NATIONAL STRATEGY FOR FINANCIAL INCLUSION

National Strategy for Financial Inclusion

published and launched on 01 July 2015
at the Philippine International Convention Center
Manila, Philippines

About the Cover

The cover is a reproduction of the painting entitled "Pinto ng Pag-asa" (Door of Hope) by Mr. Andrew D. Tan from FEATI University. The painting (acrylic and pastel, 24 x 36 inches) was awarded first prize during the Microfinance Art Competition conducted by the Bangko Sentral ng Pilipinas in 2013. In Mr. Tan's words, the painting depicts:

> *"Mga kagamitan para magamit sa kabuhayan, karunungan para magamit sa pangkabuhayan, at malasakit na kalooban…itong tatlong bagay na ito, kasama ang pakikipag-ugnayan ng gobyerno at iba't-ibang korporasyon ay magiging susi sa pagbukas ng pinto ng bukas para sa maginhawang buhay ng mga nangangailangan."*
>
> (The tools used in livelihood, the knowledge used in industry, and wholehearted concern…these three things, together with partnerships among the government and private sector, will be the key to opening the door of hope toward a prosperous future of those in need.)

National Strategy for Financial Inclusion

Executive Summary

Financial inclusion or an inclusive financial system is defined as a state wherein there is effective access to a wide range of financial products and services by all. Financial inclusion is important for every household and business as access to basic financial services such as savings, payments, credit and investments makes a substantially positive difference in people's lives. It is likewise considered as an important element that can contribute to broad-based development and inclusive growth.

Interest in building an inclusive financial system has become an important policy objective, and has been receiving increased national, regional and international attention. There is a growing recognition of the reinforcing policy objectives of financial stability, financial inclusion and consumer protection. In the Philippines, significant initiatives that support the goal of financial inclusion are being implemented by various public and private sector stakeholders. These initiatives have borne fruit, yet there remains an opportunity to ensure effective access and use of financial products and services through a well-coordinated and systematic approach toward financial inclusion.

This document sets out the National Strategy for Financial Inclusion (NSFI). The National Strategy aims to optimize collective efforts toward financial inclusion in the Philippines. It will raise awareness, appreciation and understanding of financial inclusion, and enable coordination among various stakeholders. The objective of the National Strategy is aligned with the Philippine Development Plan (PDP), which envisions a regionally-responsive, development-oriented and inclusive financial system that provides for the evolving needs of a diverse Filipino public.

Four key areas necessary for promoting inclusive financial systems have been identified in the National Strategy, namely policy and regulation, financial education and consumer protection, advocacy programs, and data and measurement. These key areas will govern the strategies that will serve as framework in crafting evidence-based regulations, designing and implementing programs, and monitoring progress relevant to financial inclusion.

Focus on implementation is evident in the specific tactical plan/roadmap that the implementing agencies will develop consistent with the National Strategy. There is a strong data and measurement component to ensure adequate monitoring of progress.

I. Rationale for Strategy

Access to financial products and services is important for every household and business. Recent empirical evidence indicate that access to basic financial products and services such as savings, payments, credit, and investments makes a substantially positive difference in people's lives. Financial inclusion therefore carries the potential of improving the well-being of the unserved and underserved[1] markets such as the low-income and marginalized, micro, small and medium enterprises (MSMEs), overseas Filipinos and their beneficiaries, agriculture and agrarian reform sectors, the youth, women, indigenous peoples, persons with disabilities, among others. In addition, a growing body of literature suggests that greater financial inclusion contributes to financial stability and economic development, and is critical for achieving inclusive growth.

An inclusive financial system is not only pro-growth but also pro-poor with the potential to reduce income inequality and poverty, and promote social cohesion and shared economic development. Financial exclusion, on the other hand, leaves the disadvantaged and low-income segments of society with no choice other than informal options, making them vulnerable to financial distress, debt, and poverty.

In light of the importance and the multi-dimensional nature of financial inclusion, a national strategy can help raise the level of awareness on financial inclusion issues, build trust among various stakeholders, identify the best modalities for coordination, and ensure relevance at the national level.

This National Strategy for Financial Inclusion is a comprehensive public document developed through a broad-based consultative process with private and public sector stakeholders involved in financial sector development to systematically accelerate the level of financial inclusion.[2]

This National Strategy defines financial inclusion or an inclusive financial system as:

A state wherein there is effective access to a wide range of financial products and services by all.[3]

---

1 Unserved markets are those that do not have access to financial products and services offered by formal financial service providers. Underserved markets are those that are served but whose needs are not sufficiently met by formal financial service providers.

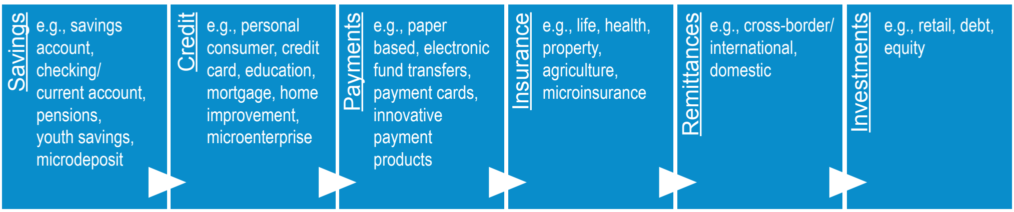
2 Adapted from the Alliance for Financial Inclusion (AFI)

3 The definition is based on several internationally accepted definitions set forth by entities such as the World Bank (WB), the Consultative Group to Assist the Poor (CGAP), and the Asian Development Bank (ADB), among others.

The two phrases "effective access" and "wide range of financial products and services" are key components of the definition crucial in the design, implementation and monitoring of this Strategy.

"Effective access" does not only mean that there are financial products and services that are available but also encompasses four broader components as depicted in the diagram. Aside from physical access to financial products and services, these products and services must be appropriately designed, of good quality, and relevant to lead to actual usage that can benefit the person accessing the said service.

"Wide range of financial products and services" refers to a full suite of basic products and services for different market segments, particularly those that are traditionally unserved and underserved. These include:



This definition is broad enough to encompass a multitude of actors and issues. It embraces a wide range of possibilities and varied initiatives that can be undertaken to promote financial inclusion.

II. Financial Inclusion – International Perspective

Interest in building an inclusive financial system has become an important policy objective, and has been receiving increased national, regional, and international attention. In 2006, the United Nations (UN) established the Advisors Group on Inclusive Financial Sectors to advise the UN system and member states on global issues related to inclusive finance. In 2009, Her Majesty Queen Máxima of the Netherlands, a member of the Advisors Group

Executive Committee, became the UN Secretary General's Special Advocate for Inclusive Finance for Development, an active global voice on the importance of financial inclusion for achieving development goals. Also in 2009, the G20 leaders, amid the global financial crisis and economic downturn, recognized the reinforcing policy objectives of financial stability, financial inclusion, and consumer protection.[4] This recognition is also evident in the growing number of countries adopting some aspect of a financial inclusion agenda under the purview of the main financial regulator.[5,6]

The G20 established the Global Partnership for Financial Inclusion (GPFI) as the main implementing mechanism of the G20 Financial Inclusion Action Plan.[7] Through the GPFI, the G20 released the Principles for Innovative Financial Inclusion,[8] a set of nine practical recommendations that foster greater financial inclusion with which this Strategy is consistent.[9] While these Principles are those espoused by the G20, they were established with support from the AFI, the network of developing countries committed to increasing access to the unserved.

There is also increasing recognition of the importance of having broad-based government commitment to financial inclusion. Toward this end, the G20 launched a financial inclusion peer-learning program focused on supporting the development of national strategies for financial inclusion across the globe. The WB also developed knowledge products on how to develop the coordination structures for financial inclusion strategies.

III. Financial Inclusion – Philippine Perspective

The Philippines is considered a thought leader in financial inclusion specifically in light of its early initiatives and gains in microfinance and more recently in mobile financial services.[10] In 2014, the Philippines ranked first in Asia and top three in the world in terms of having a conducive environment for financial inclusion according to the Economist Intelligence Unit (EIU) maiden survey on financial

---

4 G20 Leaders Declaration (2009)

5 90% of the 142 countries included in a survey conducted by the WB have some financial inclusion agenda.

6 CGAP and WB (2010)

7 The GPFI also serves as an inclusive platform for G20 countries, non-G20 countries, and relevant stakeholders for peer learning, knowledge sharing, policy advocacy, and coordination. The Philippines was one of the non-G20 countries that participated in the process of establishing this set of Principles that are generally applicable to various country contexts.

8 The Principles were developed in 2010 by the Access Through Innovation Sub-Group (ATISG) of the G20 Financial Inclusion Experts Group (FIEG).

9 See Annex A for the G20 Principles for Innovative Financial Inclusion.

10 For five consecutive years (2009-2013), the country ranked first in terms of the policy and regulatory framework for microfinance according to the EIU of The Economist.

inclusion environments globally.[11] The Philippines is also active in global discussions in financial inclusion such as the GPFI and AFI.

Despite these significant gains, access to financial products and services remains an important challenge especially in an archipelago comprising 7,107 islands with a population of more than 100 million people.[12]

In the Philippines, there are several types of financial service providers (FSPs) that play a major role in inclusive finance such as banks, pawnshops, remittance agents, money changers/foreign exchange dealers, non-stock savings and loan associations (NSSLAs), cooperatives, lending companies, financial companies, among others.

As of end-December 2014, 36% of municipalities do not have a banking office. While the physical network of banks and automated teller machines (ATMs) continues to experience sustained growth,[13] there are regional disparities in the distribution of access points. Bank offices have the natural and economic tendency to concentrate in highly populous and urbanized regions such as the National Capital Region (NCR); Cavite, Laguna, Batangas, Rizal, and Quezon (CALABARZON); and Central Luzon. Likewise, concentration of deposits and loans is skewed toward these regions. On the other hand, regions with low banking penetration include the Autonomous Region in Muslim Mindanao (ARMM); Cordillera Administrative Region (CAR); Eastern Visayas; Zamboanga Peninsula; and Occidental Mindoro, Oriental Mindoro, Marinduque, Romblon, and Palawan (MIMAROPA).[14]

Philippines
1,634 cities and municipalities
100 million Filipinos

With 10,315 banking offices,
36% of the cities and municipalities
(15% of the population) are unbanked.

With the addition of over 50,000 alternative access points, only 12% of the cities and municipalities (3% of the population) remain unserved.

[11] Global Microscope on the Enabling Environment for Financial Inclusion (2014)

[12] Philippine Statistics Authority (PSA) (2014)

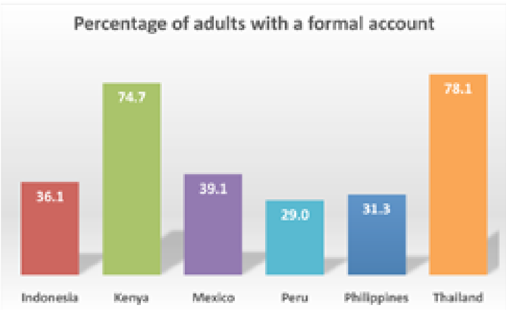
[13] The total number of domestic banking offices increased from 7,585 in 2001 to 10,315 in end-December 2014. An even faster expansion was observed in the distribution of ATMs, which significantly increased from 3,882 in 2001 to 15,562 in end-December 2014.

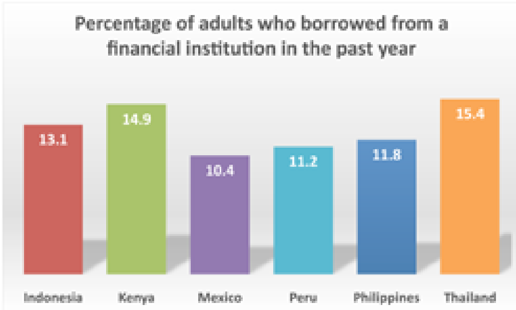
[14] While some regions have relatively small number of banks and ATMs, taking into account the percentage share of habitable land and population provides a more meaningful insight on the state of financial inclusion in the area. For instance, banking presence in CAR may be deemed just proportionate to its adult population and habitable area.

The presence of other FSPs such as pawnshops, remittance agents, money changers/foreign exchange dealers, e-payment service providers, mobile banking agents, NSSLAs, and credit cooperatives, helps significantly in increasing the access to financial products and services of the unbanked areas in the Philippines. Their presence translates to more than 50,000 access points in addition to banks. This results to a reduction in the percentage of unserved municipalities from 36% to 12%.

Aside from the unbanked and unserved areas in the country, Focus Geographical Areas (FGAs) identified in the 2011-2016 PDP as priority areas where innovative financial products may be introduced must also be considered. These areas include provinces with high poverty incidence/magnitude and that are vulnerable to natural and man-made disasters. These areas also have a high concentration of poor and marginalized farmers and fisherfolk, who have limited access to credit from formal financial institutions. These also include a significant portion of Muslim Mindanao that have limited or no access to Shari'ah-compliant financing.

Several countries may serve as appropriate peers in benchmarking financial inclusion levels in the Philippines. These include Indonesia, Kenya, Mexico, Peru, and Thailand. These countries are those that have taken serious measures to build an inclusive financial system within their respective jurisdictions whether through significant steps in mobile banking or through policy and regulatory initiatives for microfinance.





Source: 2014 WB Global Findex

Account penetration in the Philippines was lower than all of the countries within the peer group except in Peru. Based on WB data, the percentage of adults who obtained a loan in 2014 from a formal financial institution(11.8%) was higher than in Mexico (10.4%), and Peru (11.2%) but lower than in Indonesia (13.1%), Kenya (14.9%), and Thailand (15.4%).

Only four out of ten Filipino adults put aside money to save. Sixty-eight percent (68%) of those who saved money kept their savings at home. Thirty-three percent (33%) saved in banks, 7.5% in cooperatives, and 2.6% in group savings (paluwagan).[15]

For access to credit, 47% of Filipino adults were borrowing. Most loans came from informal sources such as family, relatives and friends (62%), and informal lenders (10%). Only few obtained credit from formal institutions such as lending/financing companies (12%), cooperatives (10.5%), microfinance non-government organizations (NGOs) (9.9%), and banks (4.4%).

In terms of remittance, 38% of Filipino adults were receiving remittance from a family member abroad. There were more than 10 million overseas Filipinos (OFs) in 2013.[16] Remittances reached a level equivalent to 8.5% of the country's gross domestic product (GDP) in 2014.[17] Around 39% of households receiving OF remittances allocated a portion of remittance to savings.[18]

Another equally important financial product that provides financial risk protection for people is insurance (e.g., health, life, property). In 2013, life insurance coverage was only 32.5% of the population.[19] The insurance density or average spending of each individual on insurance increased from PhP 845 in 2009 to PhP 2,084 in 2013. While the country's insurance penetration increased from 1% in 2009 to 1.8% in 2013, the premium volume as a percentage share of the country's GDP is still relatively low.

These gaps present both a challenge and an opportunity to ensure effective access to and use of available products and services.

IV. The Vision/Goals and Objectives/Principles

The National Strategy provides a framework to enable the government and the private sector to take a coordinated and systematic approach toward a clear vision.

The overall vision is a financial system that is accessible and responsive to the

Philippine Financial Inclusion Focus: Empowered Clients

[15] National Baseline Survey on Financial Inclusion (2015)
[16] Commission on Filipinos Overseas (CFO) (2013)
[17] Bangko Sentral ng Pilipinas (BSP) (2014)
[18] BSP Consumer Expectations Survey (First Quarter 2015)
[19] Insurance Commission (IC) (2013)

needs of the entire population toward a broad-based and inclusive growth, particularly, to ensure that this financial system also serves the traditionally unserved or marginalized sectors of the population. This vision is guided by a focus on the client.

To attain this vision, the following specific objectives have to be in place:

- Presence of a wide range of financial products and services that serve different market segments;
- Assurance of the relevance, responsiveness, and quality of the said products and services (i.e., financial products and services are appropriately designed, priced and tailor-fitted to market needs);
- Presence of a wide variety of strong, sound, and duly authorized financial institutions utilizing innovative delivery channels;
- Effective interface of bank and non-bank products, and delivery channels;
- Use of technology and other innovations to reach the financially excluded;
- Adequately educated and protected citizenry confident to make well-informed financial decisions;
- Comprehensive and robust financial inclusion data and measurement.

The vision/goals and objectives of the National Strategy support the theme of the PDP: "In Pursuit of Inclusive Growth." The PDP specifically recognized the need to craft a national financial inclusion strategy that officially defines financial inclusion, the medium-term strategies to be undertaken, and the responsibilities or accountabilities of all stakeholders, both government and private. Yet, while financial inclusion development in the PDP is primarily focused on the financial sector, the relevance of the National Strategy lies in its being more client-focused thus giving a broader strategic framework which encompasses a greater number of stakeholders that include government institutions, interest groups, partners, and donor/international organizations. Emphasis is therefore placed in situating the National Strategy in a larger context by showing how it is aligned with the PDP.

In meeting the above objectives and attaining the said goals, the National Strategy will be guided by principles which, among others, include the following:

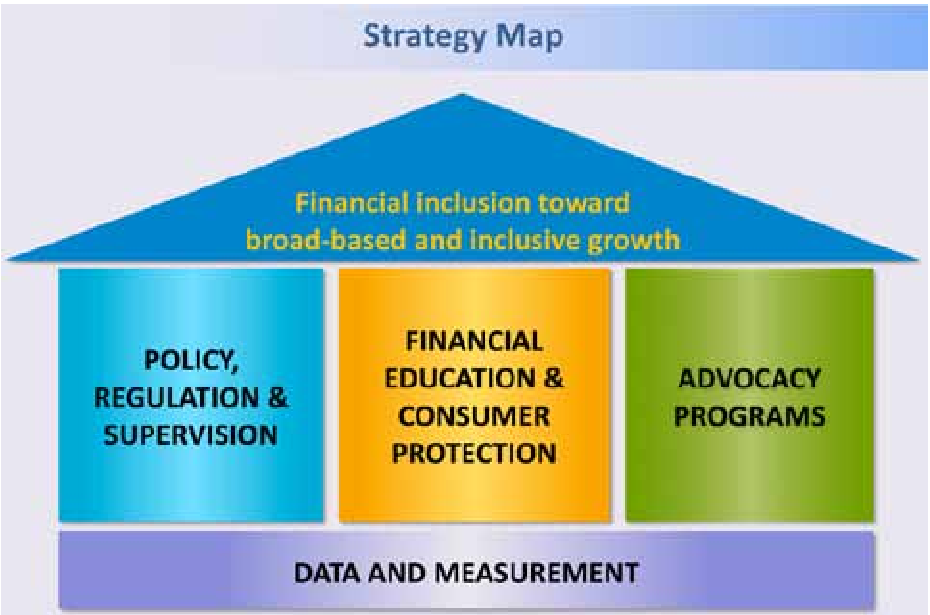
- Financial inclusion is not the end-goal. It is a means to achieve social cohesion and shared economic development.
- Financial inclusion is a worthy policy objective that can be pursued alongside the promotion of stability, integrity, and efficiency in the financial system.

- Financial education and consumer protection are a fundamental complement to financial inclusion. Greater access alone can easily lead to a personal financial crisis if people do not clearly understand these financial products and services.
- Financial inclusion can be truly maximized to benefit the client if basic infrastructure and supports system are present. These include physical infrastructure like roads, communications (e.g., telephony, internet), power, and water, among others.

V. Key Strategies/Strategic Statements

Based on the principles as well as the objectives, the key areas necessary for promoting inclusive financial systems are: 1) policy and regulation which also encompass products and services as well as financial infrastructure, 2) financial education and consumer protection, 3) advocacy programs, and 4) data and measurement.

These key areas can be mapped and depicted by a house (Strategy Map), with the roof representing the vision for financial inclusion overarching the pillars that correspond to the four areas where the data and measurement underpins the other three, considering its cross-cutting role in evidence-based policymaking and program development, monitoring, and evaluation.



Policy, Regulation and Supervision

The policy, regulation, and supervisory strategies below shall serve as the framework in crafting the necessary enabling regulations that will support building an inclusive financial system. The focus is on enabling an environment wherein market-based solutions lead to broader access to responsive and responsible financial products and services by all, particularly the unserved and underserved markets such as the low-income and marginalized, MSMEs, OFs and their beneficiaries, agriculture and agrarian reform sectors, the youth, among others.

1. Enhance and formulate financial policies and regulations (as well as supervisory approaches) that will allow space for innovation and creativeness toward the attainment of financial inclusion while factoring financial safety, soundness and integrity.
2. Encourage market-based solutions to foster a competitive market so that providers are responsive to the needs of stakeholders. This can be achieved by delivering a wide range of financial products and services which are appropriately designed and priced; as well as by adopting fair, equitable, and sustainable business practices.
3. Recognize that there are various reasons for financial exclusion which may include economic, ethnic, physical, circumstance (e.g., disasters), cultural or religious reasons, among others.These must be taken into account in the development of policies and regulations that will guide the development of appropriate products and services.
4. Adhere to consumer protection principles (e.g., transparency, fair treatment, privacy of client information, effective redress, prevention of over-indebtedness, appropriate financial education and awareness) in policymaking, regulation, and supervision. The mandate for consumer protection should be clear in order to translate to sufficient authority and resources to carry out the same.
5. Strengthen capacity of government in evidence-based policymaking and regulatory formulation through knowledge management.
6. Institutionalize coordination among concerned government bodies with cross industry/agency implications to ensure policy cohesion, avoiding duplication and overlaps with regard to financial inclusion.
7. Setup effective and efficient financial infrastructures that will promote financial inclusion (e.g., credit information bureau and movable collateral registry).
8. Promote interoperability in technology-based solutions taking into account applicable standards and international good practices. This could be

supported by an inclusive and efficient retail payment system that will catalyze the use of electronic payments (e.g., person to person/business/ government (P2P/B/G, G2P/B)).

9. Ensure that any external support (e.g., donor and technical assistance providers) provide assistance consistent with the Strategy.

Financial Education and Consumer Protection

Having a well-informed and adequately protected public is a critical factor to achieve financial inclusion as the unserved and underserved markets fold into the financially-included public. Considering that financial education and consumer protection are relevant for all, a national strategy on financial education and consumer protection that goes beyond the boundaries of financial inclusion can be developed separate from–but clearly aligned with–the National Strategy for Financial Inclusion. The strategies below shall serve as the guiding framework for programs that target the unserved and underserved public, and help them acquire knowledge, develop skills to make well-informed economic and financial decisions, and be confident to exercise their rights and responsibilities as financial consumers. Financial education interventions shall recognize the socio-economic diversity that translates to differentiated needs of the Philippine population for financial literacy.

1. Partnership and collaboration among key stakeholders shall be used to initiate and sustain efforts, maximize resources, broaden the reach of financial education and consumer protection activities, and institutionalize the collective and individual responsibility among stakeholders.
2. The diversity among target constituents suggests different approaches and differentiated delivery mechanisms. Relevant stakeholders shall continue to explore using a pragmatic approach, new methods, techniques and media to deliver materials that could achieve financial literacy, from awareness to skills to attitudes and behavior.
3. Given the fair amount of technical competence necessary for the development and delivery of financial education programs, expansion of core competencies of practitioners, through capacity-building activities, and sharing of resources and good practices shall be an anchor.
4. A framework for monitoring and evaluation of financial education and consumer protection programs shall determine their effectiveness and impact in improving the financial well-being of Filipinos.
5. Fair and ethical industry standards and practices shall be observed in implementing financial education and consumer protection initiatives.

Advocacy Programs

The strategies below shall serve as guide in designing and implementing advocacy programs that encourage financial and other similar institutions to provide financial products and services especially to underserved and unserved markets; enjoin the public to access formal financial services; create awareness on the rights of consumers of financial services; and develop and maximize public-private partnerships toward financial inclusion.

1. Identify, recommend, and/or initiate programs that promote and advocate financial inclusion among various stakeholders–from policymakers to the client level–to address the wide range of financial needs of underserved and unserved markets, especially the poor and marginalized sectors of the society.
2. Develop and strengthen partnerships and institutional arrangements among policymakers, government entities–especially local government units (LGUs)–and private sector stakeholders to maximize resources in implementing advocacy programs consistent with the National Strategy.
3. Incorporate evaluation mechanisms in financial inclusion advocacy programs to ensure that design and implementation of advocacy programs are based on data, evidence, and knowledge products.
4. Develop and utilize social marketing to promote and popularize financial inclusion that will benefit primarily the target audience and the society in general.

Data and Measurement

The National Strategy for Financial Inclusion shall foster creation of a robust financial inclusion database that will encourage and support evidence-based policymaking, enable progress monitoring and facilitate evaluation of financial inclusion initiatives. All the data and measurement initiatives shall be pursued in line with the following strategic objectives:

1. Institutionalize measurement and reporting of financial inclusion indicators based on international indicators, contextualized to domestic setting. This could be made possible with data availability that is sustainable over space and time.
2. Address data gaps by identifying measures that are currently unavailable but would be highly relevant for financial inclusion metrics.
3. Develop an acceptable roadmap for the generation of the above items within an acceptable timeline with the end-in-view of more granular data that reflect the diversity of the population and its needs.

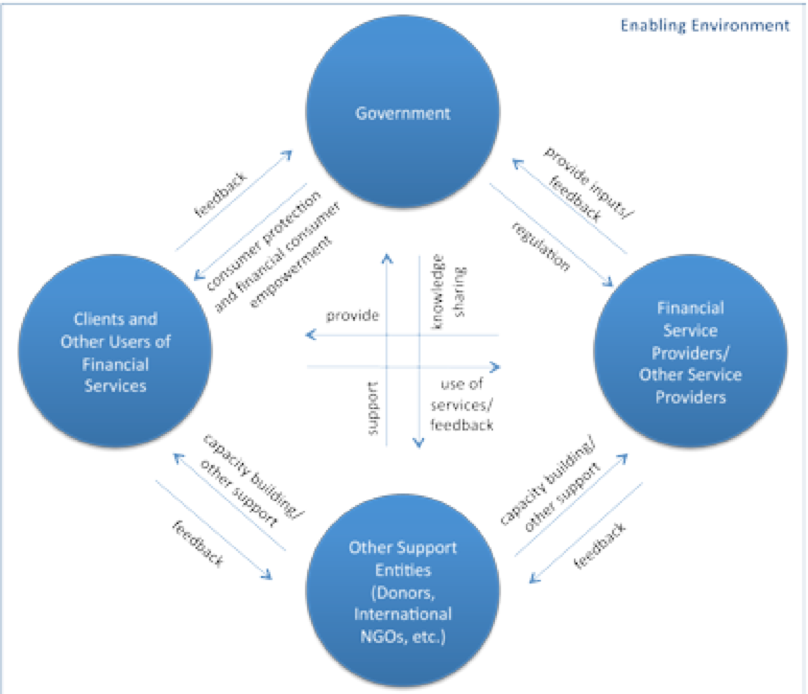
4. Engage stakeholders to share and address data requirements while enhancing the financial inclusion database.
5. Encourage the conduct of research and case studies to better appreciate existing data and progress. Such research can also build on relevant and existing literature and studies.
6. Review continuously the data and measurement framework, including all covered indicators, to ensure integrity, relevance, and policy cohesion and effectiveness.
7. Make available relevant data to stakeholders to institutionalize accountability, monitoring, and evaluation.

VI. Implementing Mechanism

1. All implementing agencies are enjoined to enter into a Memorandum of Understanding to demonstrate the support and commitment to the national financial inclusion objectives.

   To ensure commitment and political will, all implementing agencies are encouraged to craft a medium-term work plan detailing specific actions – whether policy reforms or programs – that they will undertake, the target outcomes and the timeline of implementation. These can form their tactical plan/roadmap in alignment with the Strategy Map.
2. All implementing agencies are encouraged to align, as much as practicable, their tactical plan/roadmap with that of other stakeholders. Complementarities and synergies among and across all initiatives shall be pursued to reinforce impact and avoid duplication.
3. All implementing agencies are encouraged to share relevant information. Such information shall support and enhance policymaking and program implementation to ensure that stakeholders' work and actions continue to be evidence-based and cohesive.
4. All implementing agencies are encouraged to put in place mechanisms to measure progress and impact of financial inclusion initiatives.
5. Moving forward, all implementing agencies will develop a mechanism to institutionalize the monitoring and evaluation of the progress made as envisioned in the Strategy.
6. A communication plan is to be developed by the implementing agencies to disseminate relevant information to stakeholders.

VII. Framework for Stakeholder Coordination



The implementation of the National Strategy for Financial Inclusion is envisioned as a process of coordination wherein inputs from the key stakeholders/market players will feed into the work of the other players.[20]

The initial drafters are not an exhaustive group when looking at the various facets of financial inclusion. In this regard, there are other government and private institutions that are also considered stakeholders in financial inclusion. Their involvement in implementing and abiding by the National Strategy for Financial Inclusion can be phased over time, as appropriate. Phasing could be based on sectoral or programmatic classifications. The above framework can guide a robust coordination among stakeholders.[21]The BSP will take the lead in monitoring the implementation of the NSFI, and will provide the necessary Secretariat assistance.

[20] The AFI Working Group Annual Report (2014) states that financial consumer empowerment encompasses financial literacy, capability, and awareness initiatives; prevention of over-indebtedness; and avenues for redress and recourse.

[21] See Annex B for list of stakeholders.

Annexes

A. The G20 Principles for Innovative Financial Inclusion

Leadership	Cultivate a broad-based government commitment to financial inclusion to help alleviate poverty.
Diversity	Implement policy approaches that promote competition and provide market-based incentives for delivery of sustainable financial access and usage of a broad range of affordable services (savings, credit, payments and transfers, insurance) as well as a diversity of service providers.
Innovation	Promote technological and institutional innovation as a means to expand financial system access and usage, including addressing infrastructure weaknesses.
Protection	Encourage a comprehensive approach to consumer protection that recognizes the roles of government, providers, and consumers.
Empowerment	Develop financial literacy and financial capability.
Cooperation	Create an institutional environment with clear lines of accountability and coordination within government; and also encourage partnerships and direct consultation across government, business, and other stakeholders.
Knowledge	Utilize improved data to make evidence-based policy, measure progress, and consider an incremental “test and learn” approach by both regulators and service providers.
Proportionality	Build a policy and regulatory framework that is proportionate with the risks involved in such innovative products and services, and is based on an understanding of the gaps and barriers in existing regulation.
Framework	Consider the following in the regulatory framework, reflecting international standards, national circumstances and support for a competitive landscape: an appropriate, flexible, risk-based AML/CFT regime; conditions for the use of agents as a customer interface; a clear regulatory regime for electronically stored value; and market-based incentives to achieve the long-term goal of broad interoperability and interconnection.

B. Key Stakeholders

Government Institutions:

AFP	DBM	HDMF	PDIC
AMLC	DFA	IC	PIA
BIR	DILG	Legislature	PIDS
BSP	DOE	LGUs	PNP
CDA	DOF/NCC	NAPC	PSA
CFO	DOLE	NDRRMC	SEC
CHEd	DOST	NEDA	SSS
CIC	DPWH	NTC	TESDA
DepEd	DSWD	OPAPP	
DA	DTI/MSMEDC	OWWA	
DAR	GSIS	PAGASA	

Associations of Financial Service Providers:

ABROI	BMAP	NATCCO
	CTB	
APPEND	MASS-SPECC Cooperative	PCC
BAIPHIL	Development Center	PFCCO
BANGKOOP	MCPI	RBAP
BAP	MMCI	VICTO National Cooperative Federation and Development Center

Partners and Other Stakeholders:

Academe
Development Partners, International Organizations, Donor
Chambers of Commerce
Consumer Organizations or Stakeholder Organizations which refer to organized groups representing specific causes related to financial inclusion
NGOs or Foundations related to financial inclusion
Media Organizations

List of Acronyms

ABROI	Association of Bank Remittance Officers, Inc.
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
AFP	Armed Forces of the Philippines
AMLC	Anti-Money Laundering Council
APPEND	Alliance of Philippine Partners in Enterprise Development
ARMM	Autonomous Region in Muslim Mindanao
ATISG	Access Through Innovation Sub-Group
BANGKOOP	Cooperative Bank Federation of the Philippines
BAP	Bankers Association of the Philippines
BAIPHIL	Bankers Institute of the Philippines
BIR	Bureau of Internal Revenue
BMAP	Bank Marketing Association of the Philippines
BSP	Bangko Sentral ng Pilipinas
CALABARZON	Cavite, Laguna, Batangas, Rizal, and Quezon
CAR	Cordillera Administrative Region
CDA	Cooperative Development Authority
CFO	Commission on Filipinos Overseas
CFS	Consumer Finance Survey
CGAP	Consultative Group to Assist the Poor
CHEd	Commission on Higher Education
CIC	Credit Information Corporation
CTB	Chamber of Thrift Banks
DA	Department of Agriculture

DAR	Department of Agrarian Reform
DepEd	Department of Education
DBM	Department of Budget and Management
DFA	Department of Foreign Affairs
DILG	Department of Interior and Local Government
DOE	Department of Energy
DOF	Department of Finance
DOLE	Department of Labor and Employment
DOST	Department of Science and Technology
DPWH	Department of Public Works and Highways
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
EIU	Economist Intelligence Unit
FIDWG	Financial Inclusion Data Working Group
FIEG	Financial Inclusion Experts Group
FGA	Focus Geographical Area
FSP	Financial Service Provider
GDP	Gross Domestic Product
GPFI	Global Partnership for Financial Inclusion
GSIS	Government Service Insurance System
HDMF	Home Development Mutual Fund
IC	Insurance Commission
LGU	Local Government Unit
MCPI	Microfinance Council of the Philippines, Inc.

MIMAROPA	Occidental Mindoro, Oriental Mindoro, Marinduque, Romblon, and Palawan
MMCI	Mindanao Microfinance Council, Inc.
MSME	Micro, Small and Medium Enterprise
MSMEDC	Micro, Small and Medium Enterprise Development Council
NAPC	National Anti-Poverty Commission
NATCCO	National Confederation of Credit Cooperatives
NCR	National Capital Region
NDRRMC	National Disaster Risk Reduction and Management Council
NEDA	National Economic and Development Authority
NGO	Non-government organization
NSSLA	Non-stock savings and loan association
NSCB	National Statistical Coordination Board
NSFI	National Strategy for Financial Inclusion
NTC	National Telecommunications Commission
OPAPP	Office of the Presidential Adviser on the Peace Process
OWWA	Overseas Workers Welfare Administration
PAGASA	Philippine Atmospheric, Geophysical and Astronomical Services Administration
PCC	Philippine Cooperative Center
PDIC	Philippine Deposit Insurance Corporation
PDP	Philippine Development Plan
PFCCO	Philippine Federation of Credit Cooperatives

PIA	Philippine Information Agency
PIDS	Philippine Institute for Development Studies
PNP	Philippine National Police
PSA	Philippine Statistics Authority
RBAP	Rural Bankers Association of the Philippines
SEC	Securities and Exchange Commission
SSS	Social Security System
TESDA	Technical Education and Skills Development Authority
WB	World Bank

BANGKO SENTRAL NG PILIPINAS

DEPARTMENT OF FINANCE PHILIPPINES

KAGAWARAN NG EDUKASYON REPUBLIKA NG PILIPINAS

dti
DEPARTMENT OF TRADE AND INDUSTRY PHILIPPINES

DSWD

DAR
Republic of the Philippines
Department of Agrarian Reform
Kagawaran ng Repormang Pansakahan

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF SCIENCE AND TECHNOLOGY

DEPARTMENT OF BUDGET AND MANAGEMENT 1936

KOMISYON NG SEGURO 1949

COMMISSION ON FILIPINOS OVERSEAS

Securities and Exchange Commission PHILIPPINES

PHILIPPINE STATISTICS AUTHORITY

PHILIPPINE DEPOSIT INSURANCE CORPORATION 1963

Office of the President COOPERATIVE DEVELOPMENT AUTHORITY

Updated as of March 2017