MONEY, CREDIT AND BANKING

Depository Corporations (DCs) refer to the Central Bank (CB) and Other Depository Corporations (ODCs).

Central Bank (CB) consists of the Bangko Sentral ng Pilipinas (BSP) and the central government in so far as the latter's monetary functions arising from its holdings of cash and transactions with the International Monetary Fund (IMF) are concerned.

Other Depository Corporations (ODCs) consist of deposit-generating institutions other than the BSP, such as universal and commercial banks, thrift banks, rural and cooperative banks, non-stock savings and loan associations and non-banks with quasi-banking functions. This is an expansion of the coverage of ODCs from the old series of the Deposit Money Banks (DMBs) which covered only commercial banks and rural banks accepting demand deposits.

Universal and Commercial Banks represent the largest single group, resource-wise, of financial institutions in the country. They offer the widest variety of banking services among financial institutions. In addition to the function of an ordinary commercial bank, universal banks are also authorized to engage in underwriting and other functions of investment houses, and to invest in equities of non-allied undertakings.

Thrift Banks are composed of savings and mortgage banks, private development banks, stock savings and loan associations and microfinance thrift banks. Thrift banks are engaged in accumulating savings of depositors and investing them. They also provide short- term working capital and medium- and long-term financing to businesses engaged in agriculture, services, industry and housing, and diversified financial and allied services, and to their chosen markets and constituencies, especially small- and medium-enterprises and individuals.

Rural and Cooperative Banks are the more popular type of traditional banks in the rural communities. Their role is to promote and expand the rural economy in an orderly and effective manner by providing the people in the rural communities with basic financial services. Rural and cooperative banks help farmers through the stages of production, from buying seedlings to marketing of their produce. Rural banks and cooperative banks are differentiated from each other by ownership. While rural banks are privately owned and managed, cooperative banks are organized/owned by cooperatives or federation of cooperatives.

Microfinance Banks are the newest type of banks that offer a broad range of financial services, such as deposits, loans, payment services and money transfer, to the poor and low-income households for their micro-enterprises and small businesses.

Narrow Money (M1) consists of currency outside depository corporations (currency in circulation) and peso deposits subject to check of the monetary system (or transferable deposits).

The item “currency in circulation” or currency outside DCs is obtained by deducting cash held in vaults of the Bureau of the Treasury (BTr) and ODCs from the currency issued by the BSP.

The term "peso deposits subject to check", or transferable deposits, include "managers and cashiers' checks" as well as deposits automatically transferred from savings to demand deposits, but exclude demand deposits by the Central Government and ODCs’ holdings of "checks and other cash items."

"Interbank deposits" among DCs are excluded in the computation of money supply as the balances are offset in the consolidation process.

M2 consists of M1 and other deposits included in broad money such as savings and time deposits. Savings deposits are interest-bearing deposits, which are withdrawable upon presentation of properly accomplished withdrawal slips together with the corresponding passbooks or by means of negotiable orders of withdrawal (for NOW accounts). Time deposits are interest-bearing deposits with specific maturity dates and evidenced by certificates issued by the bank.

Broad Money Liabilities (M3) consist of national currency outside DCs, transferable deposits, other deposits (peso savings and time deposits), and securities other than shares included in broad money.

Expanded Broad Money Liabilities (M4) consist of broad money liabilities (M3) and transferable and other deposits denominated in foreign currency of residents.

Securities Other Than Shares Included in Broad Money are instruments used as an alternative form of obtaining funds from the public other than deposits through the issuance, endorsement or acceptance of debt instruments for the borrower's own account. These represent all types of money market borrowings by banks like promissory notes, repurchase agreements, commercial papers/securities and certificates of assignment/participation with recourse.

Transferable and Other Deposits in Foreign Currency (FCDs) are foreign currency-denominated transferable and other deposits owed to residents.

Liabilities Excluded from Broad-Money cover all domestic direct/negotiated borrowings obtained by the ODCs from other financial intermediaries, private and government firms and individuals for the limited purpose of financing their needs and those of their agents/dealers. Excluded are those obligations/borrowings from the BSP, and other local commercial banks. It also includes net other items which represent the difference between all other assets and liabilities, including capital accounts of the BSP and ODCs.

Net Foreign Assets (NFA), as distinguished from domestic accounts, follow the residency criteria consistent with the Monetary and Financial Statistics Manual and Compilation Guide, the Balance of Payments and International Investment Position Manual, 6th edition of the IMF as well as the System of National Accounts 2008. The NFA, which refers to transactions with non-residents, represents the difference between foreign assets and foreign liabilities of DCs.

Domestic Claims are the sum of net claims on central government and claims on other sectors.

Net Claims on Central Government consist of domestic securities and loans and advances held by the central government, net of its deposits.

Claims on Others Sectors consist of domestic securities and loans and advances held by sectors other than the central government. These sectors include other financial corporations, state and local government, public non-financial corporations, and private corporations.

Reserve Position of Other Depository Corporations

Available Reserves consist of cash in vault, deposit balances with the BSP, and banks' holdings of reserve-eligible government securities and foreign securities. Effective 6 April 2012, cash in vault was excluded as an eligible form of available reserves. Thus, available reserves consist only of deposit balances with the BSP and banks' holdings of market yielding government securities which are used as liquidity reserves.

Required Reserves pertain to the amount of reserves which banks (i.e., universal and commercial banks, thrift banks, specialized government banks and rural banks) are required to maintain against their deposits and deposit substitute liabilities. Effective 6 April 2012, reserves were required to be kept in the form of deposits placed in banks' Demand Deposit Accounts (DDAs) with the BSP.

Excess Reserves represent the difference between total available and required reserves. Reserve deficiency occurs when required reserves are greater than total available reserves.

Loans Granted are the amount of loans approved by banks which have been credited to a borrower's account or made available during the period.

Loans Outstanding are the unpaid balance of loans granted which may consist of any of the following accounts:

a. Loans and Discounts including interbank loans receivable and those under Circular 343/547;
b. Agrarian Reform/Agricultural Credit Loans;
c. Development Incentive Loans under PD 717;
d. Bills Purchased consisting of domestic, foreign and export bills;
e. Restructured Loans;
f. Underwriting Accounts;
g. Customers' Liability on Bills/Drafts under Letters of Credit (LC) and Trust Receipts (TR) and Customers' Liability for banks' acceptance outstanding;
h. Trading Account Securities (excluding government securities purchased and sold under repurchase agreement);
i. Credit Card Receivables; and
j. Microfinance Loans.

All categories of loans outstanding of universal and commercial banks do not include past due items, items in litigation, and domestic and foreign bills-clean. Loans classified by type of debt instruments, however, include past due items, items in litigation and domestic and foreign bills-clean. Data series are sourced from the Total Credit Reporting System, which is a stand-alone reportorial requirement of the BSP - Department of Economic Statistics for Universal/Commercial Banks.

Effective June 2014, a New Total Credit Reporting System (NTCRS) was implemented as per Circular Letter No. CL-2014-029. This enhancement aims to align the industry classification with the 2009 Philippine Standard Industrial Classification (PSIC). The total loans outstanding was also reconciled with the banks' Financial Reporting Package (FRP). Due to this enhancement, statistical tables pertaining to Loans Granted and Loans Outstanding by Type of Debt Instrument were discontinued.

Starting 2015 (with comparable data for 2014), loans granted data from Thrift Banks were based on the NTCRS which replaced the Summary Transaction of Thrift Bank Loan reports from the previous years. Meanwhile, the loans outstanding data are now reconciled with the banks' FRP and aligned with the 2009 PSIC. Due to this migration to NTCRS, statistical tables on loans granted

for Private Development Banks (PDBs), Savings and Mortgage Banks (SMBs) and Stock Savings and Loan Associations (SSLAs) are now consolidated for the entire industry and are presented by Type of Industry, by Purpose and by Region.

Loans Classified by Industry – refer to the industry which the borrower intends to finance or develop with the proceeds of the loans.