documentary requirements (32%), dormancy charges (30%) and reputation of the financial institution (29%). It appeared that accountholders were less concerned about waiting time (18%), distance of the financial institution (17%) and the way the financial institution treats its customers (15%) in deciding whether to open an account.

Figure 1E. Primary Considerations in Opening an Account



**Respondents can report more than one response.
Base population – Among accountholders (56% of Filipino adults)*

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“Before, humihingi kami ng 2x2 picture... [at] photocopy of ID. [Ngayon] we take picture[s] from our tablet. Hindi ka na magpi-print ng forms.”

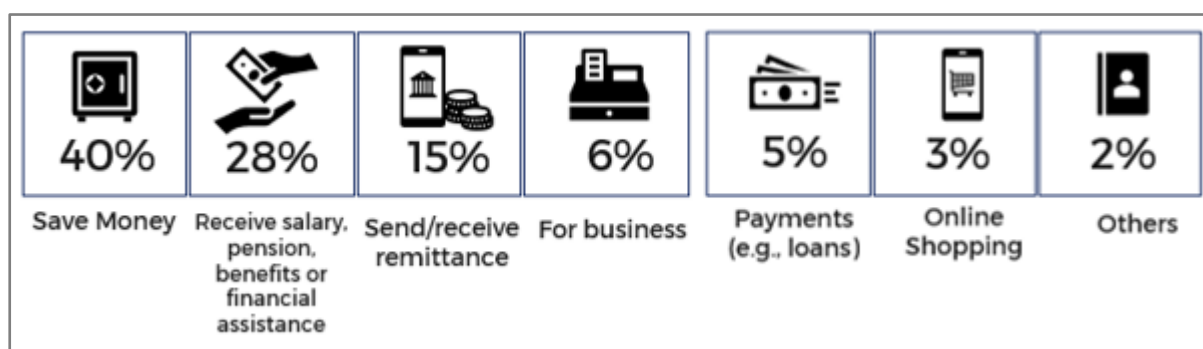
*- FSP interviewee,
On adopting digitalized practices*

FSP representatives underscored that digitalization of financial institutions further eased the costs associated with account opening or reloan applications, thus, encouraging uptake of accounts. Instead of submitting the hard copies of personal documents (e.g., IDs, pictures, and forms), the individuals or agents of financial institutions may scan, take a picture, fill-up, and submit the required documents online, eliminating the transportation and paper costs.

Reason for opening an account

For accountholders, their top reason for opening an account in 2021 was to save money (40%), followed by receipt of salary and benefits (28%), while the rest cited the following: a) for remittances, b) for business, c) for payments, and d) for online shopping.

Figure 1F. Reasons for Opening an Account



**Respondents can report more than one response.
Base population – Among accountholders (56% of Filipino adults)*

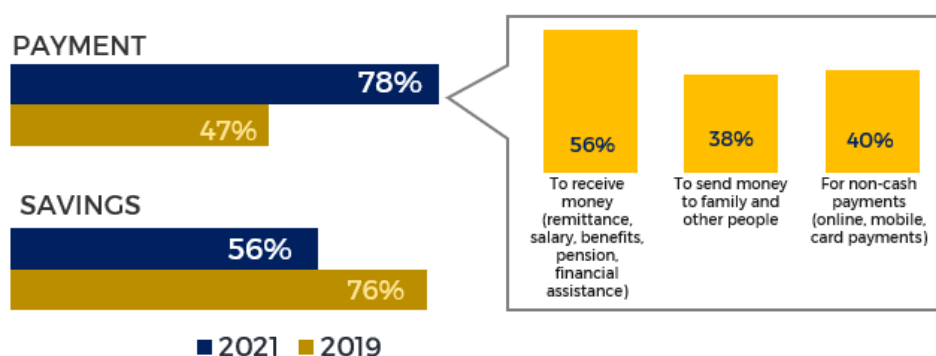
Current purpose of account

A significant number of accountholders (78%) used their accounts for payment-related transactions, higher than those who used it for savings (56%). This represents a reversal from 2019 where a higher number of accountholders used their accounts for savings (76%) than for payments (47%).

These payment-related transactions referred to the use of accounts to receive money such as remittance, salary, benefits, pension, and financial assistance (56% of accountholders), cashless payments/purchases (40% of accountholders), and sending money (38% of accountholders).

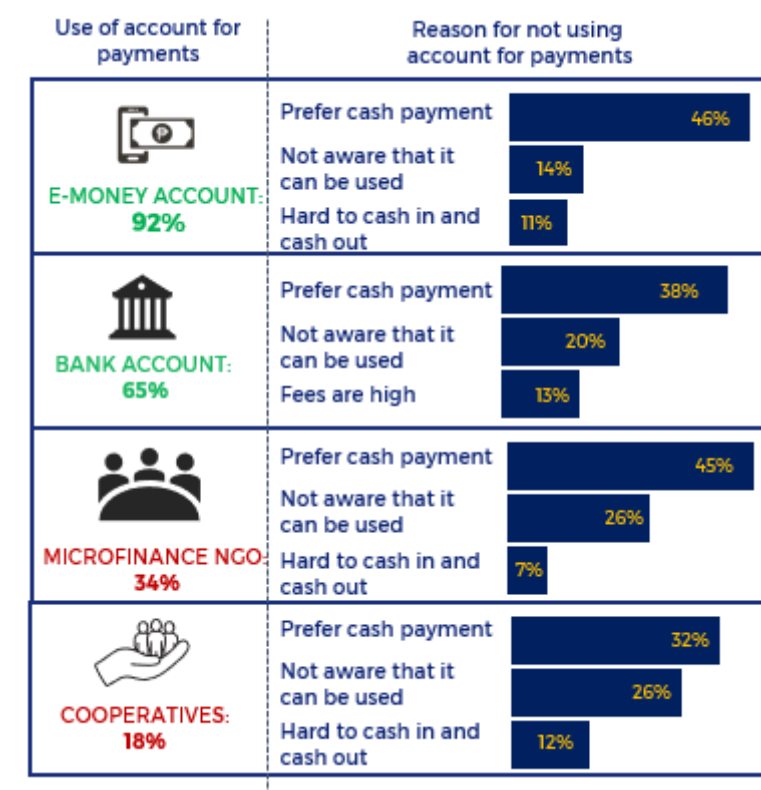
Payment related account usage was particularly high among e-money and bank accountholders. However, only one-third of MF NGOs and cooperative accountholders used their account for payment. Preference for cash payments and lack of awareness that accounts can be used for payments were the primary reasons why adults did not use their accounts for payment transactions.

Figure 1G. Purpose of Account



**Respondents can report more than one response.
Base population – Among accountholders (56% of Filipino adults)*

Figure 1H. Usage of Account for Payments and Reason for Not Using Account for Payments



*Respondents can report more than one response.

Base population – Among accountholders (56% of Filipino adults)

Base population – Among accountholders who did not use their account for cashless payments (online/mobile/card payments)

FGD Insights

Particularly for adults from classes D and E with informal or contractual occupations who were interviewed, cash remained the most preferred method to keep money, pay bills, or receive payment since they can immediately access the money without the need for devices, internet, or mobile applications and will avoid incurring transportation costs to go to banks. Meanwhile, business owners' usage of either accounts or cash relied heavily on the preference of their customers, suppliers, and workers.

“Kung wala kang [mobile] data, hindi mo makikita na naipasa na [ang bayad sa tricycle]. Gusto ko cash to cash para iwas abala.”

– Dagupan interviewee,
On why cash is preferred over formal accounts

“Ibabangko mo tapos ... kukunin mo rin [ang pera] sa bangko. Halimbawa may bibilhin ka, siyempre pupunta ka pa [sa] bangko para withdrawin [ang pera]. At least kung nasa [iyo] na [ang pera], mabibili mo na iyong kailangan mo. Minsan ang haba pa ng pila [sa bangko].”

– Batangas interviewee,
On why cash is preferred over bank accounts

FGD Insights

There were instances wherein some Filipinos willingly pay fees to request other people to pay their bills online and offline (i.e., fall in line for payment to branches of utility companies). This additional cost can be diverted to savings once the payment function of accounts was explored.

“Ako na iyong nangongolekta [ng pambayad sa kuryente]. Bibigyan ako [ng mga magpapabayad] kahit P50. Kung limang resibo iyan, P250 [ang ibibigay sa akin]... parang nabayaran yung pila ko.”

- Dagupan interviewee,
On how to earn money by paying bills

Number of accounts and frequency of usage

Accountholders owned at least one account, regardless of type, in 2021. In addition, frequency of transactions depends on the type of account. E-money accountholders performed transactions most frequently at one (1) to six (6) times a week in 2021, a jump from twice a month usage in 2019. This was followed by clients of MF NGOs who engage in weekly transactions, reflecting the nature of microfinance. Adults with bank accounts usually transact one (1) to three (3) times a month while majority of those with an account in cooperatives had monthly transactions. Meanwhile, respondents with NSSLAs accounts had the least frequent usage—less often than every 6 months.¹⁵

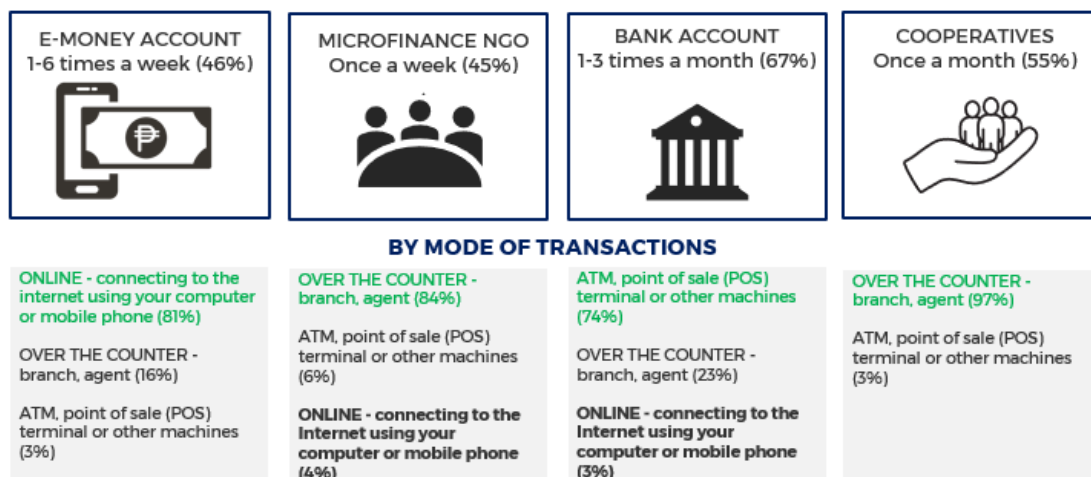
Mode of accessing the account

Except for e-money accounts, all other formal accounts were transacted predominantly through physical channels. Majority (81%) of e-money accountholders transacted through electronic platforms (i.e., internet banking and mobile application), a significant increase from just 27% in 2019. On the other hand, 74% of bank accountholders, transacted via ATMs which makes it the most used bank channel while online banking was the least used bank channel. Accounts with MF NGOs and cooperatives were primarily transacted OTC.

For those who did not use electronic platforms in 2021, the main reason cited was lack of awareness, followed by weak signal/internet, unavailability of online channels, and lack of trust. Almost three-fourths (72%) of electronic channel users were comfortable in using these digital channels in 2021.

¹⁵ Figures on NSSLAs have a very low base.

Figure 11. Frequency of Transactions



Base population - Among accountholders (56% of Filipino adults)

FGD Insights

Adults who were uncomfortable using online platforms were worried about the possibility of losing money due to hacking and inadvertent transactions (i.e., transfer to wrong account). To address these concerns, FSPs are improving their security measures to ensure that users are shielded from fraudulent transactions. Moreover, the public was likewise enjoined to cooperate in promoting cybersecurity by implementing basic measures such as refraining from password sharing.

“Very lenient o parang comfortable or complacent iyong customers natin in sharing their passwords or even their phones. Naco-compromise tuloy iyong security.”

- FSP interviewee,
On cybersecurity

Meanwhile, low usage of ATM was due to unavailability, lack of awareness, long lines, and inaccessibility due to distance. The percentage of respondents who cited long lines as the primary reason for not liking OTC transactions increased to 53% in 2021 from 40% in 2019, supporting the shift of respondents' preference away from OTC transactions.

Satisfaction with the account

Nearly all (94%) of accountholders were satisfied with their account in 2021. Overall satisfaction was driven by factors such as fast processing (62%) and low maintaining balance (40%). Enabling the accountholder to save money (38%), lower fees on transactions (33%), and accessibility of branches (32%) likewise brought satisfaction to respondents.



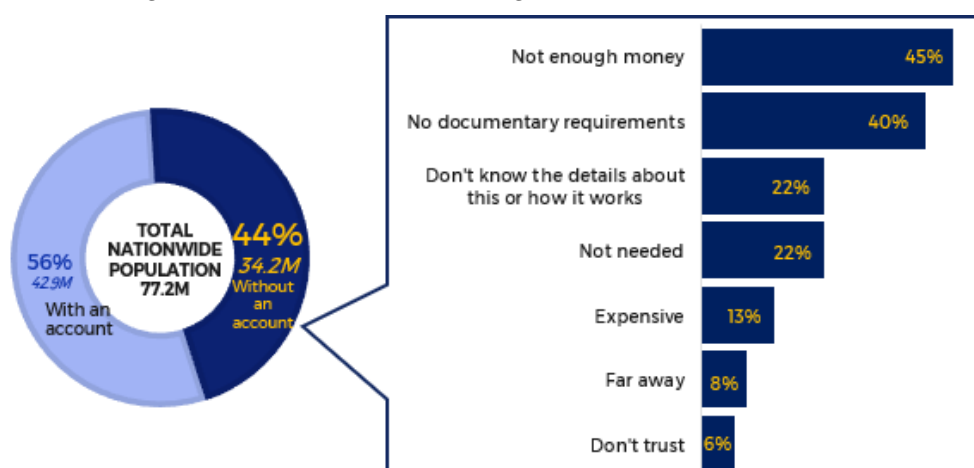
Base population – Among accountholders (56%)

Furthermore, respondents were satisfied with their account because of relevant services offerings (27%), more ATMs available (27%), availability of online channels (24%), enhanced security features (20%), and loan offerings (18%).

Reason for not owning a formal account

Lack of funds or not having enough money remained the topmost reason for not owning an account, as reported by almost half (45%) of the unbanked, followed by lack of documentary requirements at 40%. Another reason cited by respondents was the lack of knowledge on the process at 22%, which may be associated with non-savers. Meanwhile, the perceived lack of need for an account at 22% may be linked to the limited awareness of accounts as means for payment and remittance transactions.

Figure 1J. Reasons for Not Owning a Formal Account



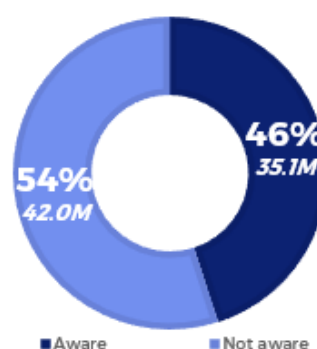
*Respondents can report more than one response.

Base population – Among those without an account (44% of Filipino adults)

Basic Deposit Accounts¹⁶

The survey revealed a slight decrease in the percentage of adults who were unaware of the basic deposit account (BDA) to 54% in 2021 from 60% in 2019. In particular, more Luzon (except South Luzon) and rural respondents, in classes D and E, and business owners were unaware of BDA. Notably, 54% of unbanked were still unaware of BDA.

Figure 1K. BDA Awareness



FGD Insights

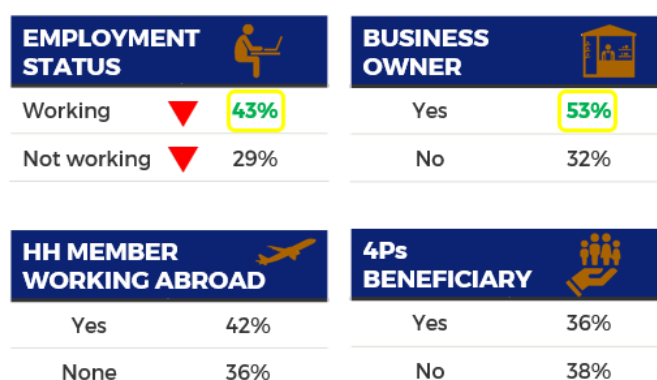
Most interviewees were unfamiliar with the BDA and its features. Hence, respondents continued to believe that they need a large sum of money to open a bank account and were discouraged by charges (i.e., dormancy and maintenance fees). However, respondents were keen to open an account upon presentation of the BDA features.

“Mahirap [mag-open ng account sa bangko] kasi kailangan ng valid ID or [record ng] mga bills at malaking maintaining balance.”

- Cebu interviewee,
On reason for not opening a bank account

¹⁶ As a no-frills bank account, the BDA has an opening amount of PhP 100 or less, no maintaining balance, no dormancy charges, and simple requirements (e.g., any official identification document).

Figure 2B-2. Savers by Demographic Profile



Percentage of savers significantly declined, particularly among adults in NCR, South Luzon, Visayas, SEC E, those who are working and residing in urban areas. Below is a detailed look at the demographic profile of savers:

- The lower incidence of savings in 2021 was recorded across geographical areas except in Mindanao, which registered an increase and surpassed all areas.
- The number of NCR savers declined from 65% in 2019 to 28% in 2021, registering the second lowest savings incidence after South Luzon.
- In terms of SEC classification, more respondents in class ABC1 at 83% saved in 2021 from 79% in 2019. However, this was exceedingly outweighed by the double-digit ppt decline of low-income (classes D and E) savers at 19 ppts and 21 ppts, from 55% and 48% in 2019 to 36% and 27% in 2021, respectively.
- The percentage of savers likewise declined across locale, age group, marital status, employment status, and educational attainment in 2021. Compared with the national average, savings incidence was significantly lower among young adults and those with primary education only.
- By gender comparison, savings incidence in both genders decreased from 2019 to 2021. The percentage of female savers was still higher than the percentage of male savers, but the gap between genders remained minimal, with 36% males and 39% females.

FGD Insights

The low or irregular income of classes D and E due to the informal or contractual nature of jobs may either be inadequate or only sufficient to cover fixed expenses on basic needs such as food, shelter, and health, which eroded existing savings or lessened their capacity to save.

“Walang ipon talaga kasi kulang na kulang... Ako lang nagtatrabaho sa amin... doon kinukuha lahat (i.e., pagkain).”

- Davao interviewee,
On reason for not saving

“May times na nakakaipon. Pero may months na... may biglang babayaran ka na mga unexpected, doon, nagagamit siya. Wala, magze-zero [ang savings] ulit.”

- Batangas interviewee,
On challenges in saving

- Sources of funds also play a huge role in mobilizing savings. Incidence of savings was observed to be significantly higher among business owners (53%), workers (43%), and those with other funding sources such as household members working abroad (42%).
- On the average, respondents said that 17% of their income went to savings in 2021, higher than 13% in 2019. Further, respondents in class ABC, South Luzon, Visayas, aged 15 to 29, college graduates, males, workers, and urban areas recorded higher allocation of income to savings than the nationwide average.

Savings by institution

Informal savings remained high in 2021, with 52% of savers still keeping their savings at home. This was especially true for adults with secondary or vocational education, aged 15 to 39 years old, residing in North and Central Luzon, Mindanao, and rural areas, low-income classes (D and E), not working, and without business.

FGD Insights

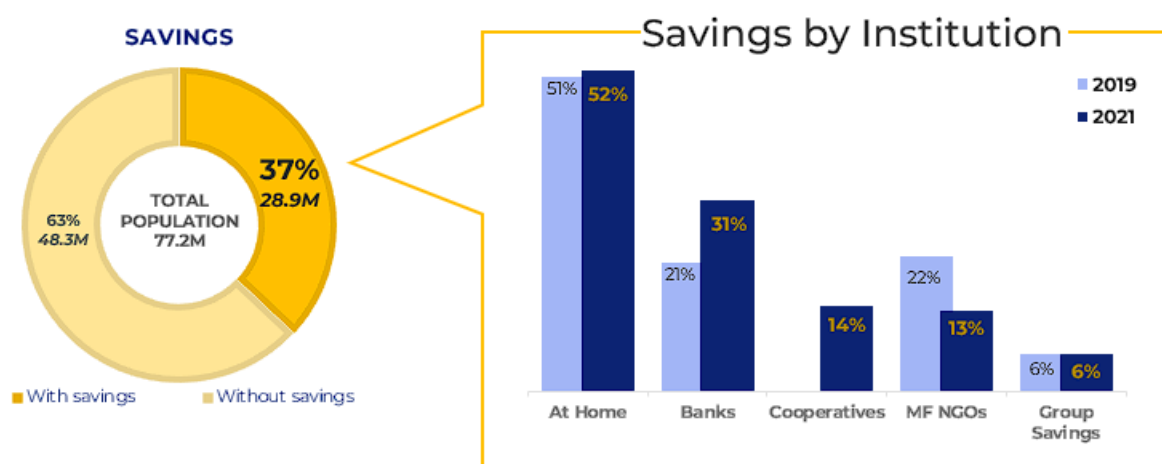
“Sa bahay na lang [ilalagay ang ipon] kasi, halimbawa, nagkasakit ka, at least may magagamit ka agad.”

- Davao interviewee,
On reason for not saving in a formal account

In rare instances when classes D and E respondents had money to be saved, the amount tends to be minimal and may eventually be used for immediate expenses. Hence, they preferred saving at home to readily access their funds.

Nevertheless, banks were the top choice for saving in formal institutions at 31%, an increase from 21% in 2019. Bank savers mostly belonged to the following segments: class ABC, college graduates, accountholders, VisMin and urban residents, business owners, workers, males, and at least 40 years old. Saving in cooperatives was more prevalent among Mindanao and urban residents, SEC ABC, college graduates, workers, and females while MF NGO savings was more popular among 4Ps recipients, non-college graduates, North and Central Luzon, Visayas, and rural areas, low-income households (SEC D and E), females, and business owners. Savers in cooperatives and MF NGOs registered at 14% and 13% in 2021, respectively.

Figure 2C. Savings by Institution

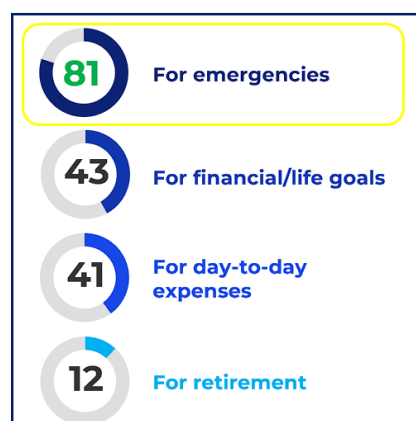


*Respondents can report more than one response.
Base population - Among savers (37% of Filipino adults)

Reasons for saving¹⁷

For the 37% savers in 2021, majority or 81% cited that they allocate savings for emergency while other considerations were: a) to achieve financial/life goals (43%), b) to cover daily expenses (41%), and c) in preparation for retirement (12%).

Figure 2D. Top Reasons for Saving



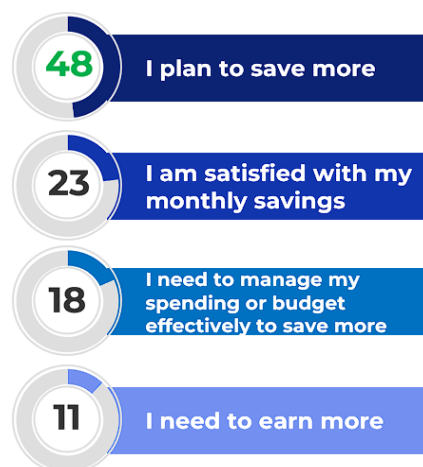
*Respondents can report more than one response.
Base population - Among savers (37% of Filipino adults)

¹⁷ In 2021, question on reasons for saving money was included.

Assessment of current status in terms of savings¹⁸

Almost half (48%) of savers stated that they plan to save more and 23% were satisfied with their monthly savings in 2021. Meanwhile, 18% of savers expressed the need to manage their spending or budget effectively to save more and 11% cited that they need to earn more.

Figure 2E. Satisfaction on Savings



Base population – Among savers (37% of Filipino adults)

¹⁸ In 2021, question on satisfaction on savings was included.

3. Loans

More Filipinos had borrowings in 2021 than in 2019, as the share of adults with outstanding loans jumped to 45%, from 33% in 2019. This is equivalent to 11 million more adults with debt in 2021 from 2019. Over the same period, the share of adults with previous loans that were already paid grew only by two (2) ppts to 43% in 2021. Borrowers, on average, had two outstanding loans in 2021, an increase from 2019. Borrowing was the top coping strategy for emergencies and other financial needs.

Figure 3A. Outstanding Loans

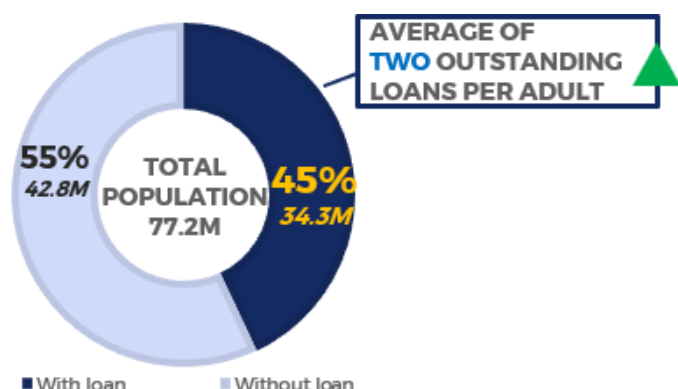
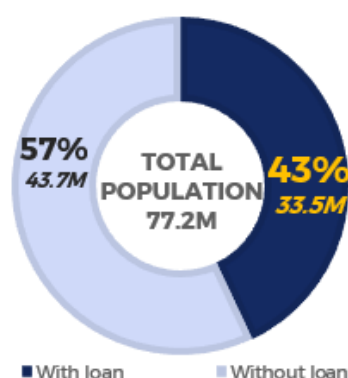


Figure 3B. Previous loans



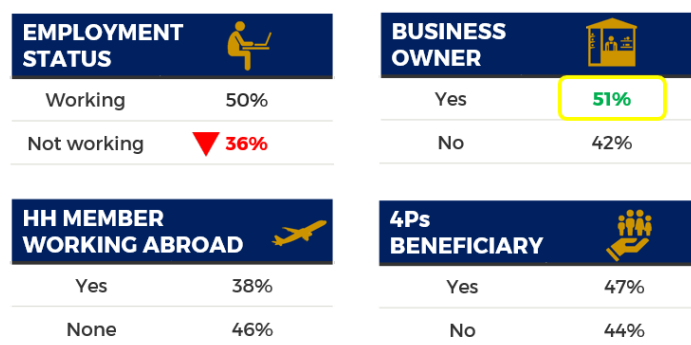
Profile of adults with outstanding loans

Of the 45% of adults with outstanding loans, borrowing was more prevalent among socio-economic class E, Mindanao, aged 30 to 59 years old, with at least vocational education, business owners, workers, and women.

Figure 3C-1. Borrowers by Demographic Profile

SEC	AREA	AGE	GENDER
ABC1 46%	NCR 28%	15 – 19 13%	Female 48%
C2 45%	NCL 37%	20 – 29 42%	Male 41%
D 43%	SL 39%	30 – 39 53%	LOCALE Urban 44% Rural 45%
E 50%	VIS 52%	40 – 49 60%	
	MIN 60%	50 – 59 53%	
		60 above 33%	
MARITAL STATUS	EDUCATIONAL ATTAINMENT		
Married/Common-law 54%	Some / completed elementary 42%		
Single 26%	Some / completed high school 42%		
Separated 37%	Some / completed vocational 52%		
Widowed / Widower 38%	Some / completed college or post grad degree 50%		

Figure 3C-2. Borrowers by Demographic Profile



Detailed discussion on the demographic profile is provided below:

- Compared with 2019 results, loan incidence across SEC classifications grew in 2021. The percentage of borrowers in class E, the lowest SEC, rose to 50% in 2021 from 35% in 2019. Closely following behind in loan incidence were class ABC1 (from 17% to 46% in 2021) and C2 borrowers (from 26% to 45% in 2021). These suggest the increased need to borrow was felt across all socio-economic classes.
- Borrowing among males and females both grew in 2021. Loan incidence for males substantially increased to 41% from 29% in 2019 but still lags behind the 2021 figures for females which stood at 48%.
- By geographic location, borrowing was more prevalent in Mindanao and Visayas which grew to 60% and 52% in 2021 from 35% and 41% in 2019, respectively. Similarly, figures for urban and rural were higher at 44% and 45% in 2021, respectively.

FGD Insights

“Mayroon akong thinking na huwag kang mangungutang ng ipang-ne-negosyo mo. Kasi ang negosyo, sugal iyan. Baka ... matalo ka.”

- NCR business owner,
On perception about loans

Business owners shared that they may still be uncomfortable with obtaining loans as it entails commitment and can have a devastating impact on the business if not well thought of. Moreover, they mentioned that the stronger the need for credit or the larger the amount of the loan, the higher the anxiety and hesitation in availing a loan.

Those in the lower-income segment (classes D and E) borrowed more to augment their finances as they slowly recover from the financial impact of the COVID-19 pandemic (low consumer demand, less working hours, lower income opportunities, and unemployment) and the increasing prices of commodities.

FGD Insights

Despite hesitations in availing a loan during the pandemic, some business owners still borrowed to augment their working capital in light of lower revenues and to keep their businesses afloat amid the lockdowns.

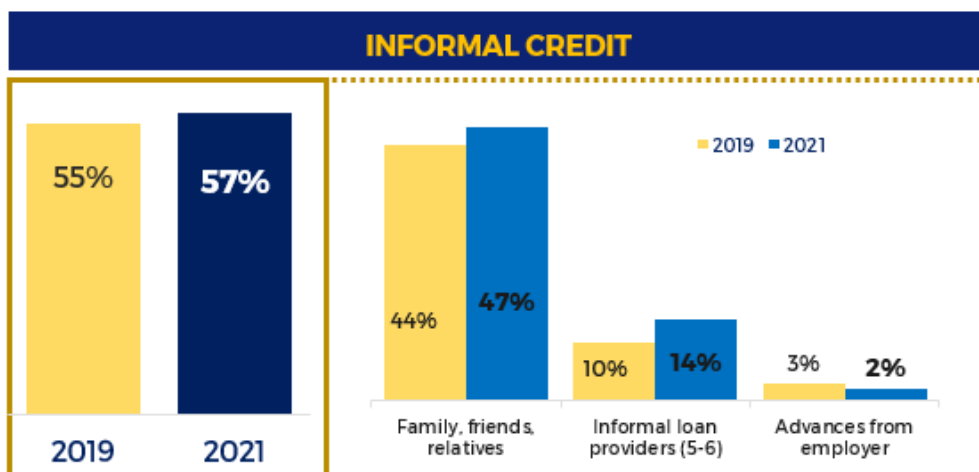
"Noong pandemic humina talaga iyong [goto business] at iyon lang inaasahan namin. Dumating sa point na kailangan namin humiram kasi ayaw din naming itigil [ang goto business] kasi sayang din yung dalawang taon at mga nagastos bago namin [masimulan] iyon."

- Batangas respondent,
On loans during the pandemic

Sources of borrowing

Borrowing from family and friends, and informal lenders both slightly grew in 2021 at 47% and 14%, respectively. This was more prominent among classes D and E. However, the share of Filipinos who had advances from employers slightly declined and remained low from three percent (3%) in 2019 to two percent (2%) in 2021.

Figure 3D. Informal Credit Sources



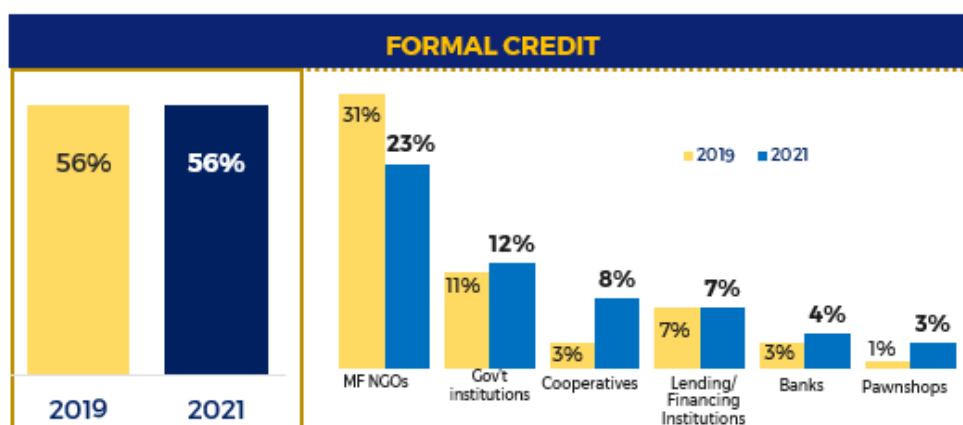
*Respondents can report more than one response.
Base population - Among borrowers (45% of Filipino adults)

While MF NGOs remained the top formal source of credit, percentage of borrowers who loaned from these institutions declined from 31% in 2019 to 23% in 2021, a pattern similar to MF NGO account ownership. Nevertheless, formal borrowings marked an overall improvement across all other formal lenders in 2021 compared with 2019, increasing diversification in loan sources. There were more Filipinos with outstanding debt from government institutions (12%), cooperatives (8%), financing company (7%), banks (4%), and pawnshops (3%), with cooperatives registering the

biggest increase from 2019. MF NGOs were the top formal credit source for Luzon and Visayas, while cooperatives were the primary source of formal loans in Mindanao. NCR borrowers mainly sourced their formal loans from government institutions.

Interestingly, while banks ranked high in account penetration at 23% and channel of formal savings at 31%, it ranked low as a formal credit source at four percent (4%) just above pawnshops in 2021, barely growing from three percent (3%) in 2019. Residents from VisMin, class ABC, aged 50 and above, urban dwellers, business owners, account owners, workers, and males were more likely to borrow from banks.

Figure 3E. Formal Credit Sources



**Respondents can report more than one response.
Base population – Among borrowers (45% of Filipino adults)*

FGD Insights

Informal sources were the first recourse of low-income (classes D and E) borrowers due to convenience, with funds immediately released with minimal to no documentation requirements. Further, the flexible terms of informal lenders (e.g., daily payments in smaller amounts) were perceived to be less burdensome on the budget.

As to loan sources, business owners found the application process of banks difficult, while they are more open to lending companies despite the high interest given the more immediate access to money. Likewise, investors are frowned upon since business owners are uncomfortable with other people being involved in their decision-making.

FSPs were cognizant of the importance of incorporating financial education in their loan products.

FGD Insights

“Kahit may immediate need naman, hindi [mabilis umutang sa bangko]... Tapos mayroon mago-offer ng mas mahal ng 5 percent, doon ka na lang kasi hindi kailangan ng collateral or titles, pwede na OR/CR.”

- Davao business owner,
On loan source

“Andoon iyong kaakibat na turuan ka on how to manage your money kaya... during sa [loan] application [sinasabi namin ang] purpose o yung dapat gawin ... Hindi yan makabayad ka [lang] sa [financial institution] but... natutunan mo how to improve [financially and] how to make money.”

- FSP,
On educating borrowers

Purpose of the borrowing

As in 2019, loans in 2021 were primarily used to meet day-to-day expenses, at 50% for outstanding loans and at 46% for previous loans. This is particularly true for borrowers in Luzon except NCR and those in the SEC E segment. Next to basic needs, loans were also used for emergencies and for achieving financial/life goals.

Almost half of surveyed business owners disclosed that their loans were for their business (49%) and financial/life goals (40%). Likewise, a significant gap in loan uptake was evident in employment status, with lower loan incidence for non-workers than workers in 2021.

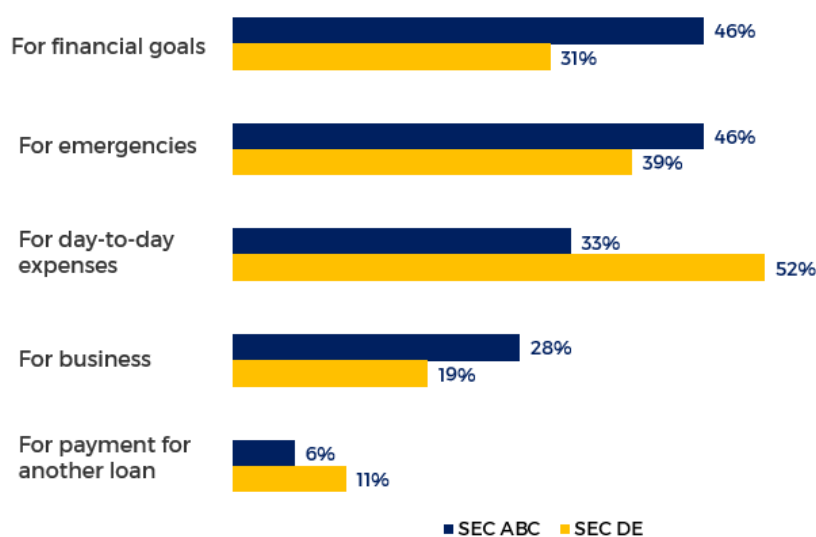
More SEC ABC adults intended to use their loans to build financial resilience and improve productive capacity and future income through their business and welfare-enhancing endeavors. By contrast, lower SEC group (classes D and E) were more preoccupied with borrowing to augment daily expenses and paying other loans.

Figure 3F. Purpose of Loan



*Respondents can report more than one response.
Base population – Among borrowers (45% of Filipino adults)

Figure 3G. Comparison of loan purposes of SEC ABC and DE

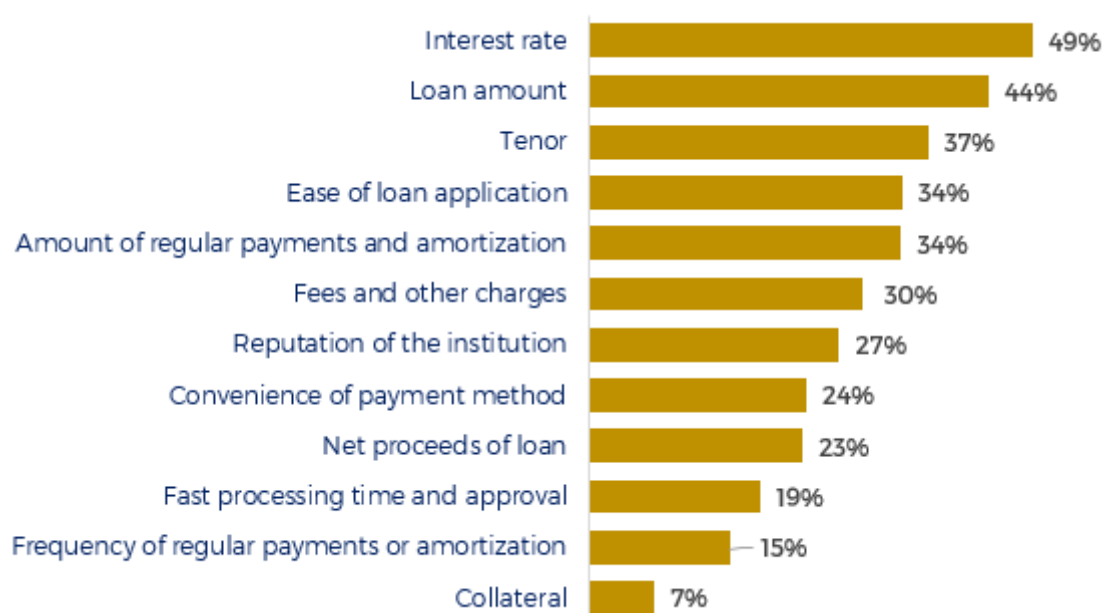


**Respondents can report more than one response.
Base population – Among borrowers (45% of Filipino adults)*

Main considerations in borrowing

The top considerations of borrowers in 2021 were interest rate (49%), loan amount (44%), and tenor or the length of period to pay for the loan (37%). These were the same results in 2019, albeit tenor was the top attribute (51%) considered then. Likewise, ease of application and flexibility of terms, both at 34%, were highly considered in 2021.

Figure 3H. Considerations for Loans



**Respondents can report more than one response.
Base population – Among borrowers (45% of Filipino adults)*

Interest rate and loan amount were the most important factors for business and non-business owners in borrowing. For business owners, ease of loan application and tenor ranked next, while non-business owners were more concerned about payment period and amortization.

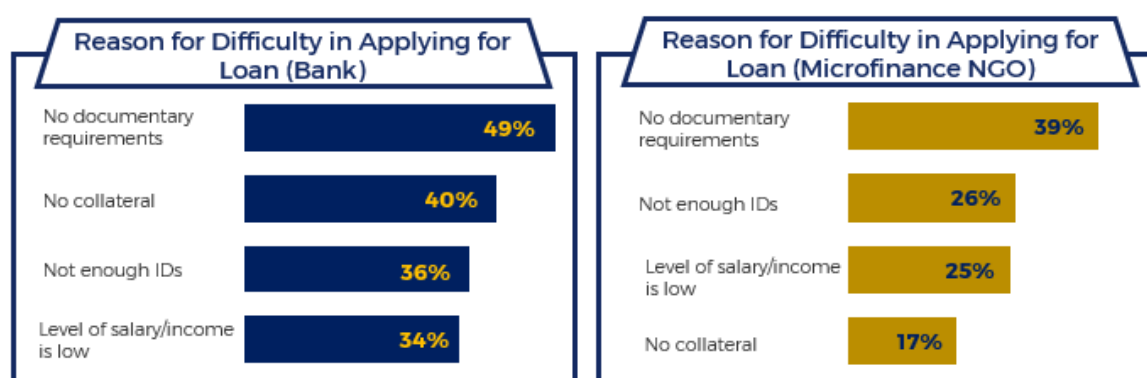
Collateral Requirements

Considering the top credit sources (i.e., family and friends, MF NGOs, informal lenders), majority of the loans (94%) did not require collateral. Meanwhile, the top collaterals secured were luxury items such as jewelry (55%), ATM card (33%), vehicle (16%), and land or condominium title (11%).

Perception on borrowing from formal financial institutions

In 2021, half of adult Filipinos perceived that borrowing from formal institutions was difficult. Among formal institutions,¹⁹ applying for a loan from banks was perceived to be the most difficult (65%), followed by credit card companies (56%), online lenders (48%), cooperatives/NSSLAs (47%) and financing/lending companies (44%). On the other hand, borrowing from MF NGOs (39%) and pawnshops (35%) was perceived to be least difficult. Across formal institutions, the top reasons provided on the perceived difficulty in borrowing were lack of documentary requirements, insufficient IDs, low salary/income, and not having collateral.

Figure 31. Challenges in Loan Application



*Respondents can report more than one response.
Base population – Among those who found it difficult to apply for a loan in bank (65% of Filipino adults) and in MF NGO (39% of Filipino adults)*

Among business borrowers, majority said it was easy to apply for a loan from MF NGOs, followed by pawnshops, cooperatives, and financing companies.

¹⁹ In 2021, question on ease of loan application loan per formal institution was included. Previously, the question referred to any kind of loan.

Loan application in formal financial institution

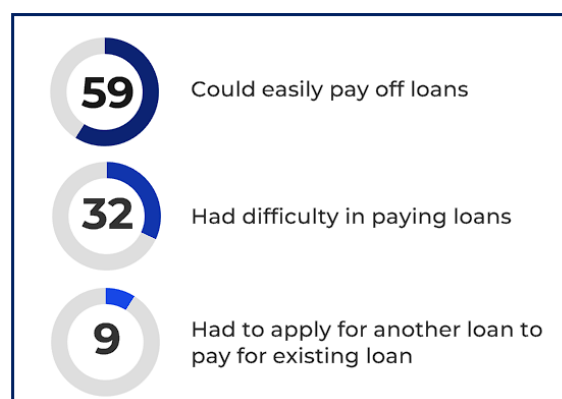
In 2021, 96% of those who applied a loan from formal institutions were approved. Of the four percent (4%) denied applicants, main reasons were due to lack of documentary requirements (60%), unacceptable income level (27%), and lack of collateral (21%). Moreover, the rejection rate was highest for online lenders and banks while pawnshops and cooperatives recorded the lowest denied loan applications.²⁰ Nonetheless, 61% of denied loan applications were able to source other providers such as family, friends, and relatives (62%) and informal loan providers (37%).²¹

Satisfaction and burden with loans²²

Majority of borrowers in 2021 were either satisfied (56%) or very satisfied (30%) with the loan services provided, while a small percentage at five percent (5%) were dissatisfied. The top reasons for respondents' satisfaction across all financial institutions were low interest rates, fast loan application process, and affordable amortization. Dissatisfaction mainly arose from high fees, penalties, and interest, as well as unfriendly loan officers.

Among borrowers, 59% declared that they can easily pay off their loans. Meanwhile, those who claimed that they often had difficulty paying their loans remained sizeable at 32%, while nine percent (9%) needed to apply for another loan to pay for an existing loan.

Figure 3J. Financial Condition of Borrowers



Base population – Among borrowers (45% of Filipino adults)

²⁰ In 2021, question on denied loan per formal institution was included. Previously, the question referred to any kind of loan.

²¹ In 2021, questions on loan uptake and sources after denied loan application were included.

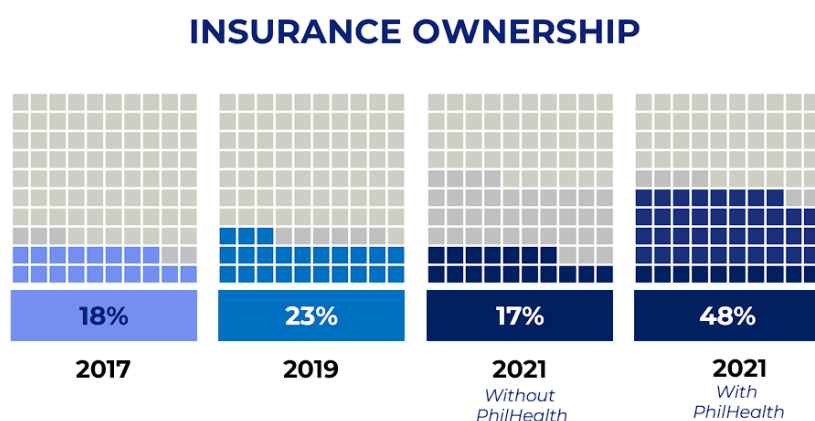
²² In 2021, questions on loan satisfaction, drivers of satisfaction, and financial condition/burden on loan were included.

4. Insurance and Investment

Insurance penetration and demographic profile of adults with insurance

Insurance ownership declined to 17% in 2021 from 23% in 2019. Starting 2021, PhilHealth²³ was added in the listed types of insurance products in the survey questionnaire. Inclusive of adults who reported to have PhilHealth, the percentage of adults with insurance in 2021 would be 48%.

Figure 4A. Insurance Ownership



Profile of adults with insurance (PhilHealth considered as insurance)

Those belonging to socio-economic class ABC1, with high educational background, Mindanao residents, aged 30 to 39 years old, business owners, with OFW household members, and workers were more likely to own an insurance.



Figure 4B-1. Insurance Ownership by Demographic Profile



SEC	AREA	AGE	GENDER
ABC1	NCR	15 - 19	Female
C2	NCL	20 - 29	Male
D	SL	30 - 39	
E	VIS	40 - 49	
	MIN	50 - 59	
		60 above	



LOCALE
Urban
Rural

²³ In the 2021 questionnaire, PhilHealth was included as one of the possible choices of insurance products, an improvement from the 2019 questionnaire. Republic Act No. 11223 or the Universal Health Care Act was signed into law last 20 February 2019.

Figure 4B-2. Insurance Ownership by Demographic Profile

MARITAL STATUS 		EDUCATIONAL ATTAINMENT 	
Married/Common-law	55%	Some / completed elementary	36%
Single	33%	Some / completed high school	42%
Separated	37%	Some / completed vocational	59%
Widowed / Widower	55%	Some / completed college or post grad degree	72%

EMPLOYMENT STATUS 		BUSINESS OWNER 	
Working	56%	Yes	60%
Not working	35%	No	45%

HH MEMBER WORKING ABROAD 		4Ps BENEFICIARY 	
Yes	57%	Yes	50%
None	46%	No	48%

Specifically, the following observations were noted:

- Similar with the observation in 2019, insurance ownership in 2021 was highly tied to employment status, with segments such as young adults and non-working having the lowest levels of adoption at six percent (6%) and 35%, respectively. Nevertheless, it was worth highlighting that insurance uptake among those who were unemployed more than doubled to 35% in 2021 from 15% in 2019. In addition, the incidence of insurance ownership was notably lower among those who are single, with primary education only, and those who are in economic class E. The share of 4Ps beneficiaries with insurance also increased, albeit marginally by two (2) ppts over the two-year period.
- Top gainers in 2021 were socio-economic class ABC1 and highly educated (at least college graduates). Moreover, the gains in insurance ownership among those who belong to economic class C2 (65%), residing in Mindanao (62%) and aged 30 to 39 years old (60%) were more than twice higher than their 2019 estimates. Relatedly, insurance penetration remains considerably higher among business owners, with a household member working abroad, working, widowed/widower and married. More than half of these adults had access to any or a combination of insurance products that would enable them to absorb and recover from financial shocks.
- Compared with 2019, the gap of insurance ownership reversed and narrowed across gender and localities. In particular, a slightly higher insurance penetration rate was seen among men (49%) compared with women (47%) in 2021, reversing an 8-percentage point gap favoring women in 2019. A similar observation was noted between localities wherein adults in urban areas (50%) were more likely to have insurance than those in rural areas (47%) in 2021.

Types of insurance products owned

In 2021, PhilHealth was the most common type of insurance owned, accounting for 81% of adults who reported to have insurance coverage. Although with much lower shares, life insurance and microinsurance followed next at 16% and 13%, respectively. Other insurance products owned include accident insurance, health insurance (e.g., Health Maintenance Organization (HMO)), vehicle insurance, a combination of life and non-life insurance, and fire insurance.

Table 4A. Types of Insurance Owned

INSURANCE TYPE (among those who own)	2021
PhilHealth	81%
Life	16%
Microinsurance	13%
Non-life - Accident	5%
Non-life - Health (e.g., HMO)	4%
Combination of life and non-life	2%
Non-life - Vehicle	2%
Non-life - Fire	1%

**Respondents can report more than one response.*

Base population - Among those with insurance (48% of Filipino adults)

Channels used for buying insurance products²⁴

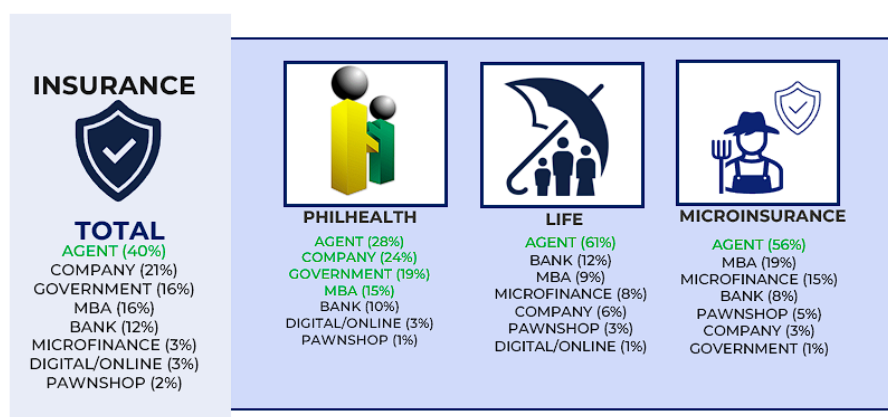
In 2021, individual agents emerged as the primary channel of availing any insurance type. Banks and mutual benefit associations (MBA) stood as far second channel for buying life insurance and microinsurance, respectively.

By product type, nearly one-third (28%) of insured adults obtained PhilHealth insurance through agents, while almost one-fourth (24%) gained access through their affiliated company. Other sources like the government (19%) and MBA (15%) also played a significant role in facilitating access to PhilHealth insurance.

Similarly, more than half of insured adults sourced life insurance and microinsurance from agents. Results also indicated that banks seemed to offer more life insurance products. Further, MBA and microfinance institutions served as critical providers of microinsurance.

²⁴ In 2021, question on channels of insurance products was included, an improvement of the 2019 questionnaire.

Figure 4C. Channels of Insurance Products



**Respondents can report more than one response.
 Base population – Among those with insurance (48% of Filipino adults)*

Adequacy of insurance

More Filipinos in 2021 recognized the need for insurance, but over half (56%) stated that their funds were inadequate while seven percent (7%) had not yet found the right product that matched their needs. Fewer adults (16%) claimed that insurance was not needed, a nine (9) ppts decline from the 2019 estimate. This indicates that lack of money remained a key barrier to insurance ownership as observed in 2019. Still, there was an eight (8) ppt reduction in the share of Filipino adults who reported budget concerns as reason for not availing insurance. In addition, some adults (7%) were already insured but felt the need for additional protection.

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Interviewees shared that insurance is valuable, especially if the insurance is health-related. However, it was not deemed as a priority at present as it was perceived to be expensive.

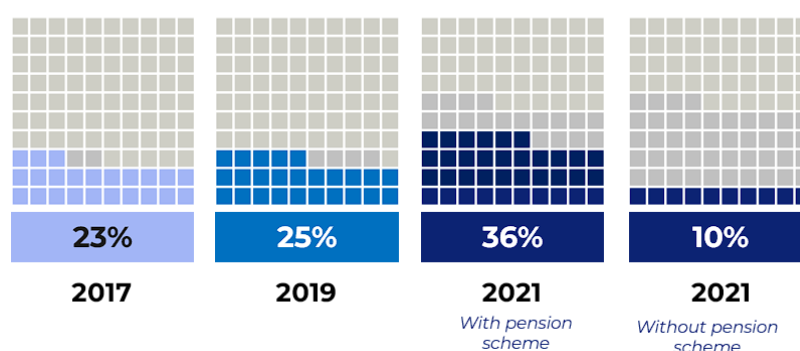
Only those who had personal experiences in realizing or claiming benefits from accidents, sudden hospitalizations, and/or death of loved ones were willing to avail insurance despite having a tight cash position. Moreover, some interviewees with insurance availed due to requirements imposed before the release of loans.

“Depende na rin sa gastusin. Sa budget. Mahal ng gastusin. Wala na panghulog [sa insurance].”

– Batangas interviewee,
 On the reason for not getting an insurance

Financial investors among adults rose to 36% in 2021 from 25% in 2019. However, excluding the contribution to government pension schemes (e.g., GSIS and SSS), investment uptake showed a decline from 15% in 2019 to 10% in 2021.



INVESTMENT OWNERSHIP





Those belonging to socio-economic class ABC, with high educational background, aged 20 to 39 years old, NCR residents, working, males, working, and business owners were more likely to invest.

SEC		AREA		AGE		GENDER	
ABC1	37%	NCR	14%	15 - 19	1%	Female	8%
C2	16%	NCL	13%	20 - 29	14%	Male	13%
D	10%	SL	7%	30 - 39	16%	LOCALE	
E	4%	VIS	11%	40 - 49	10%		
		MIN	9%	50 - 59	8%		
				60 above	5%	Urban	11%
						Rural	10%

MARITAL STATUS		EDUCATIONAL ATTAINMENT	
Married/Common-law	11%	Some / completed elementary	3%
Single	10%	Some / completed high school	7%
Separated	10%	Some / completed vocational	14%
Widowed / Widower	9%	Some / completed college or post grad degree	25%

EMPLOYMENT STATUS 		BUSINESS OWNER 	
Working	14%	Yes	13%
Not working	5%	No	10%

HH MEMBER WORKING ABROAD 		4Ps BENEFICIARY 	
Yes	11%	Yes	4%
None	10%	No	11%






Further details on the profile of adult population that were more or less likely to hold investment were as follows:

- Similar with the 2019 survey results, investment uptake in 2021 remained considerably higher among adults in the upper class ABC1 (37%) and who were working (14%). However, these percentages were notably lower compared with 2019 levels at 55% and 37%, respectively. The 2021 survey results also indicated that nearly one-fifth of adults aged 30 to 39 years old, and one-fourth of college graduates were more inclined to invest than other market segments. Further, NCR respondents made more investments in 2021 than residents from other geographical areas.
- Consistent with 2019 observations, the incidence of investment ownership in 2021 was significantly lower among adults who were in socio-economic class E (4%) and aged 15-19 years old (1%). In addition, only a small percentage of adults with primary education (3%) and secondary education (7%) allocate funds to invest.
- In terms of gender, the percentage of men with investments was still higher than the percentage of women investors in 2021, but the gap between genders declined to five (5) ppts from 11 ppts in 2019. In addition, the difference in the incidence of having investment across locale further narrowed in 2021, with urban areas (11%) only slightly higher than rural areas (10%).
- Similar to insurance, investment ownership in 2021 was highly tied to employment status. Based on the demographics, working adults recorded investment ownership of 14% as compared with five percent (5%) for non-working adults, almost three times lower in terms of percentage points. Only four percent (4%) of 4Ps beneficiaries invested suggesting that basic needs such as food, clothing, and shelter precedes other expenses.

Profile of adults with active SSS contributions

In 2021, SSS penetration is higher among those who are working (75%), belonging to the socio-economic class D (69%), with secondary education (49%). Interestingly, enrollment in SSS was not prevalent among both rich (SEC ABC) and poor (SEC E) Filipinos. Business owners and those not working are less likely to make contributions in SSS.

Figure 4G. Investment Ownership in SSS by Demographic Profile

SEC 		EDUCATIONAL ATTAINMENT 	
ABC1	6%	Some / completed elementary	4%
C2	14%	Some / completed high school	49%
D	69%	Some / completed vocational	20%
E	11%	Some / completed college or post grad degree	27%
BUSINESS OWNER 		AGE 	
Yes	26%	15 – 19	2%
No	74%	20 – 29	29%
EMPLOYMENT STATUS 		30 – 39	24%
Working	75%	40 – 49	22%
Not working	25%	50 – 59	16%
		60 above	7%

Types and channels for placing investments²⁵

Table 4B. Types of Financial Investment Owned

INVESTMENT (among those who own)	2021
Pension	96%
Pag-IBIG (e.g., MP2)	23%
Time deposit	2%
Stocks	1%
Business	1%
PERA	1%

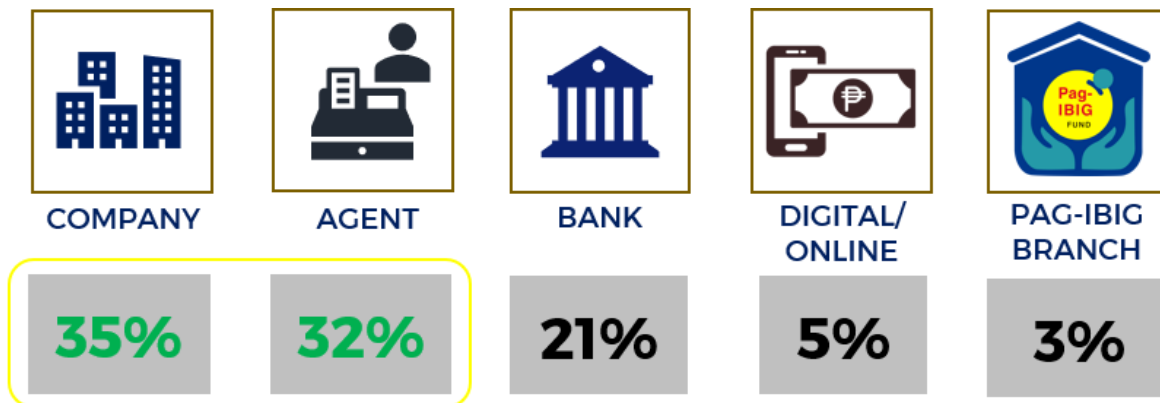
The most common type of investment in 2021 was contribution to pension schemes at 96%, followed by placement in Pag-IBIG Fund (23%) and time deposit (2%). Only one percent (1%) of investors owned stocks, bonds, UITFs, mutual funds, and other managed investment schemes.

**Respondents can report more than one response.
Base population – Among investors (36% of Filipino adults)*

In terms of sources, affiliated companies and agents were the top channels for getting investment products. These findings corroborated the preceding observation that investment ownership was highly skewed towards working adults.

²⁵ In 2021, question on sources of investments owned was included.

Figure 4F. Channels for placing Investment (without pension)

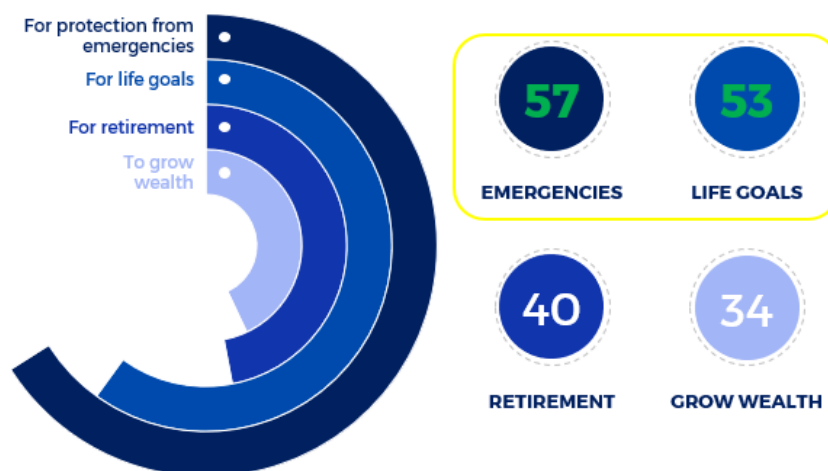


**Respondents can report more than one response.
Base population – Among investors (10% of Filipino adults)*

Reasons for investing²⁶

Majority of Filipinos invest primarily to protect themselves against emergencies (57%) and achieve their life goals (53%). Further, four (4) in ten (10) adults hold investment in preparation for their retirement, while the purpose of three (3) in ten (10) investors were to grow their wealth and accumulate assets.

Figure 4H. Reasons for Investing (without pension)



**Respondents can report more than one response.
Base population – Among investors (10% of Filipino adults)*

Adequacy of investments²⁷

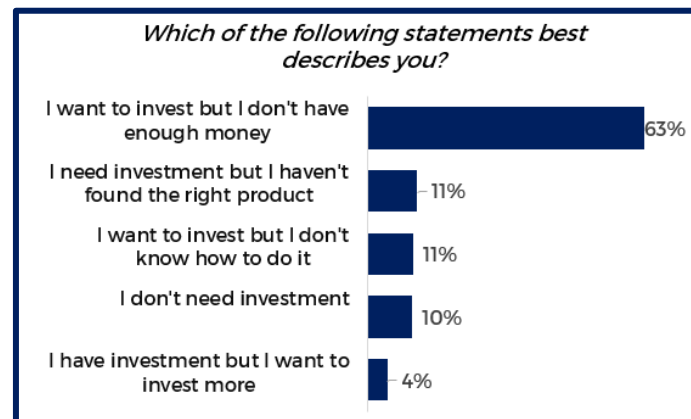
Only four percent (4%) of the investors indicated that they were interested to invest more. As is the case of insurance ownership, many Filipinos desire to invest but more than half (63%) claimed that they lack money to do so. Moreover, 11% of

²⁶ In 2021, a question on reasons for investing was included.

²⁷ In 2021, question on adequacy of investments was included.

Filipino adults were still looking for the appropriate investment product, while another 11% lack the knowledge on the investment process. Meanwhile, one (1) in ten (10) surveyed adults did not feel the need for investment.

Figure 41 Adequacy of Investments



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Investments are seen as fail-safe in case of significant financial setbacks. Respondents disclosed that because of their current state of having minimal or almost zero savings, availing these investment opportunities is not a priority.

When spontaneously asked about investments, only a few talked about acquiring real properties. Most respondents mentioned that they would rather acquire jewelry because it can easily be converted into money through pawnshops and other informal creditors.

“Mahilig [ako] sa alahas kasi para sa akin investment iyon. Kasi halimbawa gipit na gipit ka, wala kang mautangan, pwede mo isangla [ang alahas].”

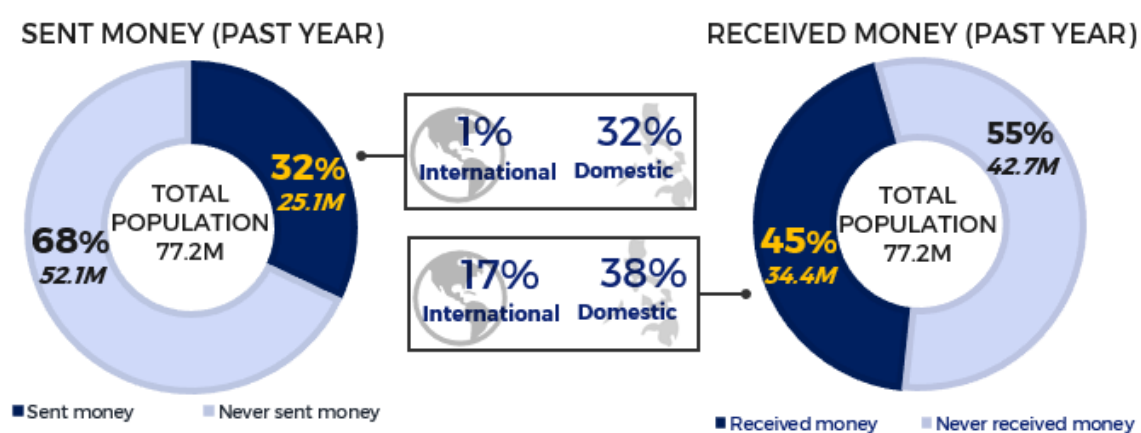
- *Dagupan interviewee,
On investing in jewelry*

5. Remittance

Incidence of sending and receiving money

Many Filipino adults continued to send (32%) and receive (45%) remittances in 2021, albeit slightly lower compared with 2019 results at 37% and 48%, respectively. Remittances were predominantly domestic in nature with only one percent (1%) and 17% of adults sending and receiving cross-border remittances, respectively. Remittance transactions were mostly done at least once a month, a frequency more evident among adults receiving (46%) than sending (44%) money.

Figure 5A. Incidence of Sending and Receiving Money



More than half of domestic remittances were conducted by class ABC1 respondents with more senders than receivers. Meanwhile, the reverse was true for adults in class E with 37% receiving and 24% sending domestic remittances. Similar with the 2019 results, those from Visayas, adults aged 20 to 49, and females outperformed their counterparts in domestic remittances, whether as senders or receivers. However, the gender gap narrowed down to 6 ppts in 2021. In NCR, remittance activities were significantly high among the 40 to 49 age group and those who were either working or had a business.

Mode of Remittance

OTC remained as the most preferred remittance mode used by 88% of senders and 83% of receivers in 2021. Among these OTC options, pawnshops and MSBs were the top choices used by over 70% of adults who sent and received remittances. Following next was remittance transfer through agent banking which was used by at least 15% of adults in 2021. Overall, senders considered convenience and affordable fees as the top two factors in choosing a remittance channel in 2021 while reliability and security of money followed next.

FGD Insights

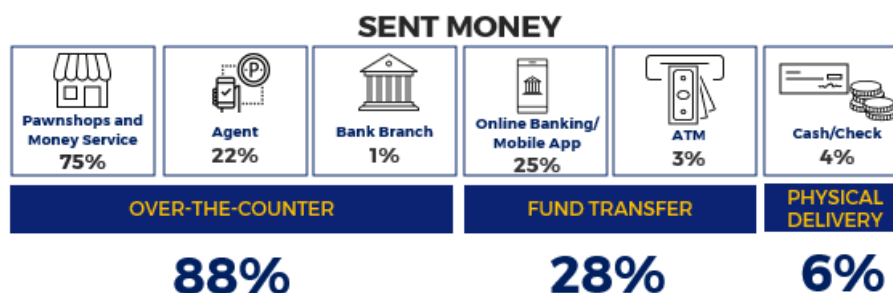
Among interviewees, extending help to family members emerged as a common reason for pursuing remittance transfers. Their choice of OTC options, especially pawnshops, as a remittance channel, was mainly due to ease of transaction and familiarity with the process. Meanwhile for some, OTC transactions also became an option when neither the sender nor the recipient had access to banking/mobile apps.

“Kasi iyong [pawnshop] ang mas madali para sa akin... Hindi ganoon ka-hassle kapag magpapadala, kumpara sa iba. Nakaka-ilang pumasok [sa bangko] dahil parang medyo *class* ang dating, hindi katulad sa [pawnshop] na naka-open lang siya, kumbaga pang masa siya.”

- Cebu interviewee,
On preference for pawnshops for remittance transfers

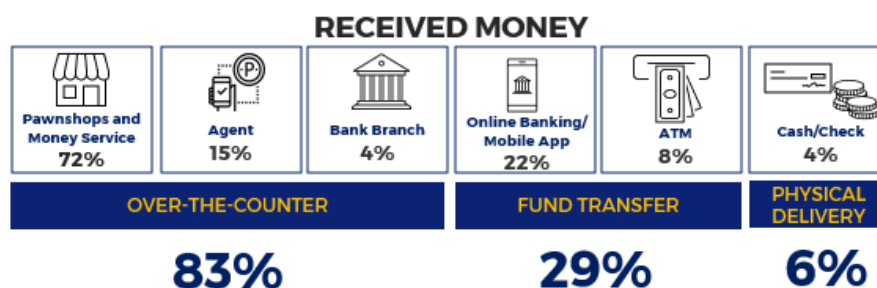
Notably, account-based fund transfer ranked as the next preferred mode for remittances. Almost a third of adults were using it for sending and receiving money, a sharp contrast from less than five percent (5%) share two (2) years prior. This uptick was mainly due to the increase in the share of adults using online banking/mobile app from less than one percent (1%) in 2019 to over 20% in 2021 for both sending and receiving money.

Figure 5B-1. Remittance Channels (Sending Money)



*Respondents can report more than one response.
Base population - Among those who sent money (32% of Filipino adults)

Figure 5B-2. Remittance Channels (Receiving Money)



*Respondents can report more than one response.
Base population - Among those who received money (45% of Filipino adults)

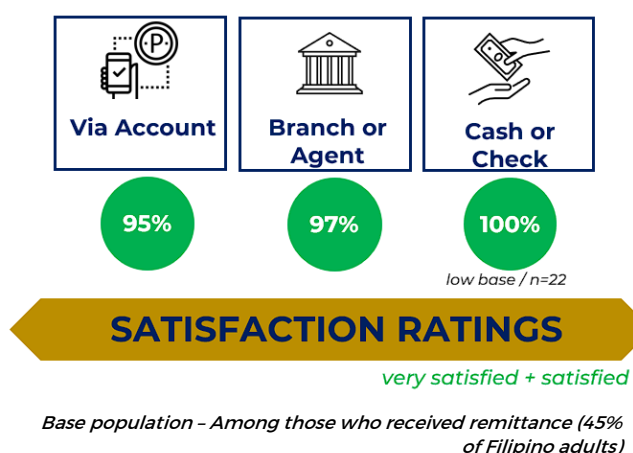
Satisfaction with remittance channels²⁸

The satisfaction ratings across different remittance channels ranked high among users as these channels offered an easy and fast fund transfer process and immediate/real time receipt of remittance.

Figure 5C-1. Satisfaction with Remittance Channels (Sending Money)



Figure 5C-2. Satisfaction with Remittance Channels (Receiving Money)



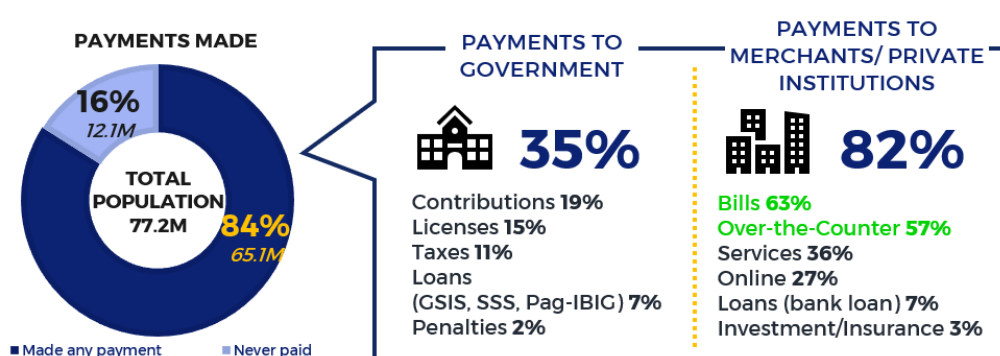
²⁸ In 2021, questions on the satisfaction and drivers of satisfaction and dissatisfaction with remittance services were included.

6. Payment

Making payments

In 2021, 84% of Filipinos made payments which makes it a widely used transaction. Of the 65.1 million adults who made payments, 82% of the respondents paid merchants/private institutions (P2M), while only 35% made payments to the government (P2G). On the one hand, P2M payment streams were mainly bills payment (63%) and OTC purchases (57%), followed by payment for services (36%) and online transactions (27%). On the other hand, P2G payment streams were mostly composed of contributions (19%), licenses (15%) and taxes (11%).

Figure 6A. Incidence of Making Payments



*Respondents can report more than one response.

Base population - Among those who made payments (84% of Filipino adults)



By area, Mindanao (92%) has the most respondents with payment transactions in 2021, while South Luzon registered the lowest share at 79%. By SEC, the upper income class ABC has the highest incidence of sending payments at 91%, significantly higher than those from the class E at 78%.

Figure 6B-1. Sending Payment by Demographic Profile

SEC		AREA	
ABC	91%	NCR	81%
D	85%	NCL	88%
E	78%	SL	79%
		VIS	80%
		MIN	92%




By age group, middle-aged individuals (30 to 49 years old) had a 90% incidence of making payments. Females (87%) continued to make significantly more payments than males (82%), highlighting women's greater role in payment transactions. Nonetheless, the gender gap in favor of women on sending payments has substantially narrowed down from 13 ppts in 2019 to five (5) ppts in 2021.

Figure 6B-2. Sending Payment by Demographic Profile

AGE 		GENDER 	
15 - 19	68%	Female	87%
20 - 29	84%	Male	82%
30 - 39	91%		
40 - 49	90%		
50 - 59	86%		
60 above	80%		

Higher incidence of payment transactions in 2021 was also observed among those who were working (87%) and owned a business (92%), compared with those who were not working (80%) and who did not have their own business (82%). By educational attainment, adults with at least a vocational degree are more likely to have payment transactions than those with only elementary and/or secondary education.

Figure 6B-3. Sending Payment by Demographic Profile

EMPLOYMENT STATUS 		BUSINESS OWNER 		EDUCATIONAL ATTAINMENT 	
Working	87%	Yes	92%	Some / completed elementary	79%
Not working	80%	No	82%	Some / completed high school	82%
				Some / completed vocational	94%
				Some / completed college or post grad degree	91%

Modes of making payments

As in 2019, cash was still the dominant mode of paying among those who made payments to the private sector and the government in 2021.

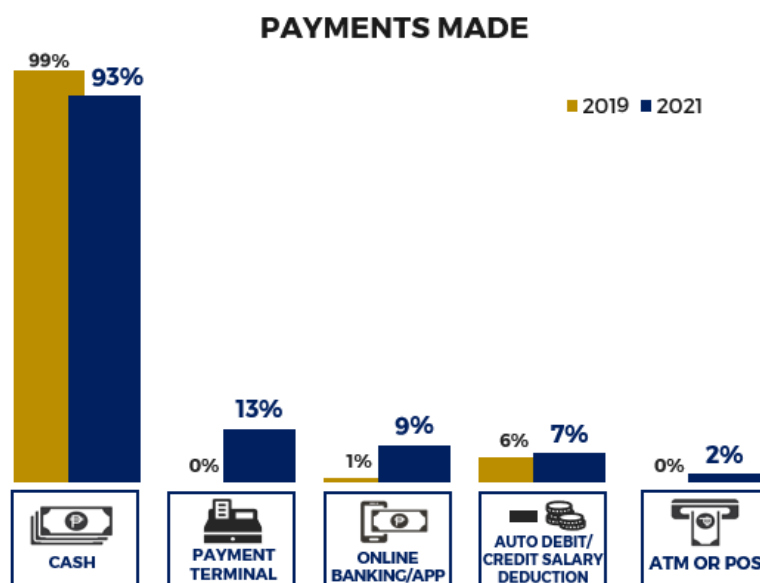
Payments made to private sector remained predominantly cash-based, particularly for services and in-store purchases with more than 90% of payors having done so in cash. Nonetheless, the shift to cashless payments has started. From almost zero in 2019, payment terminals and mobile app usage among payors have grown considerably in 2021 to 13% and nine percent (9%) respectively. Cashless payments for online purchases have also jumped from a measly one percent (1%) in 2019 to 18% of payors in 2021.

Payments to government, particularly licenses and fees, were still essentially cash based. Transactions such as loan amortization, social security contributions, and taxes registered a lower percentage of cash payors because of the use of auto-debit/salary deduction arrangements.

Figure 6C. Payments Made through Payment Channels

	PAYMENTS MADE	CASH	PAYMENT TERMINAL	ONLINE BANKING/APP	AUTO DEBIT/ CREDIT SALARY DEDUCTION	ATM OR POS
PRIVATE SECTOR	In-store/over-the-counter purchases (grocery stores, public market, etc.)	95%	3%	1%	-	1%
	Online purchases (e.g., online sellers, Lazada/Shopee)	77%	4%	18%	-	1%
	Bills (electricity, water, rent, etc.)	82%	12%	5%	-	1%
	Loan amortization (e.g., bank loan)	87%	2%	6%	2%	2%
	Investments, insurance, etc.	88%	3%	6%	3%	-
	Services (e.g., transportation, medical, school, etc.)	94%	6%	-	-	-
PUBLIC SECTOR	Taxes	74%	7%	3%	14%	2%
	Licenses (e.g., driver's license, NBI clearance, PSA birth certificate)	97%	2%	1%	1%	-
	Penalties, fines, fees & charges (e.g., traffic violations)	88%	12%	-	-	-
	Loan amortization (GSIS, SSS, Pag-IBIG)	54%	4%	2%	33%	7%
	Contributions (GSIS, SSS, Pag-IBIG, PhilHealth)	65%	6%	5%	21%	3%

Base population – Among those who made payment (84% of Filipino adults)



*Respondents can report more than one response.

Base population – Among those who made payments (84% of Filipino adults)

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Increased use of online banking/mobile apps reflects a progressive shift towards digital payments. These online payment channels helped in weathering movement restrictions imposed by months of COVID-19 lockdown measures.

“[Sa gig job] iyong payment naman po is thru [e-wallet] lang din. Kaya hindi mo na kailangan lumabas para maningil.”

- Dagupan interviewee,
On their use of e-wallet for payments

Satisfaction with payment services²⁹

Despite the preference for cash payments, satisfaction rating was the highest for payments made via online banking. The 2021 survey revealed high overall satisfaction ratings for all payment methods among those who transacted through these channels: 97% for online banking, 95% for both cash and payment terminals, and 94% for auto debit transactions.

A higher number of respondents who made payments cited that online banking/app (94%), ATM/POS (93%), and payment terminals (88%) were fast and easy. More paying adults attributed their satisfaction with non-cash channels to no/low processing fees, except ATM/POS, as compared with cash. Meanwhile, the satisfaction on cash usage was attributed to its fast and easy nature (84%) as well as certainty of payment (54%).

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For digital payments, speed and convenience drove customer satisfaction.

“Mayroon akong [contact] sa Manila but the problem is paano ipapadala ang bayad. So doon kami nag-online banking kasi kailangan na matanggap kaagad ang payment [para sa] bidding. So diyan ako nag-umpisa ng online [banking].”

- Davao interviewee,
On their reason for using digital payments







Figure 6D. Satisfaction Ratings on Making Payment through Payment Channels



Base population - Among those who made payments (84% of Filipino adults)

²⁹ In 2021, question on satisfaction rating on channels for sending payments and reasons for the satisfaction/dissatisfaction were included.

Figure 6E. Reasons for Satisfaction on Payment Channels

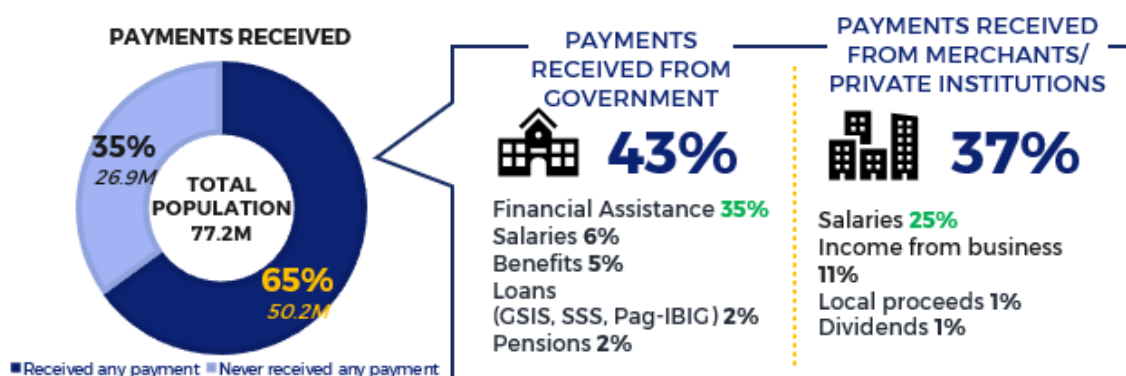
Reasons for satisfaction 	 CASH	 PAYMENT TERMINAL	 ONLINE BANKING/APP	 AUTO DEBIT/CREDIT SALARY DEDUCTION	 ATM OR POS
Fast & Easy	84%	88%	93%	94%	77%
Certainty of payment	54%	59%	47%	29%	46%
No/low processing fee	30%	47%	20%	38%	34%
Respond quickly to complaints	30%	49%	54%	28%	25%

**Respondents can report more than one response.
Base population - Among those who made payments (84% of Filipino adults)*

Receiving payments

Incidence of received payment transactions was 65% in 2021 or 50.2 million adult Filipinos, higher compared with 43% in 2019. The government's response to the COVID-19 pandemic³⁰ has contributed to the higher incidence rate as 43% of respondents received payments from the government (G2P). In particular, 35% of surveyed adults have received financial assistance. Meanwhile, 37% of adult Filipinos received payments from merchants/private institutions in the form of salaries (25%), income from business (11%), loan proceeds (1%) and dividends (1%).

Figure 6F. Incidence of Receiving Payments










**Respondents can report more than one response.
Base population - Among those who received payments (65% of Filipino adults)*

³⁰ The national government launched social amelioration programs (SAP), a financial assistance to support those whose income was disrupted/affected by the lockdowns/quarantine measures imposed to restrict the spread of the COVID-19 virus.

A larger percentage of respondents who received payments in 2021 were from SEC ABC (67%), adults aged 30 to 49 years old (75%), those who are working (76%), business owners (74%), and college graduates (76%), compared with their counterparts. Further, Mindanao area (75%) registered the highest percentage of payment recipients among major area groupings, a reversal from the 2019 survey results which identified Mindanao as having the least incidence (32%). The gender gap in favor of men has narrowed from 16 ppts in 2019 to eight (8) ppts in 2021.

Figure 6G. Receiving Payment by Demographic Profile

SEC 		AREA 		AGE 		GENDER 	
ABC	67%	NCR	63%	15 – 19	25%	Female	61%
D	64%	NCL	66%	20 – 29	67%	Male	69%
E	66%	SL	63%	30 – 39	74%		
		VIS	56%	40 – 49	77%		
		MIN	75%	50 – 59	71%		
				60 above	67%		

EMPLOYMENT STATUS 		BUSINESS OWNER 		EDUCATIONAL ATTAINMENT 	
Working	76%	Yes	74%	Some / completed elementary	64%
Not working	47%	No	62%	Some / completed high school	59%
				Some / completed vocational	79%
				Some / completed college or post grad degree	76%

Modes of receiving payments

In 2021, cash and check were generally the dominant forms in receiving payments from both the government and private sector (business/personal sources).

Disbursements from the government such as financial assistance (71%), salaries (64%), and benefits (62%) were mainly received in cash, while more than half of pension payouts (54%) and loan proceeds (50%) were received through an account. Notably, 23% of financial assistance was disbursed through cash out agents.

In the private sector, 2021 payments received in the form of dividends (90%), business income (89%), loan proceeds (79%), insurance payouts (74%), and salaries (70%) were also predominantly received in cash, but the percentage was lower compared with 2019 results. Meanwhile, a relatively higher proportion of salaries (28%), insurance payouts (26%) and loan proceeds (21%) were released through an account in 2021 from 2019. These indicate a potential for initiatives to encourage distribution via transaction accounts, particularly in the informal private sector services where daily wage payments are the practice.

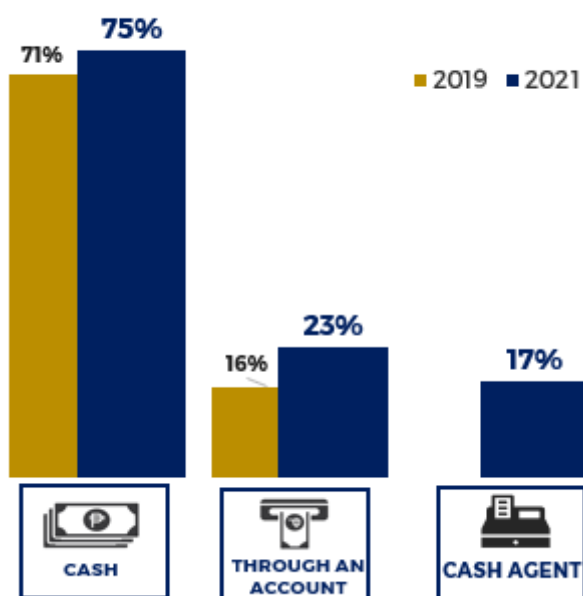
Figure 6H. Payments Received through Payment Channels

	PAYMENTS RECEIVED		
	Cash/Check 75%	Cash Agent 23%	Credit through Account 17%
PRIVATE SECTOR	Salaries	70%	6%
	Business income	89%	8%
	Loan proceeds	79%	7%
	Dividends	90%	10%
	Pay-out Insurance	74%	--
PUBLIC SECTOR	Financial Assistance (ayuda)	71%	23%
	Salaries	64%	9%
	Benefits	62%	4%
	Pension	46%	--
	Loan proceeds	45%	9%

*Respondents can report more than one response.

Base population - Among those who received payments (65% of Filipino adults)

PAYMENTS RECEIVED



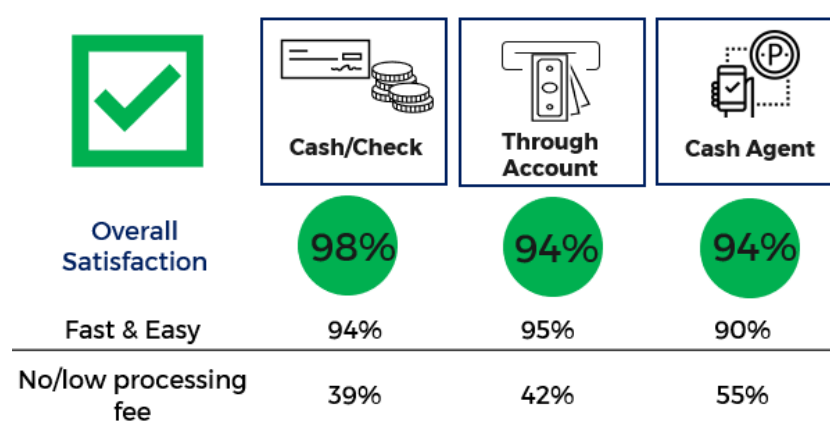
*Respondents can report more than one response.

Base population - Among those who received payments (65% of Filipino adults)

Satisfaction rating on receiving payments and drivers³¹

The satisfaction ratings in receiving payments through different channels among those who transacted through these channels were high in 2021 at 98% for cash or check, and 94% for both account and cash agents. Being *fast and easy* continued to drive satisfaction on receiving payments thru cash (94%), but such perception was challenged by receiving payments through accounts which was slightly higher at 95%, followed by cash agent at 90%. Furthermore, the percentage of adults that cited *no/low processing fee* as reason for their satisfaction was lower for cash at 39% compared with other channels such as cash agent at 55% and account at 42%. These indicate that alternative channels were becoming more convenient and less costly for many Filipinos.

Figure 6I. Satisfaction Ratings and Reasons for Satisfaction on Receiving Payments through Payment Channels



**Respondents can report more than one response.
Base population – Among those who received payments (65% of Filipino adults)*

³¹ In 2021, question on satisfaction rating on channels for receiving payments and reasons for the satisfaction/dissatisfaction were included.

7. Financial Access Points

Access points refer to institutions or places where a person can obtain financial products and services and perform financial transactions. The 2021 survey results showed that although there was high awareness of financial access points among Filipino adults, accessibility of these FSP remains to be a challenge, which can hinder Filipinos from transacting via these channels. Among the available access points, e-money agents have the most significant improvement in both awareness and accessibility between 2019 and 2021.

Awareness of access points

Figure 7A. Awareness of Financial Access Points



The 2021 survey results showed that 93% of Filipino adults were aware of at least one financial access point. They remained most aware of banks (80%), ATMs (75%) and pawnshops (69%). Meanwhile, less than half of the adult population were aware of MF NGOs (45%), insurance agents (38%), and NSSLAs (12%).

By area, awareness of at least one financial access point in 2021 was highest in South Luzon, overtaking those residing in NCR. However, more NCR respondents were aware of ATMs, e-money agents, bayad/payment centers and money changers, while more North and Central Luzon adults were aware of banks, pawnshops, remittance agents, lending institutions, cooperatives, MF NGOs, insurance agents, and NSSLAs. Meanwhile, the percentage of awareness of the different types of access points was generally lowest in the Mindanao region during the same period.

Respondents belonging to socio-economic class ABC, those aged 30 to 39 years old, business owners, and 4Ps recipients had a significantly higher awareness of at least one financial access point in 2021 compared with their counterparts.

Although figures remained generally high in 2021, the level of awareness of most types of access points declined compared with 2019 results, except for e-money agents, banks, and insurance agents. In particular, awareness of e-money agents rose significantly to 61% in 2021 from 36% in 2019 while awareness of cash agents slightly improved to 55% in 2021 from 54% in 2019.³²

³² Agents are retail outlets (e.g., small shops, convenience stores, supermarkets, and pawnshops) that are contracted by financial institutions to provide its customers with financial services such as deposit, withdrawal, bills payment, and fund transfer, among others. The agent network expands the reach of financial services beyond traditional branches.

Figure 7B. Awareness and Accessibility of Financial Access Points

BANK	ATM	PAWNSHOP	E-MONEY AGENT	REMITTANCE AGENT
AWARE: 80% ▲	AWARE: 75% ▼	AWARE: 69% ▼	AWARE: 61% ▲	AWARE: 61% ▼
ACCESS: 30% ▲	ACCESS: 48%	ACCESS: 45% ▼	ACCESS: 42% ▲	ACCESS: 34% ▼
BAYAD CENTERS	MONEY CHANGER	BANK CASH AGENT	LENDING INSTITUTIONS	COOPERATIVES
AWARE: 60%	AWARE: 57% ▼	AWARE: 55%	AWARE: 51% ▼	AWARE: 50%
ACCESS: 32% ▼	ACCESS: 16%	ACCESS: 3% ▲	ACCESS: 8%	ACCESS: 11% ▲
MICROFINANCE NGO	INSURANCE AGENT	NSSLA		
AWARE: 45% ▼	AWARE: 38% ▲	AWARE: 12%		
ACCESS: 14% ▼	ACCESS: 3% ▲	ACCESS: 1%		

**Respondents can report more than one response
Base population - Among those who are aware of access points (93% of Filipino adults)*

Accessibility of access points

Among those who were aware of financial access points, many adults indicated that ATMs (48%), pawnshops (45%) and e-money agents (42%) were the most accessible touch points. Meanwhile, lending institutions, bank cash agents, insurance agents, and NSSLAs exhibited low levels of accessibility.

Accessibility across the different access points decreased between 2019 and 2021, except for e-money agents, banks, money changers, cooperatives, and insurance agents. Similar with awareness of access points, accessibility of e-money agents rose from six percent (6%) in 2019 to 42% in 2021. Meanwhile, only three percent (3%) of adults had access to bank cash agents.

8. Consumer Empowerment

Consumer empowerment and financial inclusion go hand-in-hand to allow the safe participation of consumers, especially the most vulnerable, in the formal financial system.

Financial Literacy

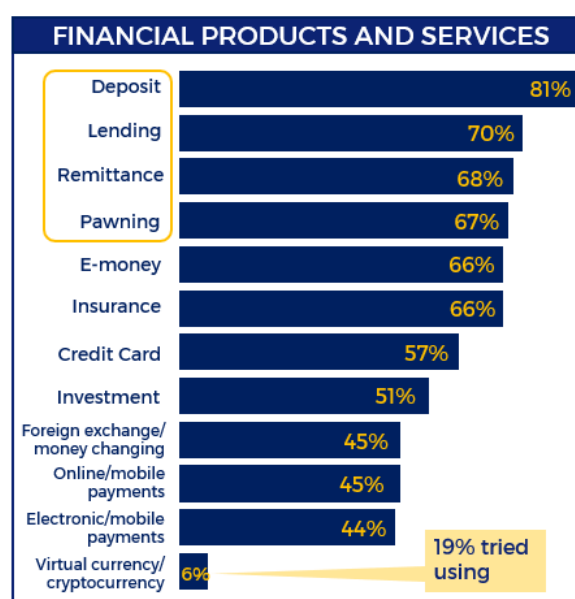
Financial literacy is the level of knowledge about financial concepts and principles. It contributes to consumers' capability in making sound financial plans and decisions to be financially healthy.

Awareness of financial products and services

Part of financial literacy is the knowledge and understanding of available financial products and services and the ability to use them to manage one's financial resources.

In 2021, deposit products were the most widely known product type among Filipino adults with 81% being aware of them. This is followed by lending (70%), remittance (68%), and pawning (67%). Despite being the most common form of account owned, e-money ranked fifth (5th) at 66%, in terms of familiarity to respondents. Notably, awareness of e-money was driven by the younger generation (aged 15 to 39 years old), those residing in NCR, and who are in class ABC. No significant gap across gender and employment status was reported in terms of awareness of e-money account.

Figure 8A. Awareness of Financial Products and Services



*Respondents can report more than one response

Meanwhile, digital financial products and services were the least known to Filipinos. In particular, less than half of respondents were aware of virtual currency/cryptocurrency (6%), electronic/mobile banking (44%) and online/mobile payments (45%). Knowledge of these digital financial products was highest in the NCR region, those who belong in the socio-economic class ABC, young adults aged 20 to 29 years old, urban-dwellers, and workers. Of the small fraction of respondents who were aware of virtual currency/cryptocurrency, only 19% tried using it.³³

³³ In 2021, question usage of virtual currency/cryptocurrency was included.

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Consumers mostly learned about these digital platforms through family and friends.

“Sa kapitbahay, pwedeng maghulog doon tapos kung may laman ang [e-wallet] niya, pwede ka na lang sa kanya maghulog kung magbabayad ng kuryente at tubig.”

- Davao interviewee,
On where they learned about e-wallet

“[E-wallet] ang ginagamit [ng mga pamangkin ko]. Halimbawa, magpadala iyong Papa nila ng budget, doon na [ipadadala sa e-wallet].”

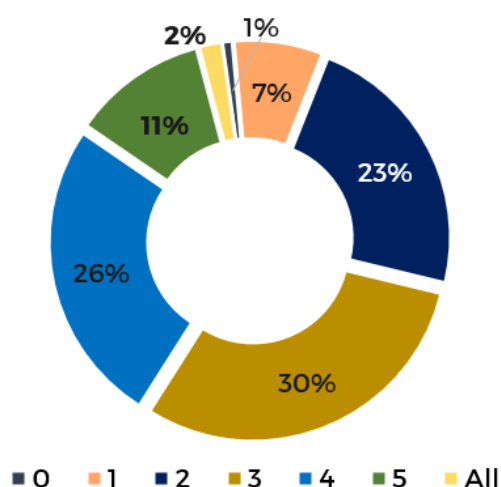
- Dagupan interviewee,
On e-wallet usage by family members

Knowledge of financial concepts

To gauge the level of financial literacy, respondents were asked six (6) questions which measure knowledge of financial concepts such as division, risk-return tradeoff, diversification, inflation, simple and compounded interest rates.³⁴

Only two percent (2%) of Filipinos were able to correctly answer all the six (6) basic financial literacy questions in 2021. At least half of the 6 financial literacy questions were correctly answered by 69% of adults. Roughly two (2) out of ten (10) adults obtained either two (2) or four (4) correct answers while one (1) in ten (10) Filipinos provided five (5) correct answers. Very few (2%) answered all six (6) questions correctly, seven percent (7%) only got one correct answer while one percent (1%) obtained a zero (0) score.

Figure 8B. Correct Answers on Financial Literacy Questions



³⁴ In 2021, questions on basic arithmetic division and investment concepts were included.

In 2021, nine (9) out of ten (10) Filipino adults demonstrated basic arithmetic-division skills. Majority of the respondents were aware of the higher risk associated with higher return in investing at 58% and understood the concept of portfolio diversification (i.e., not putting all eggs in one basket) at 61%. However, understanding the concepts of inflation and interest rates remained a significant challenge. Notably, less than half (42%) of the respondents correctly identified the effect of inflation to their purchasing power. This is even lower than the 55% share of adult population observed in 2019. There was no significant improvement in interest rate comprehension between 2019 and 2021. The share of adult population that could calculate simple interest earned on a savings account at the end of one year was unchanged at 32%. Meanwhile, fewer (30% from 33% in 2019) adult Filipinos could calculate compounded annual interest rate over five (5) years.

Figure 8C. Correct Answers on Inflation and Interest Rates Questions

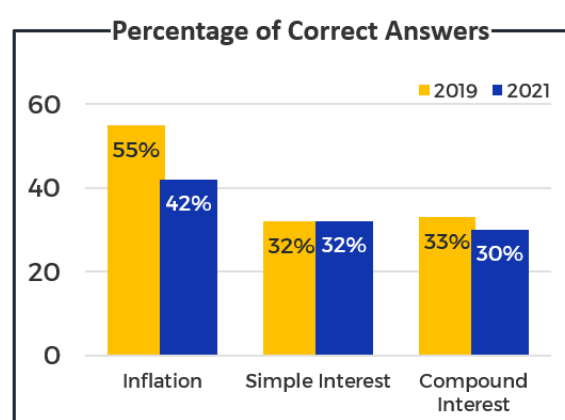


Figure 8D. Correct Answers on Financial Literacy Questions

91% DIVISION	Dividing 1,000 by 5 is equal to 200	42% INFLATION	Given a positive annual inflation rate, consumers can buy less goods today compared with the previous year
61% DIVERSIFICATION OF PORTFOLIO	Asset variation reduces risk	32% SIMPLE INTEREST	A PhP 100 savings with a 2% annual interest will become PhP 102 after one year
58% INVESTMENT RISK	High return investments are riskier	30% COMPOUND INTEREST	A PhP 100 saving with a 2% annual interest will become more than PhP 110 after 5 years

The succeeding discussion describes the demographic segmentation of the knowledge in inflation and interest rates.

- There was lower awareness on inflation rate among the younger population (15 to 29 years old) than the older survey participants (those between 30 and 59 years old). Only 28% of those residing in Mindanao, which are almost half of NCR respondents (54%), provided the appropriate answer on the inflation rate question. Further, urban dwellers (44%) were more knowledgeable on inflation rate than rural dwellers (41%) while there was no significant gender gap observed. Meanwhile, 32% of adults in 2021 thought that inflation was based on consumers' choice on goods to purchase rather than the increase in prices and services.

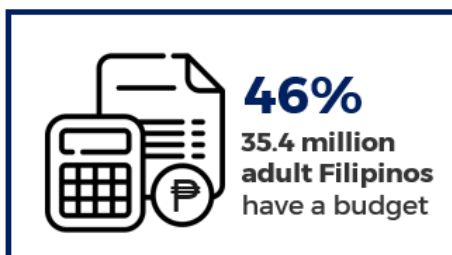
- For both simple and compounded interest rates, there were more high-income earners and older respondents who provided the correct answer than their counterparts in 2021. Knowledge on the computation of simple interest rate was more prominent in Visayas than in Luzon (including NCR) and Mindanao, while the reverse is true for compounded interest rate. On the other hand, two (2) out of ten (10) adults in 2021, fewer than three (3) out of ten (10) adults in 2019, were unaware on how their savings grow, particularly Visayas residents, classes D and E, rural dwellers, and aged 15 to 19 years old.

To promote financial literacy among Filipinos, the BSP and partner organizations conducted financial education programs for various targeted audiences. However, only seven percent (7%) of the respondents attended a financial literacy program/session. Nevertheless, majority (54%) or 41 million Filipino adults expressed interest to attend financial literacy training sessions particularly those from Mindanao and Visayas areas, class C2, and rural localities.

Financial Capability³⁵

Financial capability encompasses the knowledge, attitudes, skills, and behaviors of consumers with regard to managing their resources and understanding, selecting, and making use of financial services that fit their needs.³⁶

Budgeting



Around 35 million Filipino adults (46% of respondents) had a personal budget. By area, those from NCL had the highest percentage of individuals who had a personal budget (55%) followed by those from Mindanao (47%). Meanwhile, fewer individuals created a budget in Visayas region (38%). In terms of socio-economic

segments, budgeting was highest among class ABC and lowest among class E. Further, more female respondents, aged 30 to 39 years old, workers, with household member working abroad, and business owners tend to have a budget compared with their respective counterparts. Meanwhile, there was a minimal gap between urban and rural dwellers when it comes to budgeting.

³⁵ In 2021, questions to assess financial capability were included.

³⁶ Adopted from the World Bank (WB).

FGD Insights

Adults from socio-economic classes D and E, showed that food and utilities such as electricity and water bills or the so-called “non-negotiable expenses” are top priorities in managing their money while any remaining cash will be saved.



“Iyong kinikita ko araw-araw sa pasada, kumikita ako ng P600 a day. May budget ako P400 pambili ng karne. Tapos iyong natitira, sine-save ko na lang din.”

-Dagupan interviewee,
On budgeting

Financial planning and long-term goals

Majority of households plan ahead (80%) and were confident in meeting their long-term financial goals (66%). These were mainly evident among high-income households (class ABC), NCR residents, more educated (at least vocational degree), and females.

Figure 8E. Financial Planning and Long-term Goals

HOUSEHOLD PLANS AHEAD FINANCIALLY 		CONFIDENT IN MEETING LONG-TERM GOALS 	
Agree Strongly	35%	Very Confident	20%
Agree Somewhat	45%	Moderately Confident	46%
Neither Agree nor Disagree	14%	Somewhat Confident	24%
Disagree Somewhat	5%	Slightly Confident	8%
Disagree Strongly	1%	Not at All Confident	2%

FGD Insights

Those from classes D and E have low consideration towards the future. This is mostly true on their perception of budgeting and planning. Specific long-term goals like putting up a small business was mentioned but not considered as a current priority. FGD respondents were apprehensive whenever asked about future plans. They explained that they are unable to plan ahead since every day is a struggle. Savings and budgeting are technically considered as wants among Class E rather than needs.

“[Gusto ko] mag-start ng business pagkatapos ng pag-aaral. Sa ngayon wala pa kong naiisip kung ano[ng business]. Mas importante ngayon may pera.”

-Cebu interviewee,
On future financial plans

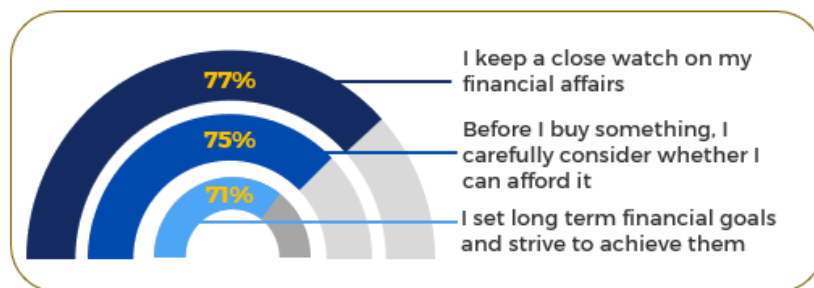
Sources of information for financial decision-making

Respondents' decisions about choosing financial products were mostly influenced by television advertising (41%), best buy guidance (37%), and social media advertising (32%). The influence of television advertisements on choice of financial products was most significant among Luzon (including NCR) and urban residents. Meanwhile, respondents from Mindanao and Visayas, class ABC, and rural areas were mostly influenced by best buy experience.

Perceptions on money

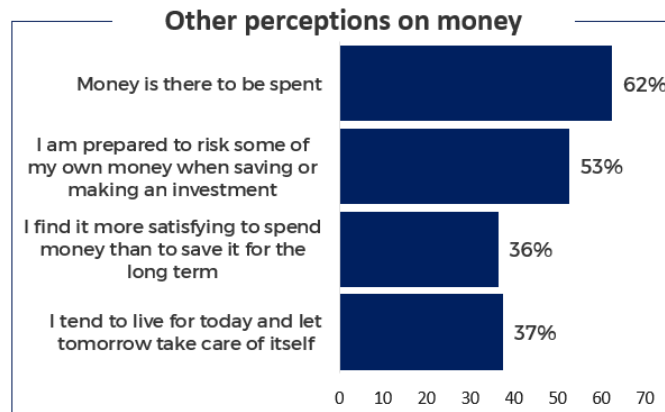
More than three-quarters of Filipino adults claimed that they kept a close watch on their financial affairs (77%) and carefully contemplated their purchases (75%) in 2021, particularly those from NCR, socio-economic class C2, and those aged 20 to 29 years old. In contrast, fewer respondents from class ABC1 considered affordability in their consumption decisions.

Figure 8F-1. Perception on Money



Seven (7) out of ten (10) Filipinos strived to achieve their long-term financial goals in 2021. This was most evident among residents of NCR, class ABC, and urban areas. Between genders, female respondents tended to set and strive for long-term goals than male respondents. This was also true among business-owners. There was also a significant gap in setting financial goals between young (15 to 19 years old) and older adults.

Figure 8F-2. Perception on Money



More than half of the population (53%) were prepared to risk liquidity for savings and investment, particularly those from class ABC and adults aged 30 to 39 years old. Meanwhile, around 62% of Filipino adults believed that money was there to be spent, 37% tended to live at the moment, and 36% achieved more satisfaction on spending money than long-term savings.

Consumer Protection³⁷

Consumer protection is about safeguarding the well-being and interests of the consumers. It builds trust and confidence which are needed to increase acceptance and usage of financial products and services. Effective complaint handling mechanisms is also a key driver of trust.

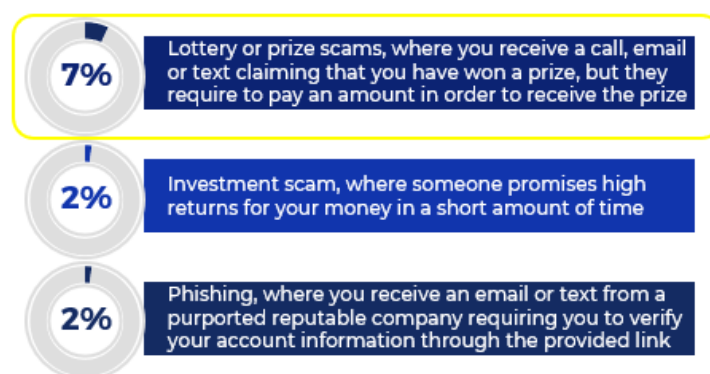
Scams encountered

Frauds and scams harm consumers and discourage them from using financial products and services. In 2021, 11% of Filipino adults (of which 73% owned an account) lost money due to scams such as lottery or prize scams (7%), investment scam (2%), and phishing (2%).

Figure 8G. Incidence of Financial Scam



Figure 8H. Incidence of Financial Scam by Type of Scam



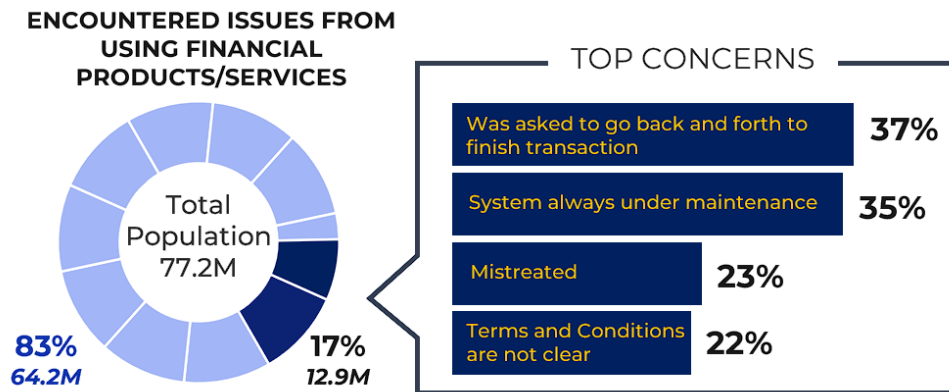
**Respondents can report more than one response.*

Issues encountered with financial service providers

In 2021, 17% of Filipino adults (of which 77% owned an account) encountered issues when availing financial products and services. Top concerns were the back-and-forth process to complete transactions (37%) and system downtime which affected the availability of financial services (35%).

³⁷ In 2021, questions on scams and issues with financial products and services, and on reporting of such concerns to relevant institutions were included.

Figure 8I. Top Issues Encountered in Using Financial Products/Services



**Respondents can report more than one response.
Base population – Among those who encountered issues (17% of Filipino adults)*

Reporting of financial consumer complaints

A large majority (82%) of consumers who experienced an issue, problem, or scam in 2021 never reported the incident to the concerned FSP due to lack of time/perceived inconvenience of the process (55%).

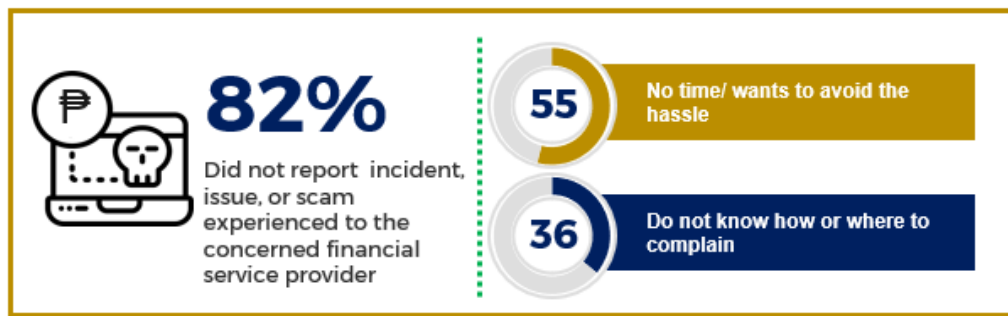
FGD Insights

In the FGDs, non-reporting of issues due to lack of time and perceived inconvenience of the process resonates especially with those in socio-economic classes D and E because time spent reporting an incident is time spent away from income-generating activities. Nonetheless, when incidents are reported, many get resolved with 70% of the reported cases in 2021 successfully addressed by FSPs.

“Kasi kumbaga marami pang proseso na dadaanan. Sayang sa oras kaya okay na lang iyong [hindi magreklamo] tutal kikitain ko naman ang P200. Pero kapag malaki na, doon na [lang magrereklamo].”

– Cebu interviewee,
On the reason for not reporting a scam to the concerned financial institution

Figure 8J. Incident Reporting to Concerned FSP



Base population – Among those who encountered issues/scams (23% of Filipino adults)

*Respondents can report more than one response
Base population – Among those who did not report issues/scams encountered (19% of Filipino adults)

Of those whose issues were not resolved by FSPs, majority (79%) escalated the issue to the relevant financial regulator (i.e., BSP, Securities and Exchange Commission, and Insurance Commission). Lack of knowledge on whom to contact (67%) was the main reason of the few who did not report to the regulator. This was especially true for those in the VisMin area, in socio-economic class C2, living in rural areas, and aged 50 to 59 years old. Other reasons cited are lack of knowledge on the regulator's contact information (33%), and time constraints or perceived hassle of contacting the regulators (33%). Walk-in (43%) was the primary method used by consumers to file a report. This was followed by reporting via e-mail (22%) and social media channels (14%).

Figure 8K. Incident Reporting to Financial Regulator



Base population – Among those who reported issues/scams encountered but not resolved (1% of Filipino adults)

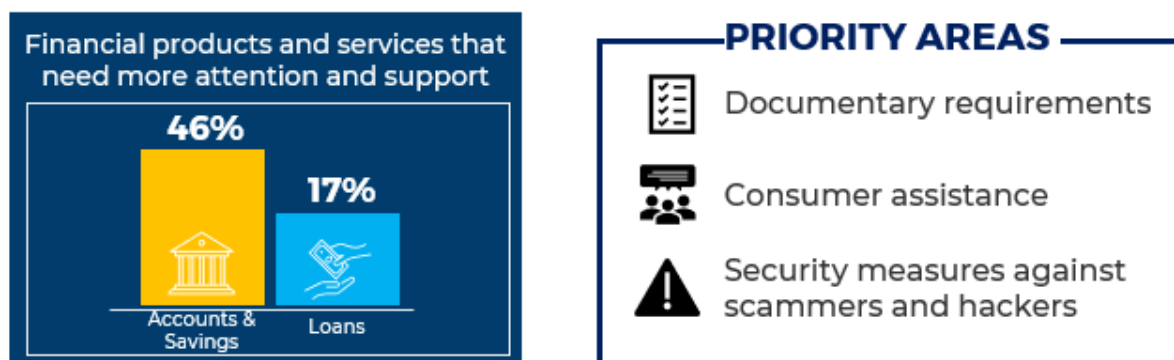
Base population – Among those who reported issues/scams encountered but not resolved who did not contact regulators (less than 1% of Filipino adults)

Financial products and services that need regulatory attention

When asked on the financial products and services that needed more regulatory attention and support from the BSP and other financial regulators, 46% of respondents indicated accounts and savings, followed by loans (17%) in 2021. Documentary requirements, consumer assistance, and security measures against

scammers and hackers were the priority areas that the government needs to act on. Out of those who selected accounts and savings requiring attention, 59% had an account while the remaining 41% were unserved, showing that proper attention and regulatory support on these financial products could alleviate account ownership and financial resiliency.

Figure 8J. Financial Products and Services in Need of Attention and Support



**Respondents can report more than one response
Base population - Among those who said regulatory support is needed (88% of Filipino adults)*

In 2021, majority (83%) of respondents agreed that BSP's programs and policies helped increase access to financial services, particularly those from NCR, Visayas, and the ABC class.

FGD Insights

It was also mentioned by FSP participants in the FGDs that the government and financial regulators could further provide support in areas of infrastructure improvement, regulations and policies addressing concerns on security, and campaigns on awareness and disposition-setting. In particular for infrastructure, stable internet connectivity in remote areas and a centralized and accurate database for customer information are needed. Regulators may further revisit policies to strictly implement cybersecurity laws. FSPs also underscored collaborative efforts between financial institutions and the government on awareness campaigns, effective partnership with local government units (LGUs), and incentivizing use of digital transactions.

“[BSP] can reach out [to] LGU’s and ... make sure that LGUs are also educating their constituents, ... [support and] open the door for fintechs.”

*-FSP interviewee,
On support needed from the BSP*

“Iyong kailangan namin from the BSP is to really drive that [consumer] awareness and drive the [financial] education to [the public].”

*-FSP interviewee,
On support needed from the BSP*

9. Financial Needs and Health

There are generally four (4) types of financial needs that an average consumer encounters at one point in their lives: meeting goals, resiliency, liquidity, and transfer of value.³⁸ As transfer of value has been extensively discussed in the section on payments and remittances, this section examines the three other scenarios. *Meeting Goals* is being able to provide for larger life or work goals that cannot be paid from a single income cycle. *Resiliency* is being able to meet larger expenses that have resulted from an unexpected event. *Liquidity* is being able to meet expenses within an income cycle. These financial needs were assessed in 2021 through the following scenarios:

Figure 9A. Categories of Financial Needs

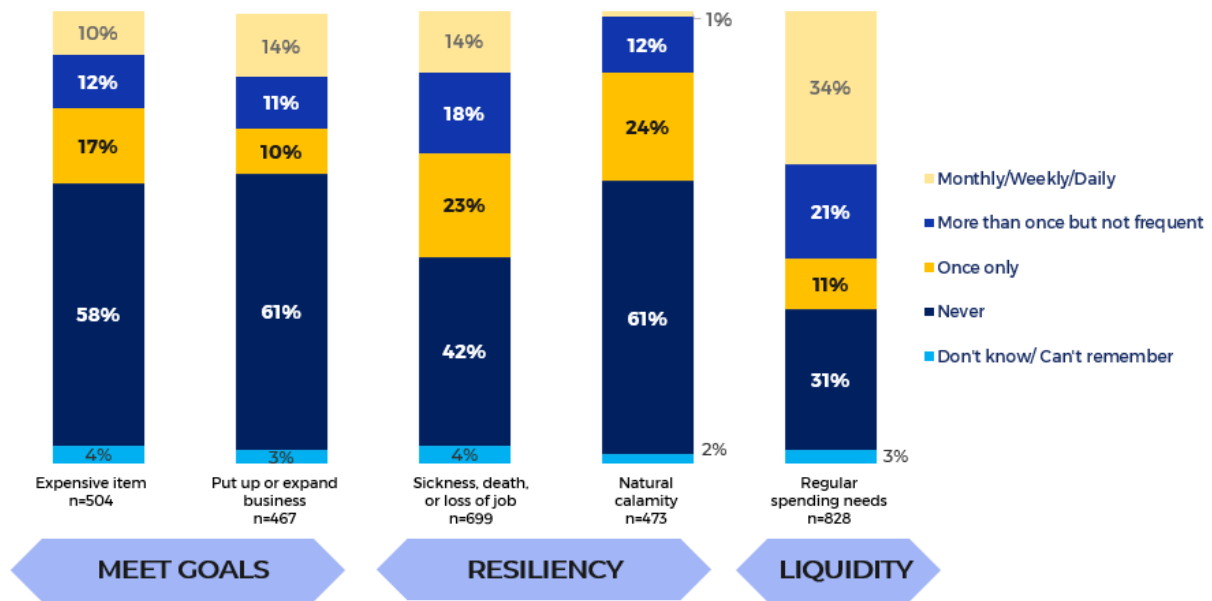


Frequency of and amount spent on financial needs

Among the different financial needs, liquidity had been the most pressing issue in the past year as 66% of adult Filipinos experienced liquidity issues at least once. This was followed by resiliency concerns at an average of 46% and meeting goals at around 37%. Figure 9B shows the frequency of and average amount spent for each financial need.

³⁸ The needs-based approach is a measurement model developed by insight2impact (i2i), a resource center jointly hosted by Center for Financial Regulation and Inclusion (Cenfri) and FinMark Trust (FMT) in South Africa which aims to catalyze the use of data to enable evidence-based policies and regulatory approaches as well as client-centric product design in the pursuit of sustainable financial inclusion.

Figure 9B. Frequency of Financial Needs



Note: Totals may not add up to 100% due to rounding.

Liquidity concern was the most frequently experienced financial need by Filipinos. Specifically, three (3) out of ten (10) Filipino adults were unable to meet regular spending needs at least once a month. This problem was more pronounced in class E. The amount needed to meet a liquidity requirement almost doubled to PhP 33,137 in 2021 from PhP 11,606 in 2019.

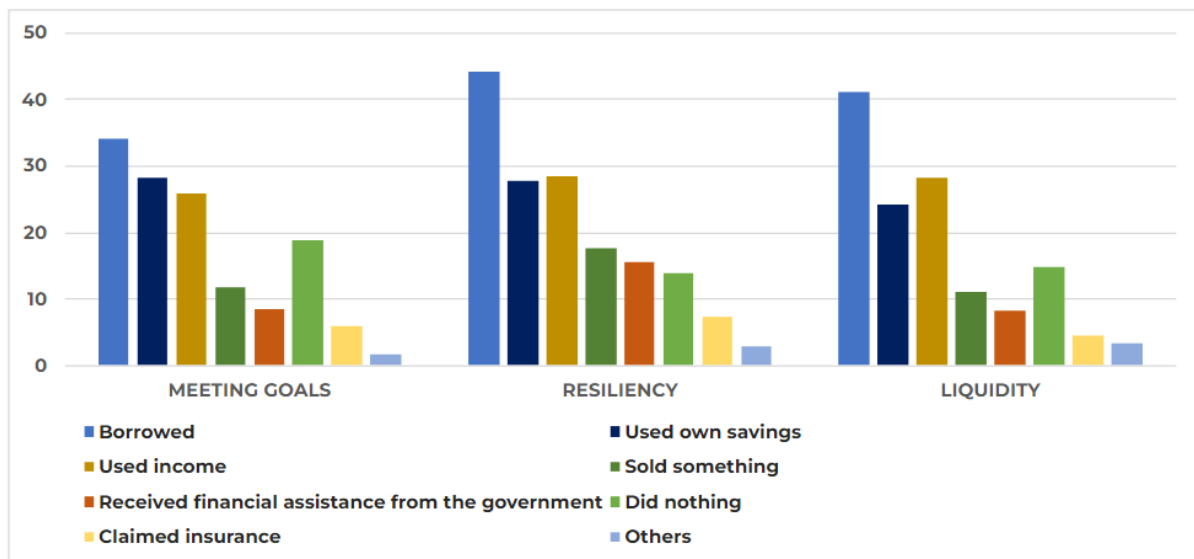
Around five (5) in ten (10) Filipinos faced resiliency needs arising from unexpected incidences in the family (e.g., sickness, death, or loss of job) at least once in the past year. The average spending needs of these unexpected incidences was PhP 9,159. Meanwhile, almost four (4) in ten (10) adults experienced a financial need due to emergencies brought by natural calamities at least once in 2021, with an average spending need amounting to PhP 7,114. In particular, 41% of SEC E respondents reported experiencing the said financial need at least once, compared to 45% of SEC ABC adults.

Spending for goals was the least pressing financial need in 2021. Most of those who experienced the need to buy expensive things only did so once or more than once, but not frequent. Majority (54%) of those in class ABC spent for this purpose at least once in the past year, while only 37% and 36% of those in class D and E respectively did so.

Mechanisms used to address financial needs

Borrowing was the main coping mechanism of Filipinos across all financial needs, followed by use of savings and income. Claiming insurance was the least used mechanism even for resilience needs where risk protection could have been useful. Financial assistance was tapped primarily for resilience needs.

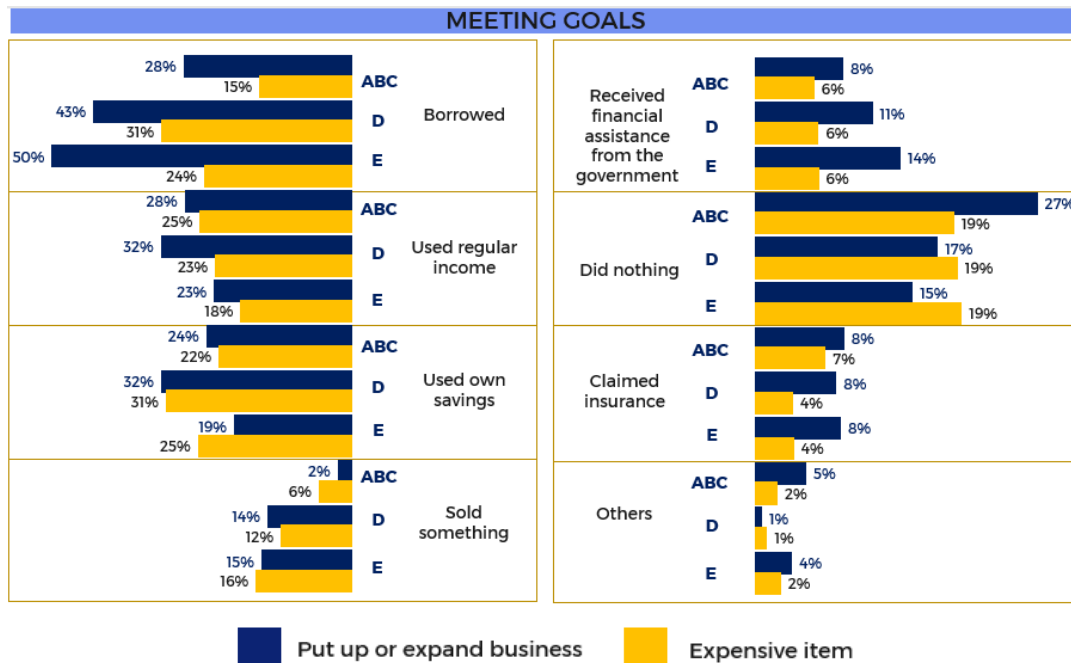
Figure 9C. Source of Funds for Financial Needs



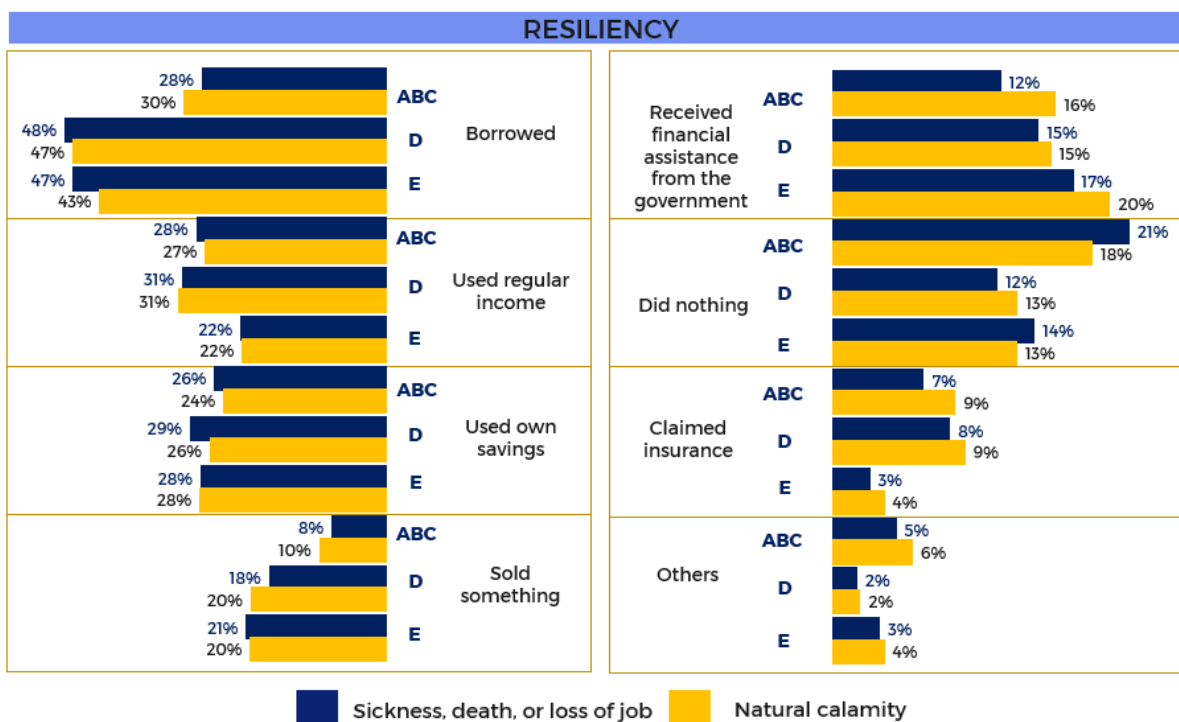
*Respondents can report more than one response.
Base population – Among those who experienced the financial need

Across financial needs, classes D and E Filipinos generally relied heavily on borrowing, selling assets, and government financial assistance than class ABC respondents.

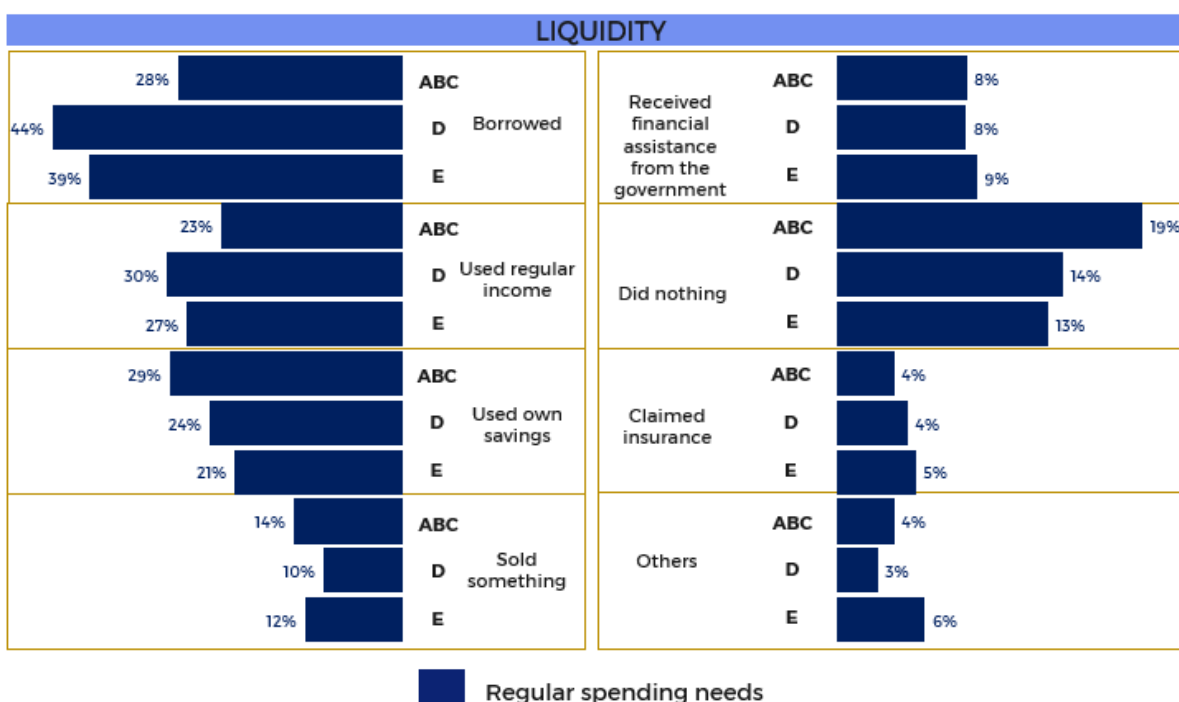
Figure 9D. Source of Funds for Financial Needs by Socio-economic Class



*Respondents can report more than one response.
Base population – Among those who experienced the financial need



**Respondents can report more than one response.*
Base population - Among those who experienced the financial need



**Respondents can report more than one response.*
Base population - Among those who experienced the financial need

FGD Insights

Reliance on borrowing was predominantly driven by Filipinos in economic classes D and E on the back of low income and little to no savings. Borrowing becomes a lifeline when they cannot provide for the present.

“Kasi minsan sa kuryente, hindi mo inaasahan na lalaki yung kuryente mo at kukulangin ang budget... Kaya kailangan mong manghiram talaga.”

- Dagupan interviewee,
On the need to borrow due to unexpected expenses

“Ako, every month [umuutang]. Dumating din ako sa point na... monthly, hihiram ako ng pang-survive. Then, pag sweldo na ni husband, babayaran [ko na ang mga utang].”

- Batangas interviewee,
On the frequency of her borrowing

Across all scenarios, informal sources were the top provider of loans. Informal sources which include family and friends and 5-6 lending schemes are preferred because they provide quick access to funds compared with formal sources where the credit evaluation process usually takes time. In addition, the payment terms allowed by informal sources better match the paying capacity of borrowers considering that small amounts can be paid on a daily or weekly basis.

“Mas mabilis po sa tao. Mas madali ka makakahiram. [Sa bangko], isang linggo na hindi pa dumadating.”

- Batangas interviewee,
On why he prefers borrowing from friends

“...para sa akin hindi na mabigat kasi P100 lang sa isang araw [ang ibabayad], tapos sa isang araw magtitinda ka [para may maibayad].”

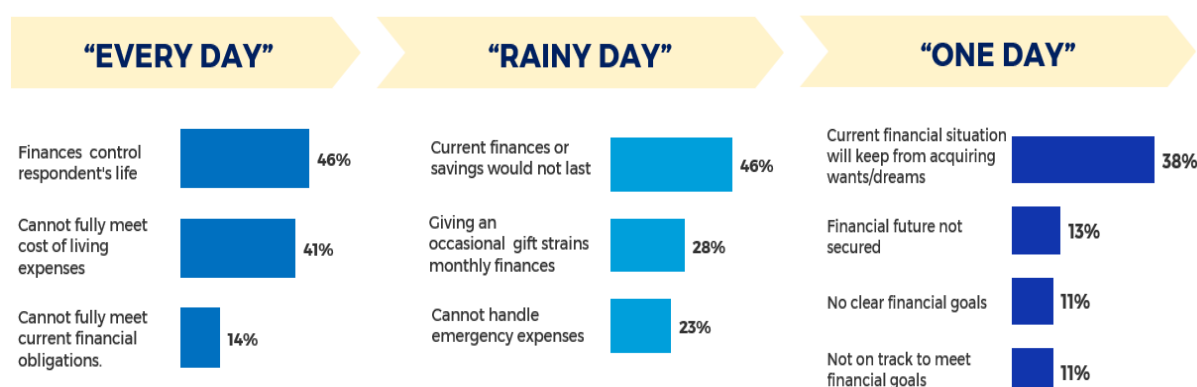
- Cebu interviewee,
On her preference for 5-6 schemes despite high interest charges

Financial Health³⁹

The capacity to handle day-to-day finances (“every day”), overcome financial shocks (“rainy day”), and set and strive to achieve long-term financial goals (“one day”) are the key elements of financial health. As a person’s financial capability improves, financial health or well-being likewise will be enhanced. Financial health is also associated with the capacity to be confident and prepared for one’s finances and future. Thus, financial resiliency is achieved.

³⁹ In 2021, questions to assess financial health were included.

Figure 9E. Financial Health



Based on the 2021 survey, more Filipinos experienced concerns on the "every day" and "rainy day" aspects of financial health. Nonetheless, they were generally optimistic about their future.

Almost half (46%) of the respondents were concerned that their finances controlled their lives. This was mostly true across all segments particularly those aged between 20 to 59 years old. Four (4) in ten (10) or 41% adult Filipinos found it difficult to meet their cost of living, which was more acute in class E (52%). On a positive note, only 14% believed that they cannot fully meet their current financial obligations most of whom were from class E (19%) and among the younger population (25%).

Meanwhile, almost half of respondents (46%) were concerned that their savings will not last for the "rainy days", particularly from classes D and E. Only 23% felt they cannot handle emergency expenses, with high disparity between rich and poor. This sentiment was shared more than twice higher in class E (33%) than class ABC (16%). Only 28% of Filipinos considered that gift giving would strain their monthly finances.

The 2021 survey also revealed that more Filipinos generally have a positive financial outlook as they believed that they a) were on track to meet their financial goals, b) had a clear perspective of their financial goals, and c) felt secure about their financial future. NCR and class ABC respondents were more likely to hold this optimistic view. However, there was higher negative sentiment around current financial situation keeping respondents from acquiring wants, which was particularly more pronounced in class E (44%) than in class ABC (31%) and D (38%).

Figure 9F. Financial Health by Socio-economic Class

	ABC	D	E
Finances control respondent's life	45%	46%	47%
Cannot fully meet cost of living	37%	38%	52%
Cannot fully meet current financial obligations	10%	13%	19%
Current finances or savings would not last	37%	47%	48%
Giving an occasional gift strains monthly finances	23%	28%	30%
Cannot handle emergency expenses	16%	22%	33%
Current financial situation will keep from acquiring wants/dreams	31%	38%	44%
Financial future not secured	10%	12%	19%
No clear financial goals	8%	10%	14%
Not on track to meet financial goals	7%	10%	15%

FGD Insights

FGD respondents particularly from class DE homes tend to turn to informal credit sources once immediate sources of money were exhausted, forecasted expenses suddenly increase, or prices of commodities shoot up. Credit from informal sources felt less an obligation for them because terms can be agreed on depending on their capacity to pay.

“Iyong panghihiram ng pera, para mayroon lang panggastos [sa araw-araw]. Tapos babayaran mo ulit.”

-Cebu interviewee,
On meeting living expenses

10. Digital Access

Electronic device ownership

In 2021, 93% (equivalent to 71.5 million) of the total adult population had electronic devices, a significant increase from 70% in 2019. This was mainly due to the upsurge in adults with smartphones at 81% in 2021 from 51% in 2019. Meanwhile, ownership of basic phone at 16% and laptops at seven percent (7%) slightly declined in 2021 compared with 2019 results, at 18% and eight percent (8%), respectively. Tablets were the least owned device in 2021 covering only five percent (5%) of Filipino adults.

Figure 10A. Electronic Device Ownership

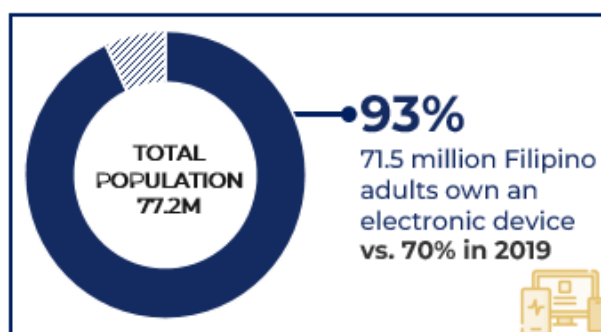
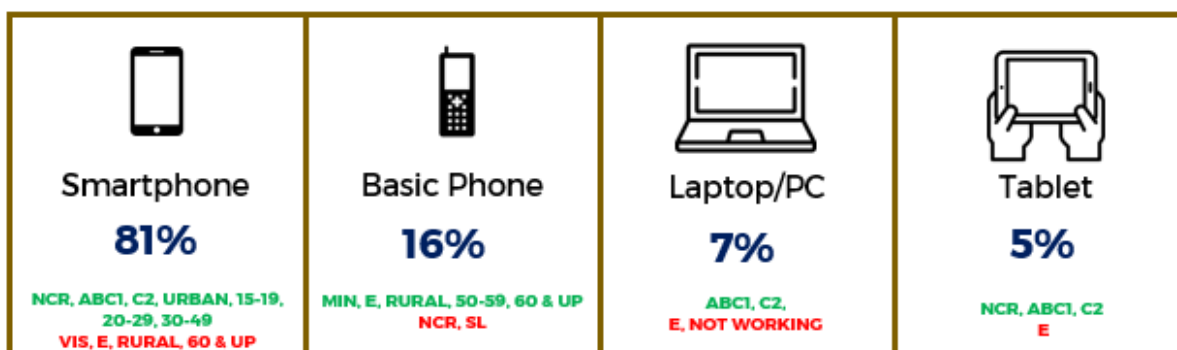
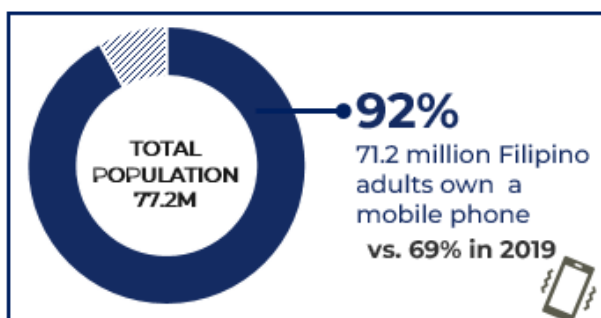


Figure 10B. Electronic Device Ownership by Type of Device



*Respondents can report more than one response.

Figure 10C. Mobile Phone Ownership

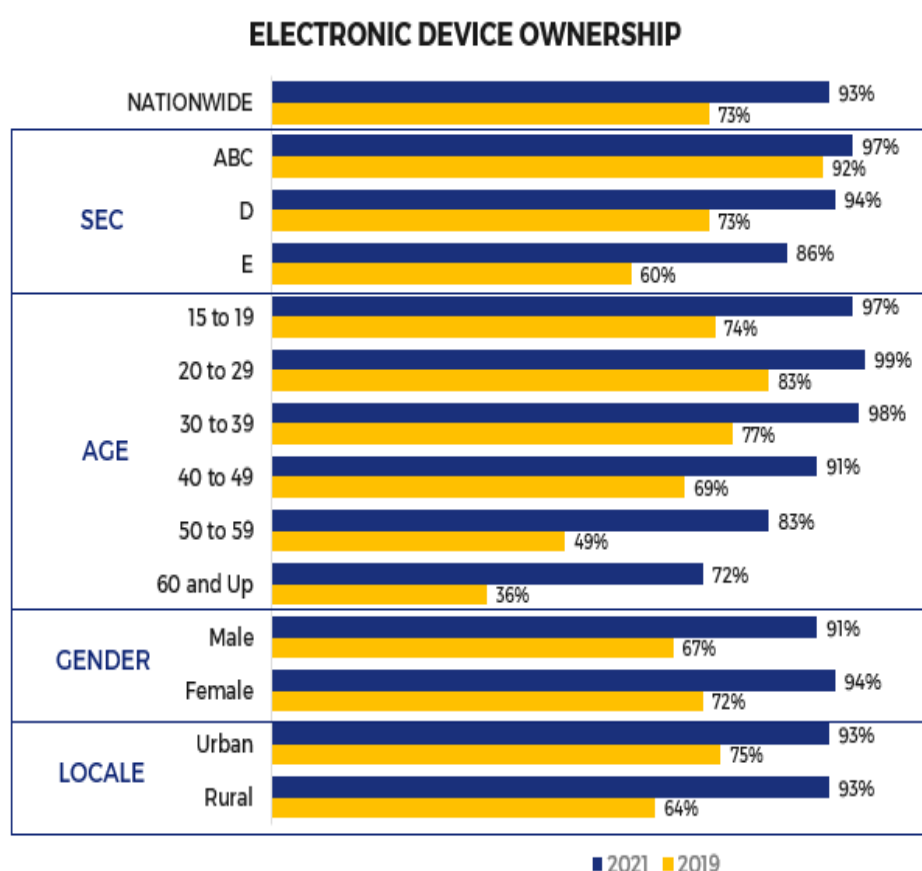


In 2021, 92% of Filipino adults owned a mobile phone (either smartphone or basic phone), higher than 69% in 2019.

Profile of electronic device owners

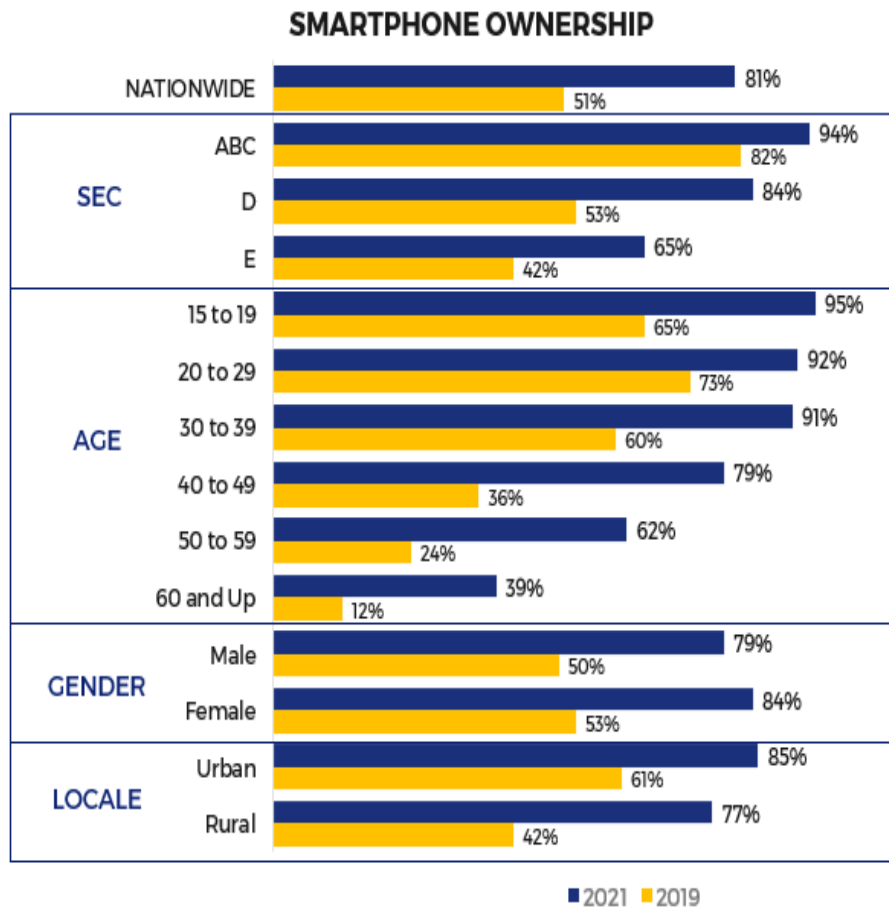
Owning an electronic device, particularly smartphones and tablets, was more prevalent among the rich (SEC ABC) than the middle class (SEC D) and poor (SEC E). Moreover, younger segments (39 years old and below) had the highest ownership levels within the range of 97% to 99%, while older segments (50 years old and above) have ownership levels falling below 90%. Notably, the percentage of NCR respondents with smartphones at 90% was highest across geographical areas. On the other hand, SEC E adults, older Filipinos (aged 50 and above), and Mindanao residents were more likely to own a basic phone.

Figure 10D. Electronic Device Ownership by Demographic Profile



The increase in the electronic device ownership was more pronounced among Filipinos aged at least 50 years old and residents of Mindanao. Furthermore, a higher percentage of SEC D respondents, VisMin and rural residents, young (15 to 19 years old) and middle-aged Filipinos (30 to 59 years old), accountholders, and females owned a smartphone in 2021 vis-à-vis 2019. An increase in basic phone ownership was also observed among seniors (aged at least 60 years old) and SEC E segment. In addition, the ownership gap across geography, income, locality, age, and gender narrowed in 2021.

Figure 10E. Smart Phone Ownership by Demographic Profile



FGD Insights

FSPs acknowledged that the pandemic has accelerated digital adoption among customers. The significant growth in electronic device ownership and internet access has the potential to boost usage of digital financial services.

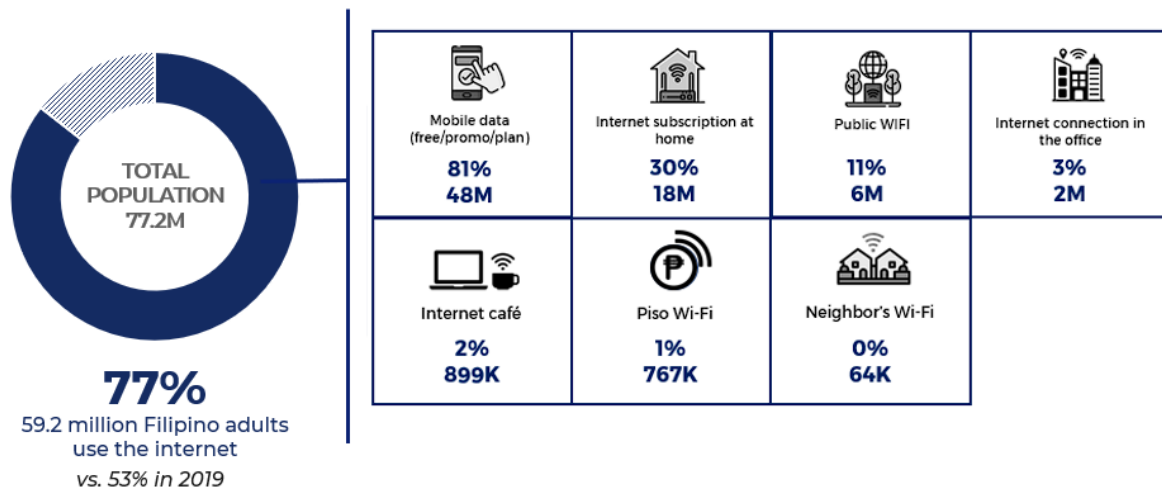
“Digital companies ... have really accelerated digital adoption *kasi kailangan ng mga tao, sadly, dahil sa COVID. Pero ang positive side naman doon, it became an opportunity for people to adopt.*”

-FSP interviewee,
On digital adoption

Access to the internet

The share of the adult population using the internet grew from roughly half (53%) in 2019 to more than three-fourths (77%) in 2021 or equivalent to 59.2 million Filipinos. Most internet users were accessing the internet through mobile data at 81%. Other channels of internet usage include home subscription (30%), public Wi-Fi (11%), and office connection (3%). Among these channels, only home subscription and public Wi-Fi recorded a notable increase from the 2019 levels.

Figure 10F. Internet Access by Type of Channel

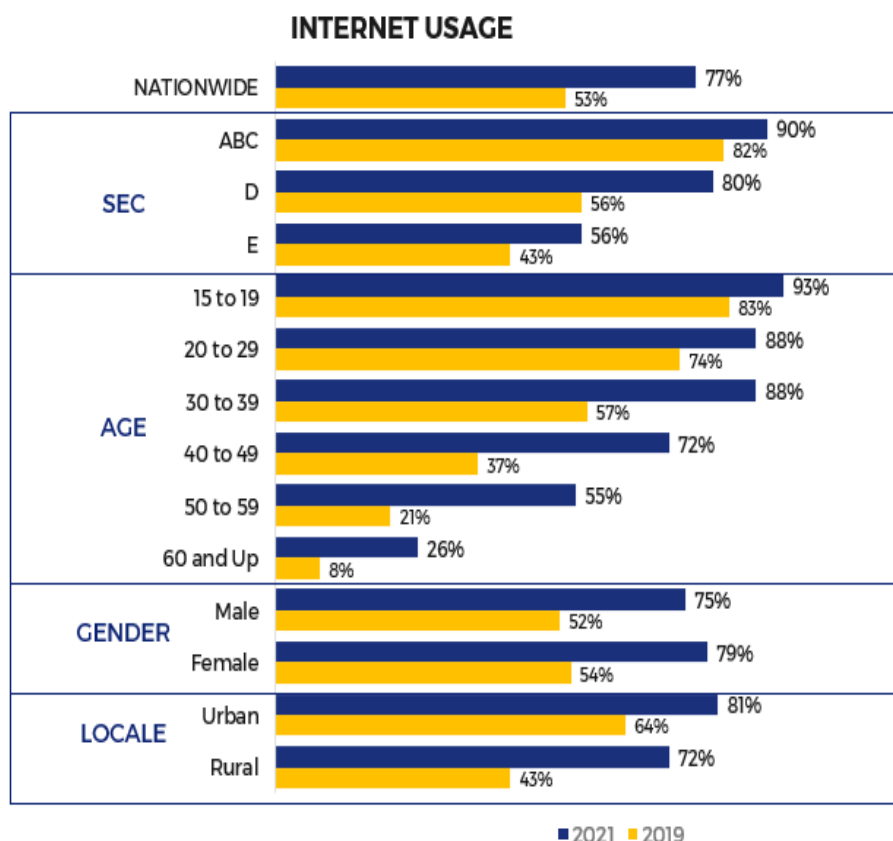


*Respondents can report more than one response.
Base population - Among those who had internet access (77% of Filipino adults)

Profile of internet users

Internet users were mostly in SEC ABC, aged 15 to 39 years old, and residing in NCR and urban areas. The surge in internet usage was more prominent among Filipinos aged at 30 to 59 years old, VisMin and rural residents, accountholders, females, and SEC D.

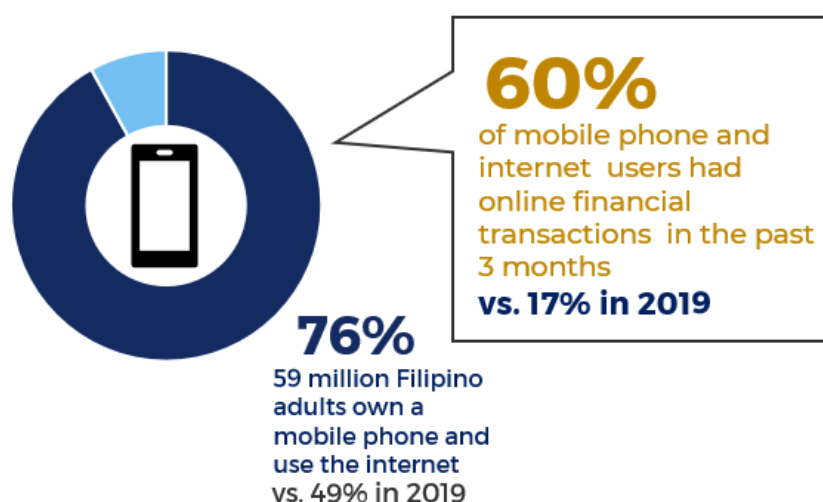
Figure 10G. Internet Usage by Demographic Profile



Mobile phone ownership and internet use

Out of 92% of Filipinos who owned a mobile phone, 82% had internet access in 2021. This translates to 76% (or 59 million) of total Filipino adults having both mobile phone and internet access, higher than 49% in 2019.

Figure 10H. Mobile Phone Ownership and Internet Use on Financial Transactions



Sixty percent (60%) of those with mobile phone and internet conducted financial transactions online such as fund transfers and payments, a considerable jump from the 17% in 2019. Among mobile phone and internet users, 40% (or 23.4 million) were unbanked in 2021. Of the 60% who had an account (equivalent to 35.3 million), a majority (79%) made online financial transactions.

Mobile phone and internet users who performed online transactions were primarily from class ABC, aged 30 to 39 years old, and NCR residents.

Figure 10I. Digital Financial Transactions by Demographic Profile

SEC	AREA	AGE	GENDER	ACCOUNT OWNERSHIP
ABC 71%	NCR 68%	15 - 19 43%	Female 60%	Yes 79%
D 59%	NCL 57%	20 - 29 62%	Male 61%	No 32%
E 55%	SL 61%	30 - 39 69%		
	VIS 52%	40 - 49 64%	LOCALE	
	MIN 65%	50 - 59 61%	Urban 60%	
		60 above 45%	Rural 61%	

Base population - Among those who had mobile phones and uses the internet (76% of Filipino adults)

A higher percentage of class ABC adults at 71% used their mobile phones and internet for online financial transactions in 2021 than class E adults at 55%. Likewise, around 70% of Filipinos aged 30 to 39 years old and NCR residents transacted

financially using their mobile phones or internet, higher than their counterparts. Meanwhile, there was minimal gender and locality gap observed.

The remaining 40% who were not using their mobile phones for financial transactions cited the following reasons: lack of awareness, weak or lacking mobile signal, lack of trust, and preference to transact at the branch of ATM.

FGD Insights

“Madali magbayad. Hindi ka na pupunta ng bayan para magbayad.”

- Batangas interviewee,
On the use electronic device for payments

The significant increase in the use of mobile phone and internet for financial transactions was confirmed during the FGD session. Convenience was one of the reasons why Filipinos use electronic device for financial transactions, specifically when doing payment transactions.

“May nabenta po ako na product. Sabi niya, ‘Sir, may [e-wallet] po ba kayo?’ ... [Kaya] dinownload ko yung [e-wallet app] ... then sinend na niya iyong payment sa akin.”

-Dagupan interviewee,
On use of mobile payment

Income generation activities such as receiving payment from customers or jobs which require digital transfers mainly triggered the shift to cashless transaction.

It is evident that technology is one of the major drivers of financial inclusion. FSPs utilized technology by investing in platforms or systems that can create products and services particularly in payments and credit or loans that are suitable to the Filipinos, especially those who are underserved or unserved.

“[When] paying contribution [using online platforms, nagkakaroon ng] credit footprint [ang mga customers]. [We] process [and use the said] data [to develop loan products suitable to the needs of the customers] like credit.”

- FSP interviewee,
On how digital payments can boost financial inclusion

“There is a high demand on digitization and technology driven projects ... in terms of development of the payment industry. We really need to update continuously our system for us to be updated and relevant to the requirements of our customers”

- FSP interviewee,
On developments of digitalization

FGD Insights

From the perspective of FSPs, advancing financial inclusion using digital financial services requires collaboration and concerted effort: (1) FSPs' initiatives to innovate products and services and digitize their processes in order to achieve a smooth customer journey that is suitable for Filipinos; (2) IT infrastructure, focus on reaching customers via different channels such as electronic device and internet access; and (3) support from the government in terms of financial literacy through programs, advocacies and policies ensuring fair treatment to all customers.

“Kailangan din mag-adopt pero kung wala naman silang kapasidad, wala namang WiFi sa barangay, wala namang ganon na kasi mahal din ang internet hindi nila kaya.”

- FSP interviewee,
On challenges encountered by consumers on digital adoption

“To educate those ... in the far-flung areas [and] to get them understand ... what are the advantages [of digitalization] because ... [they are] still thinking of the traditional way [of using cash].”

- FSP interviewee,
On support needed in pushing digital adoption

These were supported by interviews with non-users of digital financial services. Moreover, transactions, regardless of value, were less likely conducted using digital means due to security concerns.

“[Online accounts] can easily be hacked. Ubos ... agad [ang] iyong pera ... kaya talagang paranoid ako ... every time mag-o-open [ng online account].”

-Davao interviewee,
On challenges of digital account

“Kailangan pa [ng] WiFi ... [at] data. Kung may pupuntahan ka ... dalhin mo nalang iyong pera o iyong ipon mo.”

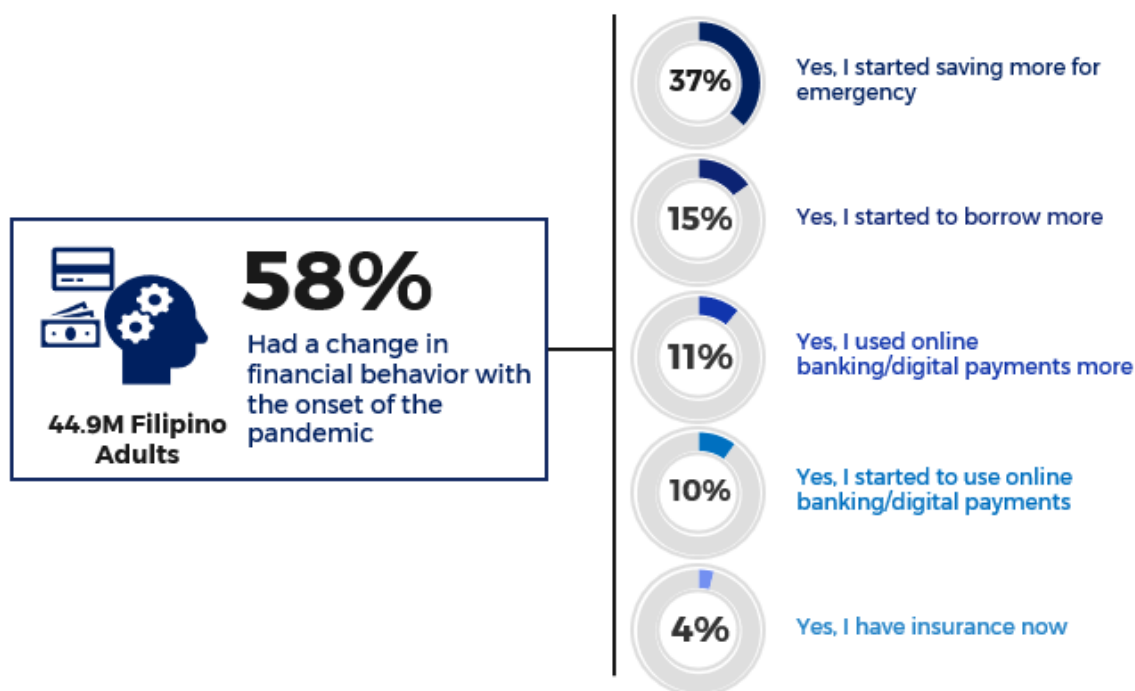
-Dagupan interviewee,
On challenges of digital account

11. Impact of the COVID-19 Pandemic⁴⁰

With the onset of the COVID-19 pandemic,⁴¹ 58% of adults indicated that their present financial behavior changed compared with their behavior in the pre-pandemic period. In 2021, 37% of adults started to save more for emergencies, 15% borrowed more, while four percent (4%) acquired insurance. This shift in financial behavior was more evident among those in the Mindanao and Visayas areas, business owners, accountholders, rural locality, employed, and women.⁴² More high-income households (class ABC) saved for emergencies and acquired insurance while more low-income households (classes D and E) resorted to borrowing.

At least 10% Filipinos started or increased utilization of online banking/digital payments. This was more evident in respondents from NCR and Mindanao, class ABC, urban areas, aged 20 to 39 years old, workers, with household members working abroad, and business owners.

Figure 11A. Impact of Pandemic on Financial Behavior



**Respondents can report more than one response.*

⁴⁰ In 2021, questions on the impact of the COVID-19 pandemic and financial assistance from the government were included.

⁴¹ The World Health Organization (WHO) declared COVID-19, an infectious disease due to the coronavirus, as a pandemic on March 12, 2020. The COVID-19 shock has caused temporary and permanent business closures, reduced capacity utilization, delayed investment expenditures, reduced household earnings and consumption, and increased unemployment. (BSP. 2021.

https://www.bsp.gov.ph/Media_And_Research/Publications/BSP_Unbound.pdf)

⁴² Among those who borrowed more, shares were almost equal for men and women.

FGD Insights

These behavioral changes were likewise observed during the FGDs.

“Nung pandemic lang talaga, nawalan talaga [ng kita yung rental business] kaya talagang nangutang. Sa lending [company] kami agad lumapit kasi maliit ang interes”

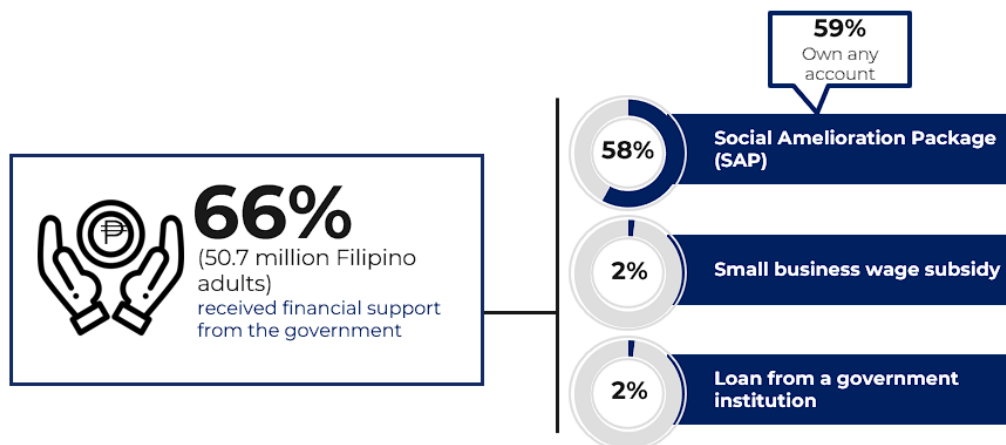
- Batangas business owner,
On borrowing for business during the pandemic

“[Noong] time na wala pa akong trabaho at hindi pa masyado nag-online [business] si misis, nagka-utang ako noon dahil nga siyempre isipin mo kung saan ka kukuha, kung saan ka lalapit”

- Batangas respondent,
On loans during the pandemic

Six (6) out of ten (10) adults received financial support from the government during the COVID-19 pandemic, with a higher share among those living in Mindanao and NCR, belonging in classes D and E, rural areas, aged 30 years old and above, and females. The primary assistance received was through the Social Amelioration Program (SAP). Out of those who received SAP assistance, 59% had an account.

Figure 11B. Financial Assistance from the Government



*Respondents can report more than one response.

Concluding Notes

When the COVID-19 pandemic hit and the lockdowns were triggered, many businesses closed, employees were laid off and together with contractual workers faced serious risks in their income. Those who had savings and other assets pre-pandemic were lucky enough to have financial tools to support their daily expenses; but those who were already struggling even before the health crisis had to rely on government financial assistance or be resourceful to make ends meet.

The result of the 2021 FIS showed a general increase in financial activities of Filipinos. Uptake of transaction account, borrowing, and insurance, all saw significant growth specifically in Mindanao. Among other financial transactions, the pandemic prompted the adoption of a transaction account to send and receive money from relatives; pay bills; and receive financial support from the government, online payments from customers and employers, as well as claims from loans and benefits. Filipinos also desired having savings for emergencies and investments to secure their future, but these took a backseat to their priorities as they try to manage their cash flows until their financial conditions got better.

Guided by the results and insights from the 2021 FIS, the following are some of the key steps that can be pursued to promote greater financial inclusion and resilience:

Target strategic sectors to boost account penetration level. Reducing the disparities in financial inclusion, particularly for the high- and low-income groups and concentrating efforts on the following strategic sectors will help in onboarding more Filipinos to the formal financial system:

- Wage and salary recipients - Four (4) out of ten (10) working adults are still unbanked, which is equivalent to over 18 million adults. They can be onboarded by enabling them to receive their wages/salaries through an account.
- Beneficiaries of government financial assistance - In 2021, only seven (7) in ten (10) received their financial assistance through an account. Since receipt of cash assistance is one of the primary use cases of an account, unbanked beneficiaries could be another priority segment for onboarding.
- Young adults - Only 27% of young adults aged 15 to 19 have an account based on the 2021 FIS. School banking programs may help in enabling students to open youth savings accounts.
- Other disadvantaged groups - There is also a sizeable number of unbanked adults among farmers, housewives, and senior citizens (e.g., pensioners), and workers for private households (e.g., *kasambahays*, drivers).

Increase awareness of inclusive financial products and services to achieve greater financial uptake and inclusion. The main barriers to account ownership may be addressed by increasing awareness of several products and services offered to the public as follows:

- **Basic Deposit Accounts (BDAs)** - As a no-frills bank account, the BDA alters the perception that a large sum of money and complicated documents are required to open and maintain a bank account. Increasing the awareness among half (54%) of adult population who are still unaware of BDA will enable more Filipinos to enjoy the benefits of owning a bank account.
- **E-Money Accounts** - In 2021, the share of accountholders who used their accounts for payment-related transactions surpassed the share of accountholders who used their account to save. E-money account and its compelling use cases (e.g., receipt of social benefits, wages and salaries, payments for transportation and merchants, etc.) will dissuade the perceived lack of need for an account. Despite being the most common form of account owned in 2021, e-money was ranked fifth (5th) in terms of familiarity to respondents. As more Filipinos discover e-money accounts, a wider audience will be able to use their accounts for various transactions.
- **Cash agents** - The use of agents enables financial institutions to promote operational efficiency and serve a wider client base, particularly in low-income and rural areas, at a lower cost than setting up a full branch and deploying ATMs. Bringing these institutions closer to the community provides greater convenience to customers and alleviates concern on costs associated with distance (i.e., time, effort, and transportation).

The BSP recognizes that awareness is just the first step to truly onboard more Filipinos onto the financial system. Next step is to ensure active usage of these products and services and increase access to resiliency-building financial tools like insurance, so that progress will be sustained.

Continue leveraging on the Philippine Identification System (PhilSys)⁴³ to address onboarding challenges and foster digital innovations in financial services. With its universal coverage, electronic KYC and online authentication facilities, PhilSys, the country's digital ID system, will facilitate seamless, cost-efficient client onboarding benefitting both the unbanked clients and the FSPs. PhilSys not only addresses account opening pain points, especially for the low-income market, but also serves as a platform for more digital finance innovations.

Intensify programs that promote usage of digital financial service (DFS). Prior to the pandemic, many Filipinos remit money and paid transactions in cash or via access points. The health protocols placed for the public's safety during the pandemic restricted regular movement, compelling both individuals and

⁴³ Six (6) out of ten (10) respondents registered for the PhilSys.

businesses to learn and adopt digital transactions. However, the perennial problems of access to and quality of internet connection, as well as digital literacy hinder the adoption of DFS particularly to those in Visayas and North and Central Luzon, class DE, and above 50 years old. In support of inclusive economic recovery and to help properly manage and secure the financial condition of Filipinos, the BSP and other partner institutions should intensify its efforts in the areas of financial and digital literacy, affordable and reliable connectivity, and digital security.

Strengthen mechanisms that support financial resilience especially in the vulnerable sector. Poor Filipino families and MSMEs have disproportionately been affected by the pandemic. With the mismatch of unpredictable money inflows with the fixed money outflows (i.e., critical needs and operating costs), many of them resorted to borrowing. Majority of adults from low-income families turned to informal sources of loans due to (1) accessibility through their family and friend; (2) simplicity since no documentary requirements are needed; (3) convenience of payment terms since both parties can easily agree to the mode and frequency of payment, and (4) affordability since loans from friends and relatives have little to no interest. These present a marketable prospect for formal financing institutions. Continued support for formal financing, which serves as a viable source of funds particularly from microfinancing institutions, will help rebuild Filipinos' livelihoods through and beyond the pandemic. Availability of digital payments can also boost financial inclusion by creating a rich digital profile that can be harnessed to access other financial services, particularly credit.

Business owners, on the other hand, needed to sustain their business taking into consideration their employees who rely on their salaries. To help mitigate the adverse impact of the pandemic and support the MSMEs, the government could implement regulatory relief and put in place various measures to boost lending to MSMEs. On another note, MSMEs may still be reluctant to take out a loan for their business due to it being perceived as a gamble, instead of viewing it as a means to expand one's business. Capacity building activities in the areas of business training and mentoring, as well as access to business information can help address misconceptions about formal financing. Moreover, MSMEs perceive that borrowing from formal institutions, particularly from banks, is difficult due to requirements and processing time. In this regard, alternative credit assessment methods, such as using alternative data for credit scoring, employing moveable assets or inventory as collateral, and financing value chains and supply chains, among other initiatives, can be pursued.

With the launch of the National Strategy for Financial Inclusion (NSFI) 2022-2028,⁴⁴ the BSP continues to work not only with government agencies but also engages the support of the private sector and development partners to achieve the vision of driving financial inclusion toward broad-based growth and financial resilience.

⁴⁴ May be accessed through [NSFI-2022-2028.pdf \(bsp.gov.ph\)](#).

Financial Inclusion Survey Snapshot

Respondents: Adults - individuals aged 15+

FORMAL ACCOUNT	2019	2021
Percentage of adults with formal account	29%	56%
<i>By type of account</i>		
Bank account	12%	23%
E-money account	8%	36%
Microfinance institution account	12%	9%
Cooperative account	2%	5%
Non-stock savings and loan association account	0.1%	0.3%
<i>By individual characteristics</i>		
ABC	43%	80%
D	28%	54%
E	27%	44%
Male	24%	54%
Female	34%	57%
Young adults (15-19)	7%	27%
Older adults (>60)	32%	47%
Rural	30%	56%
Urban	27%	55%
Working adults	39%	61%
Business owners	43%	65%
Percentage of accountholders who use their account for payments	47%	78%
Reason for not owning a formal account (<i>base: adults who did not own an account</i>)		
Not enough money	45%	45%
No documentary requirements	26%	40%
Don't know the details about this or how it works	17%	22%
Not needed	27%	22%
BDA Awareness	40%	46%
Unbanked but with mobile phone and internet (<i>base: adults without an account</i>)	47%	68%

SAVINGS

Percentage of adults with savings	53%	37%
Percentage of formal savers (<i>base: adults with savings</i>)		
Bank	21%	31%
Microfinance NGO	22%	13%
NSSLA	---	1%
Cooperative	---	14%
Percentage of informal savers (<i>base: adults with savings</i>)		
At home	51%	52%
Group savings	6%	6%

CREDIT

Percentage of adults with outstanding loans	33%	45%
Percentage of adults who borrowed from formal sources (<i>base: adults with outstanding loans</i>)	56%	56%
MF NGO	31%	23%
Government Institutions	11%	12%
Cooperatives	3%	8%
Lending/Financing Institutions	7%	7%
Bank	3%	4%
Pawnshops	1%	3%
Percentage of adults who borrowed from informal sources (<i>base: adults with outstanding loans</i>)	55%	57%
Family, friends, relatives	44%	47%
Informal loan providers (5-6)	10%	14%

INSURANCE

Percentage of adults with insurance (excluding PhilHealth)	23%	17%
Percentage of adults with insurance (including PhilHealth)	---	48%

INVESTMENT

Percentage of adults with investment (including pension)	25%	36%
Percentage of adults with investment (excluding pension)	15%	10%
Types of investments owned (<i>base: among investors</i>)		
Pension	90%	96%
Pag-IBIG (e.g., MP2)	52%	23%
Time Deposit	2%	2%
Stocks, Unit Investment Trust Fund (UITF), Mutual Fund	4%	1%
Personal Equity and Retirement Account (PERA)	0.1%	1%

REMITTANCE

Percentage of adults who sent money (domestic and international)	37%	32%
Over the counter (<i>base: among senders</i>)	98%	88%
Fund transfer (<i>base: among senders</i>)	1%	28%
Percentage of adults who received money (domestic and international)	48%	45%
Over the counter (<i>base: among receivers</i>)	94%	83%
Fund transfer (<i>base: among receivers</i>)	5%	29%

PAYMENT

Percentage of adults who made payments	85%	84%
Cash (<i>base: among adults who made payments</i>)	99%	93%
Through Online banking/app (<i>base: among adults who made payments</i>)	1%	9%
Percentage of adults who received payments	43%	65%
Cash (<i>base: among adults who received payments</i>)	71%	75%
Through an account (<i>base: among adults who received payments</i>)	16%	23%

FINANCIAL BEHAVIOR CHANGES DUE TO COVID-19

Save more for emergencies	---	37%
Began or increase use of online banking and digital payments	---	17%
Borrowed more	---	15%
Acquire insurance	---	4%

ACCESS POINTS	2019	2021
Percentage of adults who are aware of touch points	98%	93%
Bank	77%	80%
ATM	90%	75%
Cash agent	54%	55%
E-money agent	36%	61%
Percentage of adults who find the touch points accessible (<i>base: among those aware</i>)	95%	97%
Bank	18%	30%
ATM	51%	48%
Cash agent	1%	3%
E-money agent	6%	42%

CONSUMER EMPOWERMENT

FINANCIAL LITERACY

Percentage of adults who correctly answered all 6 financial literacy questions	---	2%
Percentage of adults who correctly answered inflation and interest rate questions	8%	4%
Percentage of adults who correctly answered questions on:		
Inflation	55%	42%
Simple interest	32%	32%
Compound interest	33%	30%
Division	---	91%
Diversification of Portfolio	---	61%
Investment Risk	---	58%
Attendance to Financial Literacy Session	---	7%

FINANCIAL CAPABILITY

Percentage of adults with budget	---	46%
Percentage of adults who plans ahead financially	---	80%
Percentage of adults with long-term financial goals	---	66%

CONSUMER PROTECTION

Percentage of adults who lost money due to scam	---	11%
Percentage of adults who encountered issues with financial service providers (FSP)	---	17%
Percentage of those who did not report to concerned FSP issues/scams encountered (<i>base: adults who encountered issues/scams</i>)	---	82%
Percentage of those who did not escalate the issues/scams to the regulator (<i>base: adults who reported to concerned FSP issues/scams encountered but not resolved</i>)	---	21%

FINANCIAL NEEDS

	2021	
Coping Mechanism Used for:	Used existing assets	Borrowed
Meeting Goals		
Purchase of expensive item	28%	27%
Put up or expand business	28%	41%
Resiliency		
Experienced sickness, death or loss of job in the family	28%	45%
Affected by natural calamities	26%	43%
Liquidity		
Pay for regular spending needs (<i>base: adults who experienced the financial need</i>)	24%	41%

FINANCIAL HEALTH

	2019	2021
Every day		
Finances control respondent's life	---	46%
Cannot fully meet cost of living	---	41%
Cannot fully meet current financial obligations	---	14%
Rainy day		
Current finances or savings would not last	---	46%
Giving an occasional gift strains monthly finances	---	28%
Cannot handle emergency expenses	---	23%
One day		
Current financial situation will keep from acquiring wants/di	---	38%
Financial future not secured	---	13%
No clear financial goals	---	11%
Not on track to meet financial goals	---	11%

(Note: Percentage of adults who think that the statements are applicable to them)

DIGITAL ACCESS

Electronic device ownership	70%	93%
Mobile phone	69%	92%
Smartphone	51%	81%
Basic phone	18%	16%
Internet ownership	53%	77%
Percentage of adults with mobile phone and internet	49%	76%
Percentage of mobile phone and internet users who had online financial transaction (<i>base: adults with mobile phone and internet</i>)	17%	60%
Percentage of mobile phone and internet users who are unbanked (<i>base: adults with mobile phone and internet</i>)	68%	40%
Reasons for not using internet for online financial transaction (<i>base: adults who did not use internet for online financial transaction</i>)		
Lack of Awareness	48%	39%
Weak or lacking mobile signal	22%	36%
Lack of trust	39%	23%
Preference to transact at the branch of ATM	14%	18%

About FIO

FIO designs, coordinates, and implements the BSP's policies and initiatives on financial inclusion. It supports the BSP's strategic objective to establish an inclusive financial system wherein there is informed and effective use, by all Filipinos, of accessible, available and suitable financial services delivered by responsible financial institutions.



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