



BANGKO SENTRAL NG PILIPINAS

ANNUAL REPORT²⁰²³

*Anchoring Stability and Sustainable Growth
amid Challenging Times*





Annual Report 2023

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A portrait of Governor Benjamin E. Diokno, an older man with grey hair and glasses, wearing a white barong tagalog. He is seated and smiling. The background is a blurred indoor setting with a plant. The portrait is framed by a large, stylized blue and yellow circular graphic that dominates the upper half of the page.

THE GOVERNOR'S FOREWORD

Anchoring Stability and Sustainable Growth amid Challenging Times

Central banks around the world continued to grapple with inflation in 2023. Global inflation was driven largely by supply-chain disruptions and supply shocks in energy and food, which led to inflationary second-round effects. The Philippines was no exception. As an economy that imports its oil and significant amounts of food, it was among the hardest hit by global supply shocks.

The efforts to tame inflation led to tight monetary policy around the world. At the same time, the pent-up demand from the lifting of pandemic lockdowns began to wane. These factors along with the supply shocks themselves represented headwinds that slowed world economic growth.

The Philippines mirrored these global trends. Inflation became headline news across the country. Our growth rate also declined. Nonetheless, growth remained among the highest in the world, surpassing even that of our fast-growing neighbors in the region.

Price stability

Our headline inflation rate peaked at 8.7 percent in January 2023. After broadly moderating for most of the year, it was down to 3.9 percent by December. This came within the government's target range of 2.0 to 4.0 percent. The decline in inflation was the result of a series of policy actions. The Bangko Sentral ng Pilipinas (BSP) raised monetary policy rates by 250 basis points in 2022 and a further 100 basis points in 2023.

In the Philippines, our own food supply shocks aggravated imported price pressures. Hence, the national government took steps to address food supply bottlenecks. This served to ease the effects of the double-digit price hikes for certain basic food items. The BSP's hawkish forward guidance helped manage inflation expectations. It reduced uncertainty about the direction of monetary policy amid supply-driven inflation.

Alongside monetary policy adjustments, the BSP enacted reforms to enhance the transmission of monetary policy.

To operationalize its policy interest rate, BSP introduced reforms to its overnight reverse repurchase (RRP) facility. The main reform was to transform the facility into a variable-rate auction. This change now provides the central bank and the financial system with an instrument that yields a market-determined rate that is aligned with the policy rate.

Following this shift, the BSP renamed the RRP as the target RRP rate. This reflects the rate's transition to an operational target that will help align market interest rates with the BSP's monetary policy stance.¹

The BSP will continue to monitor the results of the variable-rate RRP auction to assess the transmission of the Bank's monetary policy stance to the economy.

While upside risks remain, our projections indicate inflation will settle within our target range of 2.0–4.0 percent in 2024.

As before, the BSP is prepared to maintain tight monetary policy for as long as necessary, to steer inflation toward a target-consistent path in line with its price stability mandate.

Financial stability

The health and stability of the Philippine financial system is a cornerstone of sustainable and inclusive growth. It is the major source of funding for our economy. Our policy reforms are intended to help the financial system remain safe, sound, and resilient.

In 2023, the financial system continued to provide broad-based support for the economy.

The banking sector, which accounts for more than 80 percent of the financial system, performed well during the year. Consolidated assets expanded by 9.2 percent to ₱25.2 trillion. Loan growth was a healthy 9.8 percent.

Loan quality remained satisfactory, with the non-performing loan (NPL) ratio at 3.2 percent as of December 2023. This was accompanied by a high NPL coverage ratio of 101.7 percent.

As mandated, banks maintain sufficient capital and liquidity buffers against unforeseen shocks and market volatility. In 2023, both capital adequacy and liquidity ratios remained well above the BSP's regulatory thresholds as well as international standards.

During the year, the BSP delivered on its commitment to lower the reserve requirement ratios (RRRs) for banks and non-bank financial institutions with quasi-banking functions. Philippine RRRs had been among the highest in the region.

¹ For more information, see the box article "Reforming the BSP's Reverse Repurchase Operations."

We took digital strides in banking supervision. We put in place advanced supervisory technologies, such as the Prudential Reporting Innovation and Monitoring Engine. This will allow the BSP to collect data online from supervised institutions. This would significantly streamline our capabilities in offsite banking supervision.

The BSP is also developing a taxonomy of bank assets to catalyze sustainable finance in support of the country's priorities of inclusive adaptation and just transition.

Safe and efficient payments and settlements system

The BSP continued to register gains in pursuing its mandate of ensuring the safe and efficient operation of our payments and settlements system.

The enhancements in the Philippine Payment and Settlement System plus (PhilPaSS^{plus})—the BSP's real-time gross settlement (RTGS) system—have been instrumental in managing the high volume of large-value transactions.

The year ended with 1.4 million settlement transactions worth ₱500.4 trillion. This higher transaction volume was backed by a 99.9-percent annual efficiency rate, reflecting high system availability and swift settlement. PhilPaSS^{plus} has received international standards certification.

Digital payments transformation was also fostered by the growing adoption of various digital payment rails. The combined volume of payments made through InstaPay and PESONet² totaled 929.6 million by December 2023. This was 47.0 percent higher than the combined volume in 2022.

Our policy initiatives in 2023 further strengthened the framework for digital payments. The introduction of the Regulatory Framework on Merchant Payment Acceptance Activities and the Guidelines on Reconciliation and Dispute Handling for Electronic Fund Transfers are setting new standards for safeguarding stakeholder interests and enhancing consumer experience in the digital landscape.

We have expanded the RTGS system to include non-bank electronic money issuers and additional rural banks, significantly broadening access and financial inclusivity.

Our unified quick response (QR) code landscape and the implementation of robust payment systems continue to increase the share of digital payments in the country's total financial transactions. This includes the BSP's Paleng-QR Ph Plus program, which promotes e-payments among market vendors, public transport drivers, and other merchants.

The thrust to enhance financial inclusion through digital innovations continues to pay off. It resulted in significant growth in Basic Deposit Accounts and e-money accounts, particularly in underserved communities.

Expanding the user base and usage of digital payments has led to notable increases in the volume of digital transactions, particularly in merchant payments, personal remittances, and salary distributions. The successful implementation of our strategic initiatives and the increasing public trust in digital solutions underpin this growth.

² Philippine Electronic Fund Transfer System and Operations Network

Moving forward

To anchor stability and sustainable growth in the years to come, the BSP will continue to focus on its mandates of price stability, financial stability, and a safe and efficient payments and settlements system.

For this focus, we are pursuing the following reform agenda:

1. to further strengthen our monetary policy framework by enhancing our research capability and by sharpening our analytical tools;
2. to strengthen the way we conduct systemic risk oversight so that we can avoid a financial crisis or be able to respond more effectively should one arise;
3. to deepen our capital markets as a way of strengthening our transmission mechanism for monetary policy; and
4. to ensure that our sustainability initiatives are inclusive by minimizing the harm to the poor.

The Monetary Board thanks our central banker colleagues for their passion and dedication in fulfilling the BSP's mandates.

ELI M. REMOLONA, JR.
Governor

Who we are

Our Vision

The BSP aims to be recognized globally as the monetary authority and primary financial system supervisor that supports a strong economy and promotes a high quality of life for all Filipinos.

Our Mission

To promote and maintain price stability, a strong financial system, and a safe and efficient payments and settlements system conducive to a sustainable and inclusive growth of the economy

Our Core Values

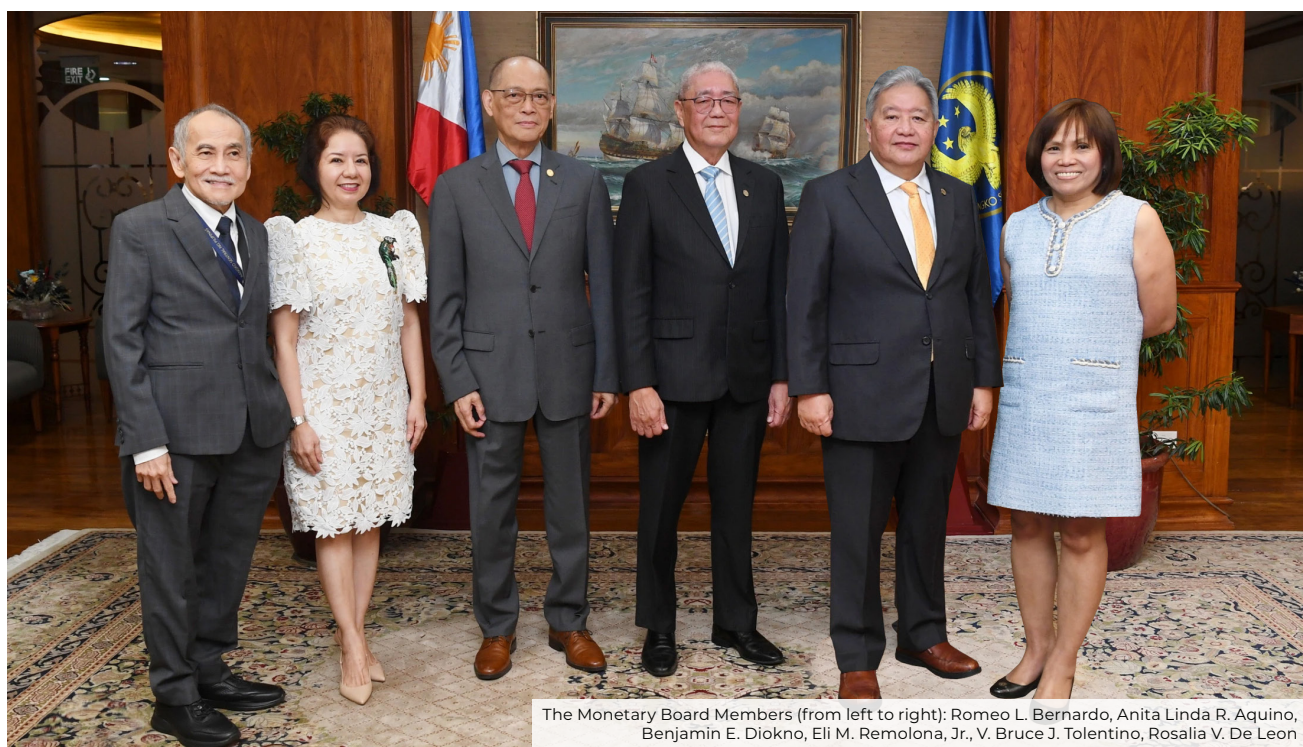
Patriotism. Demonstrating selfless commitment to the service of the Filipino people and the country.

Integrity. Performing mandate with sincerity, honesty, and uprightness, worthy of respect and emulation from others.

Excellence. Consistently doing our best to master our craft, continually improving our competencies, and learning new things in pursuit of organizational goals, comparable with the best practices of other central banks.

Solidarity. Performing with team spirit; acting and thinking as one in the pursuit of common goals and objectives.

Accountability. Taking full responsibility for one's or group's actions.



The Monetary Board Members (from left to right): Romeo L. Bernardo, Anita Linda R. Aquino, Benjamin E. Diokno, Eli M. Remolona, Jr., V. Bruce J. Tolentino, Rosalia V. De Leon

About the Bangko Sentral ng Pilipinas

The Bangko Sentral ng Pilipinas is the country's independent central monetary authority mandated to promote price stability, help maintain stability of the financial system, and oversee the country's payments and settlements system.

Section 20, Article XII, 1987 Philippine Constitution

The Congress shall establish an independent central monetary authority... [which] shall provide policy direction in the areas of money, banking, and credit. It shall have supervision over the operations of banks and exercise such regulatory powers as may be provided by law over the operations of finance companies and other institutions performing similar functions.

Section 1, Article 1, Chapter 1, Republic Act No. 7653 (The New Central Bank Act) as amended by Republic Act No. 11211

The State shall maintain a central monetary authority that shall function and operate as an independent and accountable body corporate in the discharge of its mandated responsibilities concerning money, banking, and credit. In line with this policy, and considering its unique functions and responsibilities, the central monetary authority established under this Act, while being a government-owned corporation, shall enjoy fiscal and administrative autonomy.



The BSP's Legal Mandate

Legal Basis of Establishment and Legal Mandate

The BSP is the central bank of the Republic of the Philippines. Section 20, Article XII of the 1987 Constitution mandated Congress to establish an independent central monetary authority tasked to provide policy direction in the areas of money, banking, and credit. Pursuant to this constitutionally mandated responsibility, Congress established the BSP through the enactment of Republic Act No. 7653 in 1993.

Powers and Functions

As the Philippines' central monetary authority, the BSP is responsible, among others, for:

- maintaining price stability conducive to a balanced and sustainable growth of the economy and employment;
- promoting and maintaining monetary stability and the convertibility of the peso;
- promoting financial stability by closely working with the national government, the Department of Finance, the Securities and Exchange Commission, the Insurance Commission, and the Philippine Deposit Insurance Corporation;
- overseeing the payments and settlements system, including critical financial market infrastructures, to promote sound and prudent practices; and
- promoting broad and convenient access to high quality financial services for the interest of the general public.

The BSP is also tasked to perform the following functions:

- *Liquidity management.* The BSP formulates and implements monetary policy aimed at influencing money supply, consistent with its primary mandate of maintaining price stability.
- *Currency issue.* The BSP has the exclusive power to issue the national currency. All notes and coins issued by the BSP are fully guaranteed by the government and are considered legal tender for all private and public debts.
- *Lender of last resort.* The BSP extends discounts, loans, and advances to banking institutions for liquidity purposes.
- *Financial supervision.* The BSP supervises banks and exercises regulatory and examination powers over non-bank institutions performing quasi-banking functions, money service businesses, credit granting businesses, and payment system operators.
- *Management of foreign currency reserves.* The BSP seeks to maintain sufficient international reserves to meet any foreseeable net demands for foreign currencies to preserve the international stability and convertibility of the Philippine peso.
- *Determination of exchange rate policy.* The BSP determines the exchange rate policy of the Philippines. Currently, it adheres to a market-oriented foreign exchange rate policy to ensure orderly conditions in the market.
- *Bond issue.* As part of monetary policy, the BSP may issue, place, buy, and sell freely negotiable evidences of indebtedness.
- *Banker of the government.* The BSP functions as the banker, financial advisor, and official depository of the government, its political subdivisions and instrumentalities, and government-owned and -controlled corporations.

In 2019, after more than 25 years from the establishment of the BSP, President Rodrigo R. Duterte signed Republic Act No. 11211, the law amending the BSP Charter. This law embodies a package of reforms that further aligned the BSP's operations with international standards and global best practices, improved its corporate viability, and enhanced its capacity for crafting proactive policies amid rising interlinkages in the financial markets and the broader economy.

The supervisory and regulatory powers of the BSP are further enhanced by expanding the coverage of institutions under the Bank's supervision to include money service businesses, credit granting businesses, and payment system operators.

BSP Key Officers

As of 31 December 2023

THE MONETARY BOARD

Chairman and Governor
ELI M. REMOLONA, JR.

Members

BENJAMIN E. DIOKNO

V. BRUCE J. TOLENTINO

ANITA LINDA R. AQUINO

ROMEO L. BERNARDO

ROSALIA V. DE LEON

THE SECTOR HEADS

FRANCISCO G. DAKILA, JR.
Deputy Governor
Monetary and Economics Sector

CHUCHI G. FONACIER
Deputy Governor
Financial Supervision Sector

EDUARDO G. BOBIER
Deputy Governor
Corporate Services Sector

BERNADETTE T. ROMULO-PUYAT
Deputy Governor
Regional Operations and Advocacy Sector

MAMERTO E. TANGONAN
Deputy Governor
Payments and Currency Management Sector



BSP Key Officers (from left to right): Deputy Governor Francisco G. Dakila, Jr., Deputy Governor Eduardo G. Bobier, Deputy Governor Bernadette T. Romulo-Puyat, Monetary Board Member Rosalia V. De Leon, Monetary Board Member V. Bruce J. Tolentino, Governor Eli M. Remolona, Jr., Monetary Board Member Benjamin E. Diokno, Monetary Board Member Anita Linda R. Aquino, Monetary Board Member Romeo L. Bernardo, Deputy Governor Chuchi G. Fonacier, Deputy Governor Mamerto E. Tangonan

Executive Offices

Elmore O. Capule
Senior Assistant Governor
and General Counsel

Johnny Noe E. Ravalo
Senior Assistant Governor

Edna C. Villa
Senior Assistant Governor

Pia Bernadette R. Tayag
Assistant Governor

Laura L. Ignacio
Assistant Governor

Mary Jane T. Chiong
Assistant Governor

Eugene C. Teves
Managing Director

Matthew M. David
Executive Director II

Monetary and Economics Sector

Iluminada T. Sicat
Senior Assistant Governor

Zeno Ronald R. Abenoja
Managing Director

Thomas Benjamin B. Marcelo
Managing Director

Regional Operations and Advocacy Sector

Rosabel B. Guerrero
Managing Director

Charina B. De Vera-Yap
Managing Director

Financial Supervision Sector

Arifa A. Ala
Assistant Governor

Lyn I. Javier
Assistant Governor

Vicente T. De Villa III
Managing Director

Ma. Belinda G. Caraan
Managing Director

Judith E. Sungsai
Managing Director

Corporate Services Sector

Vincent Z. Bolivar
Managing Director

Jayzle D. Ravelo
Managing Director

Leila Magda G. Rivera
Managing Director

Prudence Angelita A. Kasala
Managing Director

Jose R. Fajardo
Managing Director

Payments and Currency Management Sector

Mary Anne P. Lim
Assistant Governor

List of Acronyms and Abbreviations

AAB	authorized agent bank	BSP	Bangko Sentral ng Pilipinas
ACH	automated clearing house	BSP-SF	BSP securities facility
ACPC	Agricultural Credit Policy Council	CAM	consumer assistance mechanism
ADB	Asian Development Bank	CAR	capital adequacy ratio
AE	advanced economy	CARD	Center for Agriculture and Rural Development, Inc.
AFF	agriculture, fishery, and forestry	CBDC	central bank digital currency
AFI	Alliance for Financial Inclusion	CCRT	Catastrophe Containment and Relief Trust
AFP	Armed Forces of the Philippines	CE	covered entity
AMRO	ASEAN+3 Macroeconomic Research Office	CEMLA	Center for Latin American Monetary Studies
API-XML	Application Programming Interface–eXtensible Markup Language	CFS ¹	Country Fact Sheet
ARS	Agent Registry System	CFS ²	Currency Forecasting System
ASA	ASEAN Swap Arrangement	CHED	Commission on Higher Education
ASEAN	Association of Southeast Asian Nations	COCREE	Comprehensive Credit and Equity Exposures Report
ASTERisC*	Advanced Supervisory Technology Engine for Risk-based Compliance	CoDM	coin deposit machine
AVCF	agriculture value chain financing	COE	Code of Ethics
BDA	Basic Deposit Account	CRD	Credit Risk Database
BFAR	Bureau of Fisheries and Aquatic Resources	CRPP	Currency Rate Risk Protection Program
BIR	Bureau of Internal Revenue	CSA	Cash Service Alliance
BIS	Bank for International Settlements	CSC	Civil Service Commission
BOB	BSP Online Buddy	CSF	Credit Surety Fund
BOP	balance of payments	CSI	Civil Service Institute
bp	basis point	DA	Department of Agriculture
BPO	business process outsourcing	DB	Deutsche Bundesbank
BSEF	Bangko Sentral Survey of External Forecasters	DDA	Demand Deposit Account
BSFI	Bangko Sentral-Supervised Financial Institution	DepEd	Department of Education
BSI	Bangko Sentral-Supervised Institution	DFIA	Digital Financial Inclusion Awards
		DGB	digital bank

DLSU	De La Salle University
DLT	distributed ledger technology
DMFAS	Debt Management and Financial Analysis System
DMW	Department of Migrant Workers
DTI	Department of Trade and Industry
EFLP	Economic and Financial Learning Program
EFT	electronic fund transfer
eILF	Electronic Intraday Liquidity Facility
e-Library	electronic library
EMDE	emerging market and development economy
EMI	electronic money issuer
ERM	Enterprise Risk Management
ESG	environmental, social, and governance
EVI	Economic Vulnerability Index
FAQ	frequently asked question
FCPA	Financial Products and Services Consumer Protection Act
FCPAM	financial consumer protection assistance mechanism
FDI	foreign direct investment
FISC	Financial Inclusion Steering Committee
FPI	foreign portfolio investment
FRP	Financial Report Package
FSB	Financial Stability Board
FSCC	Financial Stability Coordination Council
FSF	Financial Sector Forum
FSP	financial service provider
FSR	Financial Stability Report
FTA	Free Trade Agreement

FTP	Financial Transactions Plan
FX	foreign exchange
GDB	good delivery bar
GDP	gross domestic product
GIR	gross international reserves
GPF	Global Policy Forum
GRC	Governance, Risk, and Compliance
GS	government securities
IA	internal audit
IBCL	interbank call loan
IBL	interbank loans
IBU	Islamic banking unit
ICMS	Integrated Currency Management System
IFC	International Finance Corporation
IIA	Institute of Internal Auditors
IMF	International Monetary Fund
IPPA	Investment Promotion and Protection Agreement
IRR	implementing rules and regulations
ISF	intraday settlement facility
ISPPIA	International Standards for the Professional Practice of Internal Auditing
JICA	Japan International Cooperation Agency
KB	commercial bank
KITA	Kapital at Ipon Tungo sa Asenso
KYM	Know Your Money
LBMA	London Bullion Market Association
LCR	liquidity coverage ratio

LE	large enterprise
LFS	Labor Force Survey
LGU	local government unit
LRA	Land Registration Authority
MAF	movable asset financing
MB	Monetary Board
MBM	Monetary Board Member
MFI	microfinance institution
MLT	medium- and long-term
MOA	memorandum of agreement
MORB	Manual of Regulations for Banks
MOS	Monetary Operations System
MOU	memorandum of understanding
MPR	Monetary Policy Report
MSMEs	micro, small, and medium enterprise
MTFF	Medium-Term Fiscal Framework
M&E	monitoring and evaluation
NAB	New Arrangements to Borrow
NBQB	non-bank financial institution with quasi-banking functions
NCR	National Capital Region
NFA	net foreign assets
NG	national government
NPA	Note Purchase Agreement
NPL	non-performing loan
NPS	national payment system
NSFI	National Strategy for Financial Inclusion
NSFR	net stable funding ratio
ODF	overnight deposit facility

ODPS	operator of a designated payment system
OFW	overseas Filipino worker
OLEA	other law enforcement agency
ON	OPS
OPS	operator of a payment system
PAM	proactive monitoring
PAW	PM adjustment window
PBOF	Philippine Business Opportunity Forum
PCHC	Philippine Clearing House Corporation
PDDTS	Philippine Domestic Dollar Transfer System
PDIC	Philippine Deposit Insurance Corporation
PDL	past due loan
PDP	Philippine Development Plan
PEB	Philippine Economic Briefing
PERA	Personal Equity and Retirement Account
PESONet	Philippine Electronic Fund Transfer System and Operations Network
PFMI	Principles for Financial Market Infrastructures
PhilPaSS ^{plus}	Philippine Payment and Settlement System plus
PHLPost	Philippine Postal Corporation
PICC	Philippine International Convention Center
PIPS	prominently important payment system
PiTaKa	Pinansyal na Talino at Kaalaman
PMI	Purchasing Managers' Index
pp	percentage point
PRGT	Poverty Reduction and Growth Trust
PRIME	Prudential Reporting Innovation and Monitoring Engine

PSA	Philippine Statistics Authority
PSE	Philippine Stock Exchange
PSP	payment service provider
PvP	payment versus payment
P2M	person-to-merchant
P2P	person-to-person
QR	quick response
RB	rural bank
REP	Research Experts Panel
Rep. Act	Republic Act
ROBs	regional offices and branches
RRP	reverse repurchase
RRR	reserve requirement ratio
RTGS	real-time gross settlement
R2P	Request to Pay
SBL	single borrower's limit
SBLAF	Standard Business Loan Application Form
SCB	Sustainable Central Banking
SCF	supply chain finance
SDR	Special Drawing Right
SEACEN	South East Asian Central Banks
SIPS	systematically important payment system
SME	small and medium enterprise
SO	strategic objective

SOP	standard operating procedures
SP	strategic program
SPPIA	Standards for the Professional Practice of Internal Auditing
SRR	Systemic Risk Review
SupTech	supervisory technology
TB	thrift bank
TDF	term deposit facility
TESDA	Technical Education and Skills Development Authority
TFS	targeted financial sanctions
TOT	training-of-trainers
TPMS	Treasury Portfolio Management System
UAE	United Arab Emirates
UITF	unit investment trust fund
UK	United Kingdom
U/KBs	universal and commercial
UN	United Nations
UP	University of the Philippines
US	United States
US Fed	United States Federal Reserve
VisTA	Visualization Tool for Analytics
WB	World Bank
WHO	World Health Organization
WR	warehouse receipt
WTO	World Trade Organization
y-o-y	year-on-year

HOW

WE WERE IN 2023:

The global and domestic
macroeconomic landscape



How we were in 2023: The global and domestic macroeconomic landscape

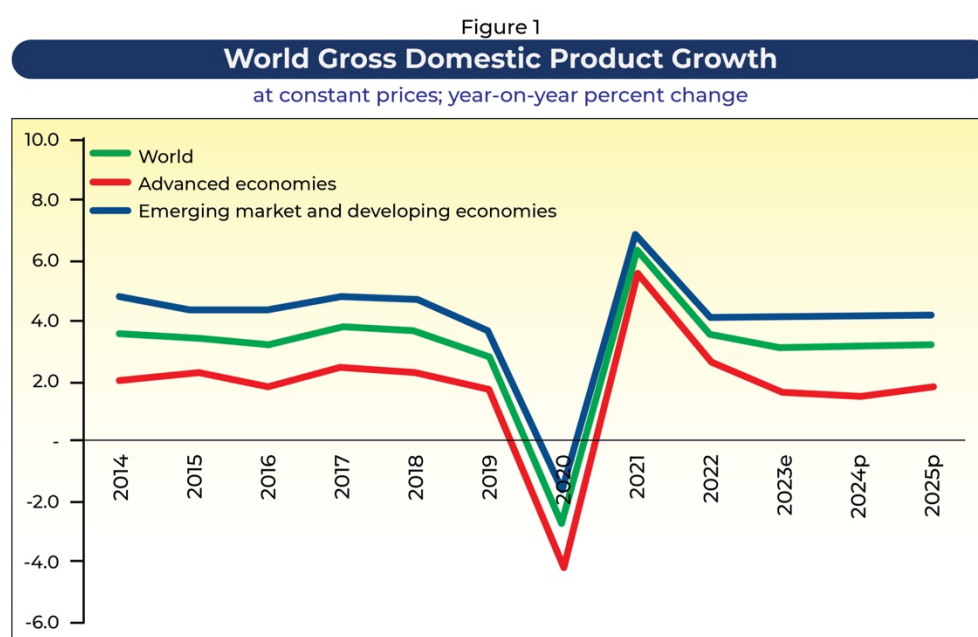
Global economic developments

Global economic activity slows down but displays resilience in 2023.

Growth in the global economy continued to slow down in 2023, reflecting the effects of restrictive monetary policies to rein in elevated inflation, tight financial conditions, and weak global trade. Nonetheless, global economic recovery showed resilience during the latter half of the year, with demand and supply factors supporting major advanced economies (AEs) and emerging market and developing economies (EMDEs).¹

On the demand side, strong private and government spending sustained economic activity amid tight monetary policies. On the supply side, improvements in labor market conditions, favorable supply chain developments, and lower energy and commodity prices—despite renewed geopolitical uncertainties—supported global growth.

Lower growth in AEs was mainly due to the slower recovery in the euro area, which reflected weak consumer sentiment and high energy prices.² Meanwhile, the stronger-than-expected recovery in China contributed to stable growth in EMDEs.



Source: International Monetary Fund – World Economic Outlook Update (January 2024)

Notes:

e – estimates

p – projections

¹ International Monetary Fund. (2024). *World Economic Outlook Update – January 2024*. <https://www.imf.org/-/media/Files/Publications/WEO/2024/Update/January/English/text.ashx>

² Ibid.

In AEs, the slowdown was underpinned by high energy prices in the euro area, which dampened domestic demand. Exports also declined in the euro area amid subdued external demand.³ Supply shocks brought by the protracted Russia-Ukraine conflict and rising geopolitical tensions in the Middle East continued to add pressure to inflation in these economies. Nonetheless, robust consumer spending and expansionary fiscal policy in the United States (US) partially offset the impact of demand and supply shocks on its growth momentum.

On the other hand, the expansion in EMDEs was weighed down by the decline in manufacturing and services activities amid elevated interest rates and weak global trade. Inflation in most EMDEs continued to remain above pre-pandemic levels in 2023. However, price increases slowed down in the latter part of the year. This was generally attributed to tapering energy prices and easing labor market conditions.⁴

Against this backdrop, global economic growth is expected to remain at 3.1 percent in 2024 before moderately rising to 3.2 percent in 2025, based on forecasts of the International Monetary Fund (IMF).⁵ This is on account of continued monetary tightening should supply-side pressures rise, considering persistent geopolitical tensions, extreme weather shocks, fiscal consolidation disruptions, and low underlying productivity. Moreover, global trade is expected to slow down due to geoeconomic fragmentations and rising trade distortions.

The World Bank (WB) likewise projects a low-growth trajectory in 2024, given softening labor market conditions, reduced savings, waning pent-up demand for services, tight global monetary conditions, and fiscal consolidation. AEs are expected to steer this decline with lower US growth, as monetary policy is anticipated to remain tight. For EMDEs, uncertainty over rising borrowing costs from higher interest rates, China's decline in consumer demand, and a downturn in the property sector could affect demand and activity. A downward revision is also reported in 2024 forecasts for most EMDEs.⁶

In general, risks to the global growth outlook are broadly balanced. Upside risks are expected mainly from faster disinflation, gradual withdrawal of fiscal support, and swifter recovery in China. Conversely, downside risk factors include commodity price increases brought by geopolitical tensions and adverse weather events, a slowdown in China's recovery, and disorderly protracted fiscal consolidation.

³ World Bank (2024). *Global Economic Prospects – January 2024*. <https://www.worldbank.org/en/publication/global-economic-prospects>

⁴ The IMF, in its January 2024 World Economic Outlook Update, noted that average oil prices declined by about 16.0 percent in 2023 despite tensions in Gaza and Israel, as well as in the Middle East.

⁵ Ibid.

⁶ Ibid.

Philippine economic developments

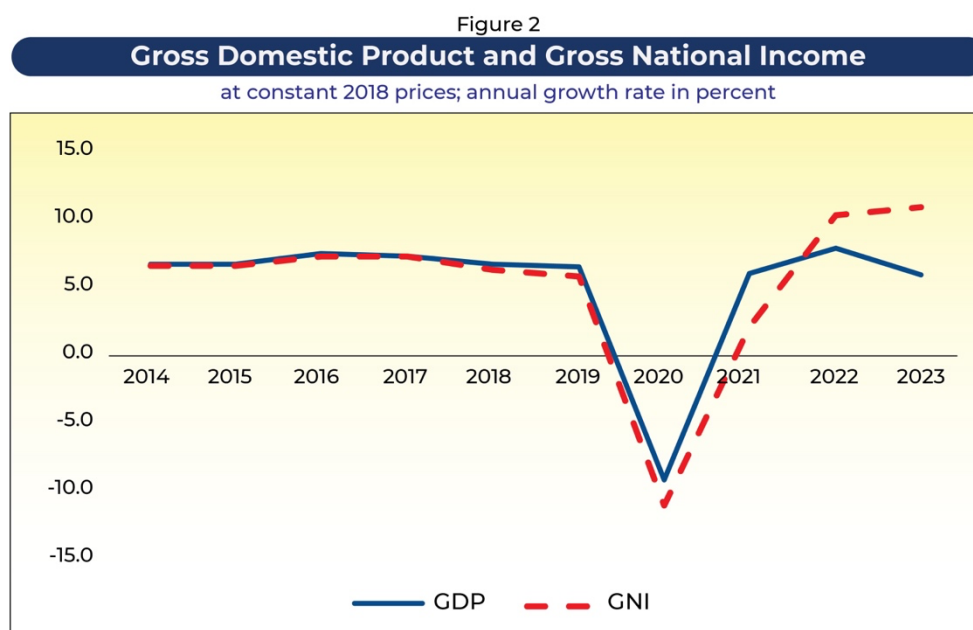
The Philippine growth momentum remains intact.

The Philippine economy continued to perform strongly in 2023. Real gross domestic product (GDP) grew by 5.5 percent, albeit lower than the 7.6-percent increase recorded in 2022. The GDP outturn remained broad-based, with major sectors positively contributing to the growth.

On the supply side, growth was driven by notable contributions from the services and industry sectors, particularly wholesale and retail trade, and repair of motor vehicles and motorcycles; financial and insurance activities; and construction. The agriculture, fishery, and forestry (AFF) sector also recovered, owing to the improved performance of *palay* and livestock production.

On the demand side, growth was primarily driven by household consumption and investments. This was mainly due to continued improvements in labor market conditions and the resumption of full business operations, as the World Health Organization (WHO) declared the end of the COVID-19 global health emergency in May 2023.

The 5.5-percent GDP growth rate settled below the lower end of the national government (NG)'s growth target of 6.0–7.0 percent for 2023. This may be attributed to the waning of pent-up demand amid the still elevated, though decelerating, inflation; lagged effects of interest rate hikes; and lower government spending in line with fiscal consolidation efforts. Nonetheless, the full-year growth of the Philippines was the fastest relative to China (5.2 percent), Indonesia and Vietnam (5.0 percent), and Malaysia (3.7 percent).



Source: Philippine Statistics Authority

Aggregate output and demand

Supply side

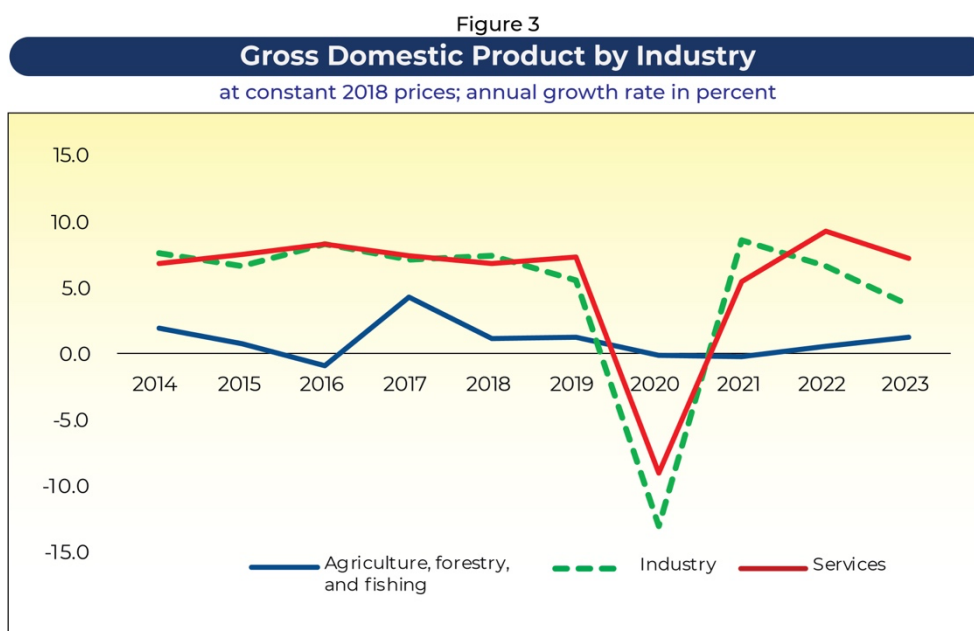
The services sector continued to steer the domestic economy toward expansion in 2023. It grew by 7.1 percent, albeit lower than the 9.2-percent increase the previous year. Nonetheless, the sector contributed 4.4 percentage points (pp) to the total GDP outturn for 2023. The expansion of the services sector was mainly supported by the robust performance of wholesale and retail trade, and repair of motor vehicles and motorcycles, which grew by 5.5 percent and contributed 1.0 pp to total GDP growth.

In terms of year-on-year (y-o-y) growth rate, the accommodation and food services subsector recorded the fastest increase of 23.2 percent, indicating continued recovery in hotel services and restaurant dining. Other services—including personal care and entertainment, arts, and recreation services—also posted a double-digit growth of 20.8 percent. This was on account of the normalization of economic activities and sustained improvements in the tourism sector. The country fully reopened its economy with the lifting of the COVID-19 state of public health emergency throughout the country on 21 July 2023, under Presidential Proclamation No. 297, s. 2023.

The industry sector exhibited some moderation in Q1 2023. It grew by 3.6 percent, a deceleration from the 6.5-percent rise recorded in the previous year. The sector contributed 1.1 pp to GDP growth, mainly driven by construction and manufacturing. The construction subsector continued to recover. It posted an increase of 8.8 percent, albeit lower than the 12.2-percent expansion in 2022. Public sector construction activities rose by 9.7 percent (from 12.5 percent in 2022), driven by the implementation of government projects in line with the Build Better More Program. Construction by private corporations and households slowed to 10.1 percent (from 15.7 percent) and 7.3 percent (from 7.8 percent), respectively. This may be attributed to the lagged impact of the BSP's cumulative monetary policy tightening on borrowings intended to fund construction activities.

Meanwhile, the manufacturing subsector accounted for 61.7 percent of the industry sector. It posted a modest growth of 1.3 percent in 2023, lower than the 4.9-percent expansion in 2022. This was mainly due to the slowdown in food products manufacturing from 4.8 percent to 2.4 percent. The S&P Global Manufacturing Purchasing Managers' Index (PMI) fell from 53.1 in the previous year to 51.5 in December 2023. This was attributed to lower new orders and a drop in workforce numbers. Nonetheless, the country's PMI at the closing of the year remained above the 49.7 average production index of the Association of Southeast Asian Nations (ASEAN).

The AFF sector expanded from 0.5 percent in 2022 to 1.2 percent in 2023. *Palay* production accounted for 21.3 percent of the AFF sector. It grew by 1.7 percent—a reversal from the 1.0-percent contraction in the previous year—which may be attributed to favorable weather conditions. Livestock also continued to post expansion from 2.3 percent in 2022 to 3.0 percent in 2023, even amid lingering concerns on the spread of the African Swine Fever over the hog population.



Source: Philippine Statistics Authority

Demand side

On the demand side, the 2023 GDP output was mainly driven by household spending and investments, owing to the full reopening of the economy and lifting of all COVID-related restrictions. However, this was partly tempered by the contraction in government final consumption expenditure following the efforts to lower the government's fiscal deficit and debt levels.

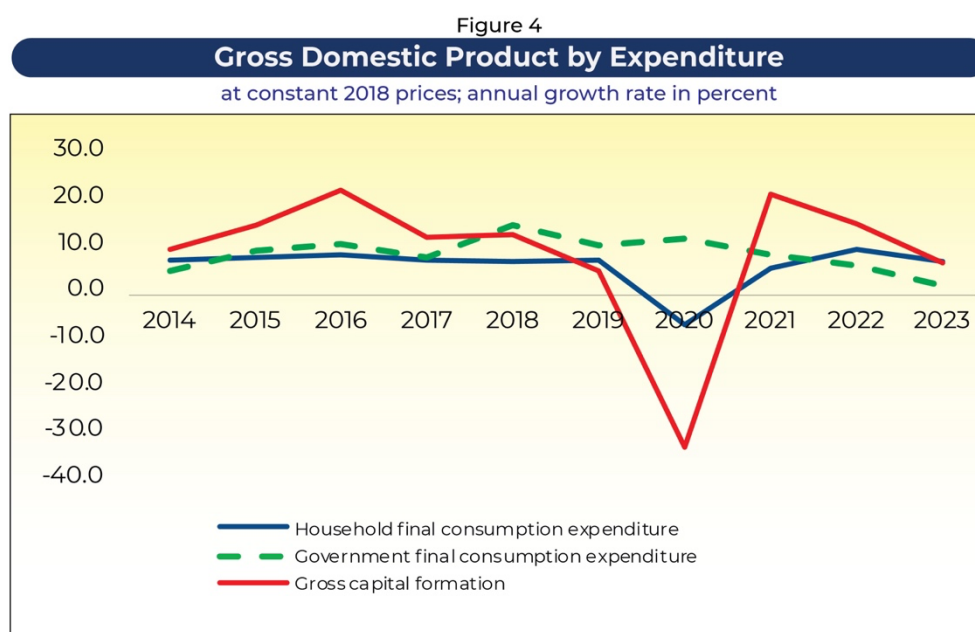
Household final consumption expenditure increased by 5.6 percent in 2023, albeit lower than the 8.3-percent growth in 2022. The improvement in labor conditions during the year was partially offset by the waning of pent-up demand amid the still elevated, though decelerating, inflation. Nonetheless, household consumption was able to pitch in 4.1 pp to the total GDP output for 2023. Supporting the positive performance of household spending were double-digit growth rates in restaurants and hotels (19.1 percent), transport (16.9 percent), and recreation and culture (16.7 percent). However, these expenditure items had yet to reach their pre-pandemic levels.

Government expenditures grew by 0.6 percent in 2023, a deceleration from the 5.1-percent increase in 2022. The government's medium-term fiscal program remains oriented toward fiscal consolidation. The deficit is targeted to narrow to 6.1 percent in 2023 and to decline gradually every year before it returns to the pre-pandemic ratio of around 3.0 percent of GDP by 2028. The current administration prioritizes fiscal consolidation to ensure debt sustainability over the medium term while remaining supportive of economic recovery by focusing on productive and high-impact expenditures. Higher government spending in the comparable period in 2022 included spending for COVID-related expenses and the conduct of the synchronized national and local elections in May.

Gross capital formation expanded by 5.9 percent in 2023, a moderation from the 13.7-percent increase in the previous year. While durable equipment accelerated from 8.4 percent in 2022 to 8.9 percent in 2023, construction investments slowed from 12.1 percent to 9.1 percent. This was mainly driven by private enterprises amid the high-interest environment. Nonetheless, the sustained growth in domestic investments was an indicator of continued strong business and investor confidence as the economy continued to recover from the pandemic.

On international trade, exports and imports posted weaker growth of 1.4 percent and 1.0 percent, respectively, amid challenges in the global economy. Merchandise exports contracted by 7.3 percent, reflecting weak global demand. Exports of electronic products reversed from an 8.6-percent growth in 2022 to a 9.7-percent contraction in 2023, pulled down by the decline in exports of components/devices (semiconductors) by 7.0 percent. Exports of services rose by 13.8 percent, driven by an increase in travel activities of 103.6 percent. International visitor arrivals in 2023 reached 5.5 million, surpassing the Department of Tourism's target of 4.8 million. This was more than double the 2.7 million arrivals recorded in 2022.

Meanwhile, imports of goods declined by 4.6 percent, largely due to the fall in the importation of electronic products by 12.2 percent. In contrast, services imports continued to post a strong growth of 25.2 percent. This was on account of the increase in travel by 73.0 percent.



Source: Philippine Statistics Authority

Looking ahead, the growth prospects of the economy remain intact despite economic challenges. While moderation in growth is expected as pent-up demand wanes and the full impact of prior monetary policy tightening continues to manifest, fiscal impulse through programmed spending is seen to support the domestic economy's growth momentum over the near term.

Key legislation is expected to enhance the country's competitiveness and attract more investments in logistics and critical infrastructure that will help exporters increase productivity. This includes the recent ratification of the Regional Comprehensive Economic Partnership; amendments to the Retail Trade Liberalization Act, Foreign Investments Act, and Public Service Act; amendments to the Strategic Investment Priority Plan; and amendments to the implementing rules and regulations (IRR) of the Build-Operate-Transfer Law. The Corporate Recovery and Tax Incentives for Enterprises Law reformed the corporate tax structure and fiscal incentives system to strategically support important industries and projects.

Moreover, the timely passage of the National Budget for Fiscal Year 2024, amounting to ₱5.8 trillion; the Medium-Term Fiscal Framework (MTFF); the 8-point Socioeconomic Agenda; and the Philippine Development Plan (PDP) 2023–2028 shall continue to help steer the country toward a high-growth trajectory.

Labor and employment conditions

Labor conditions continue to improve.

Employment among Filipinos grew by 3.1 percent during the year. The number of employed persons increased from 49.0 million in end-2022 to 50.5 million in end-2023. Based on the results of the December 2023 Labor Force Survey (LFS) of the Philippine Statistics Authority (PSA),⁷ the country's employment rate was 96.9 percent, which was 1.2 pp higher than the rate of 95.7 percent in the previous year. Most of the employed persons were in the services sector (57.3 percent), followed by the agriculture sector (24.4 percent) and the industry sector (18.3 percent).

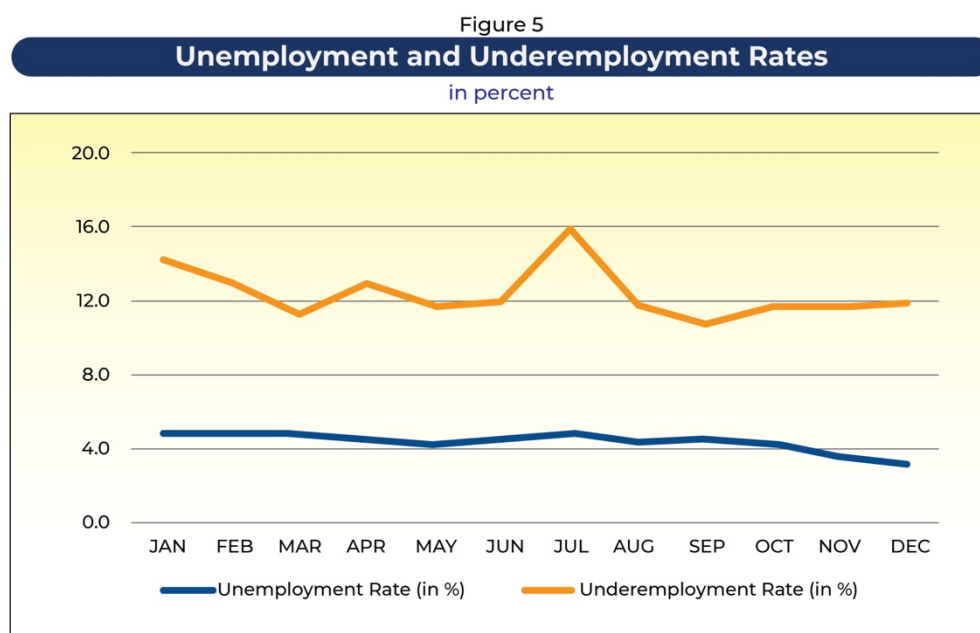
Correspondingly, the unemployment rate continued to ease in December 2023. It reached its lowest level of 3.1 percent since the PSA introduced a new methodology for the LFS in 2005. This unemployment rate was also below the government's target of 5.3–6.4 percent for 2023 and was lower by 1.2 pp than the rate of 4.3 percent in 2022.⁸ Most of the unemployed persons were males (54.3 percent), aged between 25 and 34 years old (37.9 percent), and were college graduates (33.5 percent).

Other labor market indicators similarly showed improvements. The labor force participation rate—or the percentage of the population 15 years and older that is in the labor force—increased marginally by 0.2 pp to 66.6 percent in December 2023 from 66.4 percent a year ago. Meanwhile, the underemployment rate decreased by 0.7 pp to 11.9 percent from 12.6 percent the previous year, suggesting that more Filipinos were satisfied with their jobs. Of the total underemployed persons, most belonged to the services sector (46.1 percent), followed by the agriculture sector (37.8 percent) and the industry sector (16.1 percent).

⁷ Preliminary results; Released on 7 February 2024

⁸ The government's unemployment rate target was indicated in the PDP 2023–2028.

Underemployment is also categorized by the number of hours spent for work in a week. Visibly underemployed persons (or part-time workers who want additional work hours in their present job, an additional job, or a new job with longer working hours) render service for less than 40 hours a week. Invisibly underemployed persons (or full-time workers who also want additional hours of work in their present job, an additional job, or a new job with longer working hours) work for 40 hours or more in a week. Among the total underemployed persons in the country, 60.9 percent were visibly underemployed, while 39.1 percent were invisibly underemployed.



Source: Philippine Statistics Authority

Prices

Headline inflation generally slowed down after peaking at 8.7 percent in January 2023. However, the average for the year settled at 6.0 percent from 5.8 percent in 2022. This was above the NG's annual inflation target range of 2.0–4.0 percent for the year.

One of the factors that kept inflation high was the surge in domestic rice prices in the second half of the year, owing to robust demand and tight supply conditions. Worries over the potential impact of *El Niño* weather conditions on output further contributed to the uptrend in rice prices during the second semester. Inflation for vegetables and fruits also increased, on average, relative to the previous year, reflecting supply-side shocks from adverse weather conditions. On the other hand, easing energy prices pulled down non-food inflation. This was partly tempered by the increase in services-related inflation, particularly restaurant and accommodation services as well as education services.

In the National Capital Region (NCR), inflation rose to 6.2 percent, mainly driven by faster price increases for food and non-food items. Conversely, average inflation in areas outside NCR eased slightly from 6.0 percent in 2022 to 5.9 percent in 2023. This was due to the moderation in inflation for housing, water, electricity, gas and other fuels, and transport.

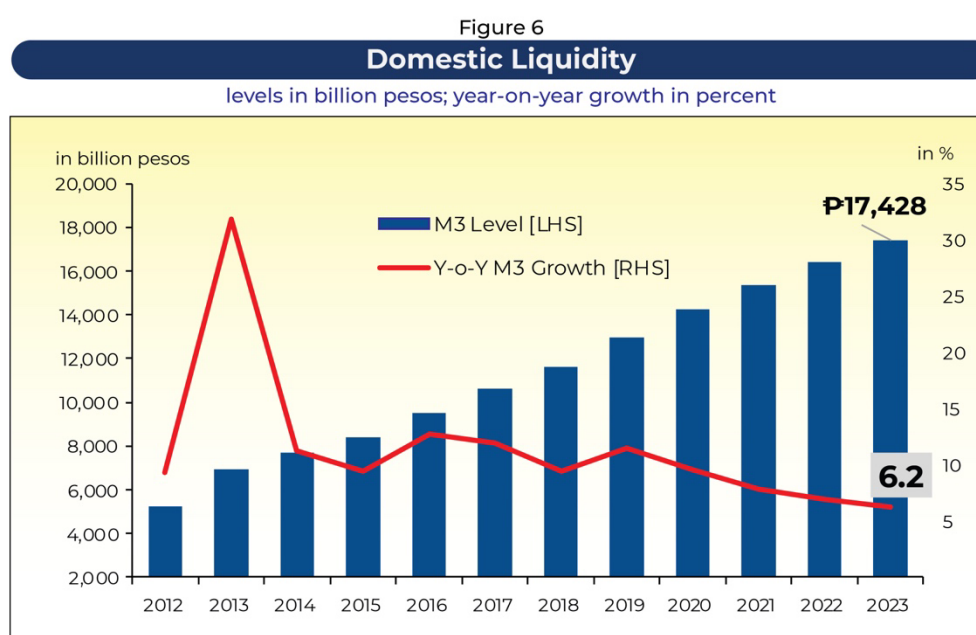
Core inflation, which excludes selected volatile food and energy items and measures underlying demand-side price pressures, averaged 6.6 percent in 2023 from 3.9 percent in the previous year. Other core inflation measures, such as the trimmed mean and weighted median, also increased relative to the previous year.

Monetary aggregates

Domestic liquidity remains supportive of economic activity.

Domestic liquidity or M3 increased by 6.2 percent y-o-y as of end-December 2023,⁹ following a 6.9-percent expansion recorded in end-2022. The lower growth in domestic liquidity may be attributed to the slower pace of expansion in domestic claims—reflecting the impact of the BSP’s monetary policy tightening—even as net foreign assets (NFA) rebounded.¹⁰ Nonetheless, liquidity in the domestic financial system remained ample to support economic activity.

Credit activity decelerated in 2023, as the BSP tightened its monetary policy settings to mitigate inflationary risks. Domestic claims grew by 9.2 percent y-o-y from 12.9 percent in December 2022. This was on account of the sustained but slower expansion in claims in the private sector at 8.8 percent, indicating a moderation in bank lending. Meanwhile, net claims on the central government rose by 14.3 percent, partly due to the decline in deposits of the NG with the BSP.



Source: Bangko Sentral ng Pilipinas

LHS – left-hand side

RHS – right-hand side

NFA in peso terms rose by 4.6 percent y-o-y in December 2023. The NFA of the BSP grew by 7.4 percent, while the NFA of banks contracted on account of lower interbank loans (IBL) receivable.

⁹ Preliminary data

¹⁰ Domestic claims consist of net claims on the central government and other sectors.

Operations of the national government

The fiscal gap narrows.

In 2023, the NG recorded a budget deficit of ₱1.5 trillion, equivalent to 6.2 percent of GDP. This was 6.3 percent lower than the ₱1.6 trillion deficit recorded in 2022 but was 0.9 percent higher than the ₱1.49 trillion approved programmed deficit for 2023. The broader y-o-y budget outturn was on account of revenue growth outpacing the expansion in government spending.¹¹

The revenue of the NG increased by 7.9 percent y-o-y from ₱3.5 trillion in 2022 to ₱3.8 trillion in 2023. This was mainly due to higher collections by the Bureau of Internal Revenue (BIR) and the Bureau of Customs by 7.8 percent and 2.4 percent, respectively. Relative to the size of the economy, the total revenue of the NG amounted to 15.7 percent of GDP in 2023, which was lower than the 16.1 percent recorded in the previous year.

Meanwhile, NG disbursements amounted to ₱5.3 trillion during the year. This was equivalent to 22.0 percent of GDP for 2023 and higher by 3.4 percent than the ₱5.2 trillion recorded in 2022. The increase in spending by 25.0 percent amid higher interest payments was offset by lower allotments to local government units (LGUs), equity, and net lending.

The 2023 budget deficit was mainly financed through domestic sources, which covered around 78.9 percent of the NG's gross financing requirement. In line with the efforts to ensure fiscal discipline, the debt-to-GDP ratio slightly decreased from 60.9 percent in 2022 to 60.2 percent in 2023.

The NG remains committed to its fiscal consolidation plan through the MTFF, which aims to outgrow the country's pandemic-induced debt, ensure job-generating infrastructure investments, and mitigate potential economic scarring.

¹¹ Bureau of the Treasury. (2023, February 29). *Full year 2023 Revenue and Disbursement Meet Program Levels, Budget Gap Improves Sharply to 6.2% of GDP* [Press release]. <https://www.treasury.gov.ph/wp-content/uploads/2024/03/COR-Press-Release-FY-2023.pdf>

Financial market conditions

Dollar-Peso stability

In line with its commitment to preserve the stability and convertibility of the national currency, the BSP continued to monitor the US\$/₱ market and maintained its presence to manage the volatility of the exchange rate. The peso ranked the third most appreciated currency among the currencies monitored in the region.

With regard to participation in the US\$/₱ spot market, the BSP was a net buyer of dollars. In particular, the BSP net purchased dollars from January to April, July, November, and December 2023. Meanwhile, the BSP was a net seller of dollars in May, August, September, and October 2023. For June 2023, the BSP had no foreign exchange (FX) spot transaction.

The peso appreciated by 0.7 percent from ₱55.755/US\$1.0 at end-2022 to ₱55.370/US\$1.0 at end-2023 (range: 53.630–56.990). The local currency found support from the hawkish stance of the BSP, upbeat local data releases (e.g., GDP, foreign investment pledges, overseas remittances, infrastructure spending, and narrower budget and balance of payments [BOP] deficits), and positive outlook¹² on the local economy.

Risk appetite was also buoyed by the bilateral meeting between the two leaders of the US and China in November. Moreover, the peso appreciated on US dollar softness, as the US Federal Reserve (US Fed) signaled interest rate cuts in 2024. Expectations of dollar inflows in view of the seasonal pick-up in overseas remittances ahead of the Christmas holidays also supported the peso.

Nonetheless, gains in the peso were limited by bouts of dollar strength, driven by expectations that the US Fed would further increase interest rates early in the period. Risk sentiment was also influenced by concerns over global economic growth; worries on geopolitical tensions in the Korean Peninsula, Taiwan Strait, West Philippine Sea, Red Sea, and Israel; and the stripping off of the US' top-tier sovereign credit grade by Fitch Ratings.

Credit rating assessment

The Philippines maintained its investment grade credit ratings from all major international debt watchers. On 22 May 2023, Fitch Ratings revised its outlook from “negative” to “stable” on the Philippines’ investment grade long-term foreign currency rating of “BBB,” citing its confidence in the economy’s strong medium-term growth, the BSP’s credible inflation-targeting and flexible exchange rate regime, the country’s comfortable external payments position, and gradual fiscal consolidation. Fitch also acknowledged the Philippines’ sound policy framework.

¹² This includes the optimistic economic outlook of think tanks and financial institutions, expectations of a rebound in the country’s tourism sector, and Fitch Ratings’ affirmation of the Philippines’ investment grade rating at “BBB” on 23 May 2023, coupled with the upgrade of its outlook from “negative” to “stable.”

In November 2023, Fitch affirmed the country's "BBB" rating with a "stable" outlook. Both S&P Global ("BBB+") and Moody's Investors Service ("Baa2") also affirmed their investment grade credit ratings and kept the outlook "stable" in November 2023 and September 2022, respectively. Their favorable credit profile assessments were based on the comprehensive data provided by the BSP, which included information on sound economic policymaking, sustained economic growth, and the government's solid track record of implementing game-changing reforms and policies.

Investor relations

To further establish a positive perception of the Philippines as an investment destination, the BSP implemented a range of investor engagements.

The BSP organized eight international Philippine Economic Briefings (PEBs) in Frankfurt, Germany; London, United Kingdom (UK); Tokyo, Japan; Singapore; Dubai, United Arab Emirates (UAE); Toronto, Canada; and Washington, DC and San Francisco in the US. A smaller, intimate briefing was also held in Doha, Qatar. These international briefings provided a platform for the President and the top economic officials of the country, including the BSP Governor, to update global stakeholders on the latest economic policy direction, outlook, and available investment opportunities in the Philippines.

In the local setting, the BSP organized five domestic PEBs. The briefing in Manila was held after the State of the Nation Address, providing economic officials with an avenue to expound on the President's report. This was followed by PEBs in regional growth centers, including Davao, Cebu, Laoag, and Iloilo. These briefings promoted inclusion as local stakeholders were updated on the government's plans and programs tailored for the regions.

Both domestic and international PEBs were well-attended by target stakeholders. The average participation rate for domestic PEBs was 131.0 percent in 2023. These briefings were attended by senior representatives from the financial sector, diplomatic corps, and the private sector, including business chambers and industry associations. The PEB in Manila was the biggest local briefing, with over 800 participants.

The number of participants in international PEBs typically ranged from 50–150. However, one briefing stood out—the Philippines Business Opportunities Forum (PBOF) in Tokyo, co-organized by the BSP, the Philippine Embassy in Tokyo, and the Japan Economic and Trade Organization. The PBOF in Tokyo was the biggest international briefing, with over 640 participants.

In terms of reach, local PEBs received wide coverage from Philippine media, with pickup and engagements from newspapers, news radio channels, and online news sources. During international PEBs, economic officials engaged with numerous media outlets, including Deutsche Welle; The Westminster Gazette; Nikkei Europe; Reach PLC; fDI Intelligence; The Financial Times; The Banker; ASEAN Digest; Bloomberg; Associated Press; Reuters; ABS-CBN Europe; ABS-CBN USA; ABS-CBN The Filipino Channel News Middle East, Europe, and Africa; 999/New Perspective Media; Gulf Today; and Gulf News.

The BSP also arranged 72 investor meetings, both locally and internationally, providing opportunities for an in-depth discussion on the Philippine economy and relevant policies. These investor meetings brought together government resource persons, analysts, fund managers, policymakers, portfolio investors, and related stakeholders.

Accordingly, the Philippines significantly improved its standing in the Institute of International Finance's "Assessment of Investor Relations and Debt Transparency Practices"—rising from 12th place in 2022 to 3rd place in 2023. This demonstrated the strength of the BSP's investor relations program and its effectiveness in proactively engaging investors; communicating macroeconomic environmental, social, and governance (ESG) data and policy; and providing feedback communication channels. The Philippines received a score of 47.8 out of 50.0 in this assessment and was among the top countries with the largest improvement, recording a 6.4-point increase from 41.4 in 2022.

These investor engagements enhance authorities' commitment to transparency, openness, and ease of access to data and information. As pointed out by the IMF in its working paper on sovereign investor relations,¹³ international funds prefer to invest in more transparent markets. The paper also noted that sovereign investor relations can deliver benefits to the real economy. As investors become more familiar with the macroeconomic situation of an economy, supported by increased coverage from credit analysts, the increased transparency can generate positive spillover effects on investment in the real sector. This can manifest through greater market access for corporates and potential foreign direct investments (FDIs).

For the Philippines, conducting PEBs and investor meetings helps provide credible and timely information to stakeholders. The increased transparency and openness from these efforts have contributed to building institutional credibility and investor confidence, which translated to investments in the real economy.

In 2023, total approved investments by investment promotion agencies grew by 57.0 percent to ₱1.5 trillion from ₱934.3 billion in 2022. Meanwhile, inflows from FDIs were sustained at US\$8.9 billion.

¹³ Knight, J. & Northfield, B. (2020). *Sovereign investor relations: From principles to practice* [International Monetary Fund Working Paper No. 2020/204]. <https://www.imf.org/-/media/Files/Publications/WP/2020/English/wpiea2020204-print-pdf.ashx>

External sector

Balance of payments

The full-year 2023 BOP position posted a surplus of US\$3.7 billion, a turnaround from the US\$7.3 billion deficit recorded in the previous year. The BOP surplus was driven by the contraction of the current account deficit and the expansion of net inflows in the financial account.

The current account recorded a deficit of US\$11.2 billion (equivalent to -2.6 percent of GDP) in 2023. This was lower by 38.6 percent than the deficit of US\$18.3 billion (equivalent to -4.5 percent of GDP) recorded in 2022. The decline emanated from the narrowing trade in goods deficit, alongside the increase in net receipts from trade in services and secondary income accounts, partly mitigated by lower net receipts in the primary income account.

The trade in goods deficit narrowed by 5.6 percent in 2023, as the contraction in imports outpaced the decline in exports. Exports of goods fell by 4.1 percent y-o-y to US\$55.3 billion amid easing prices of export commodities and slower global economic activity.¹⁴ Lower exports were on account of the 4.8-percent decline in shipments of electronic products due to the global downturn in the demand for electronics. A y-o-y decrease was also recorded in exports of coconut products, particularly coconut oil and other mineral products, including coal, nickel ores, and nickel oxide sinters. Among major trading partners, lower demand from the US, Hong Kong, and Singapore mainly contributed to the decline in exports in 2023.

Meanwhile, imports of goods decreased by 5.0 percent to US\$121.1 billion, following the decline in international prices of import commodities.¹⁵ Imports of other mineral fuels and lubricants, largely gas oils; coal and coke; and materials and accessories for the manufacturing of electrical equipment decreased by 14.9 percent, 33.7 percent, and 30.4 percent, respectively. On a by-country basis, lower shipments from South Korea, Taiwan, and Japan mainly contributed to the decline in imports for the year.

Net receipts of trade in services rose by 20.3 percent to US\$19.1 billion as export receipts grew by 17.4 percent, outweighing the 15.6-percent growth of import payments. The increase mainly came from the rise in exports of travel services by 118.5 percent, following the rebound of international travel after the WHO declared the end of the coronavirus crisis in May 2023. Moreover, higher receipts were recorded from technical, trade-related, and other business services and computer services.¹⁶ This was partly offset by higher imports of travel services; technical, trade-related, and other business services; and financial services.

¹⁴ By using a price-volume analysis on all export commodity groups, about 92.6 percent of the change in the value of exports was due to price changes, while the remaining 7.4 percent was due to volume changes.

¹⁵ By using a price-volume analysis on all import commodity groups, about 91.5 percent of the change in the value of imports was due to price changes, while the remaining 8.5 percent was due to volume changes.

¹⁶ Exports of technical, trade-related, and other business services were largely composed of earnings from business process outsourcing (BPO)-related transactions. Total estimated BPO export revenues, consisting of computer and other business services, amounted to US\$29.7 billion from January to December 2023. This was higher by 8.1 percent than the US\$27.4 billion registered in the same period in 2022.

Primary income net receipts decreased by 10.8 percent to US\$4.4 billion in 2023. This was due to the 47.9-percent increase in income payments, which outpaced the 25.6-percent growth in income receipts. Interest income payments on other investments and direct investments rose by 221.7 percent and 103.9 percent, respectively. Payments of dividends on non-residents' direct investments also increased by 66.1 percent. The growth in income receipts stemmed from higher interest income on direct investments, other investments, and reserve assets. Compensation receipts from short-term resident overseas Filipino workers (OFWs)—most of whom are sea-based—likewise rose by 2.5 percent.

On the other hand, secondary income net receipts increased by 1.5 percent to US\$31.0 billion amid steady remittance inflows from non-resident OFWs, which grew by 3.1 percent. This was partly mitigated by the 52.6-percent rise in payments for other current transfers.

The capital account recorded higher net receipts amounting to US\$67.0 million in 2023. This was mainly due to net receipts from gross disposals of non-produced nonfinancial assets (e.g., patents, trademarks, and copyrights).

The financial account registered net inflows, or net borrowing by residents from the rest of the world, of US\$15.4 billion in 2023. This was higher by 11.0 percent y-o-y, primarily due to the surge in net inflows from the other investment account. However, this was mitigated by the reversal of the portfolio investment account to net outflows and the decline in net inflows of direct investments. The direct investment account recorded lower net inflows by 11.9 percent y-o-y. This was on account of the 6.6-percent drop in FDIs, coupled with the 1.1-percent growth in residents' direct investments abroad. The decline in FDIs to US\$8.9 billion mainly emanated from the contraction in non-residents' net investments in equity capital by 34.0 percent. Net equity capital investments mostly came from Japan, Singapore, and Germany. These placements were directed to the manufacturing; wholesale and retail trade, and repair of motor vehicles and motorcycles; and real estate industries. Residents' investments abroad rose slightly in 2023, owing to the increase in their net investments in equity capital by 53.9 percent.

Portfolio investments registered net outflows of US\$925.0 million in 2023, a reversal from the net inflows recorded in 2022. This resulted from the combined effects of residents' net investments in foreign assets and the 58.5-percent decline in foreign portfolio investments (FPIs). The outflows from residents' investments abroad stemmed mainly from other sectors' net placements in foreign equity securities, a turnaround from their net withdrawals in the previous year. FPI net inflows declined due to local banks' net redemption of their issued debt securities held by non-residents.

Net inflows of other investments increased by 72.7 percent to reach US\$11.3 billion in 2023. This was mainly on account of the uptick in non-residents' net investments in local financial assets and residents' net withdrawal of their investments abroad.

Non-residents' net investments in financial assets amounted to US\$9.5 billion during the review period, 55.0 percent higher than the net inflows recorded in the previous year. This emanated from combined increases in foreign loans availed by resident banks (US\$2.1 billion), other sectors (US\$2.7 billion), and the NG (US\$4.8 billion). In addition, net inflows from residents' net withdrawal of investments in foreign financial assets rose by 333.3 percent to US\$1.8 billion. This was mainly due to their net withdrawals of currency and deposits, amounting to US\$1.2 billion.

Meanwhile, trading in financial derivatives posted net gains of US\$115.0 million in 2023. This was higher by 139.3 percent than the US\$48.0 million net gains recorded in the previous year.

Gross international reserves

The gross international reserves (GIR) amounted to US\$103.8 billion as of end-December 2023, which was higher than the US\$96.1 billion posted in the same period in 2022. At this level, the GIR can cover 7.7 months' worth of imports of goods and payments of services and primary income. It is also equivalent to 6.1 times the country's short-term external debt based on original maturity and 3.5 times based on residual maturity.

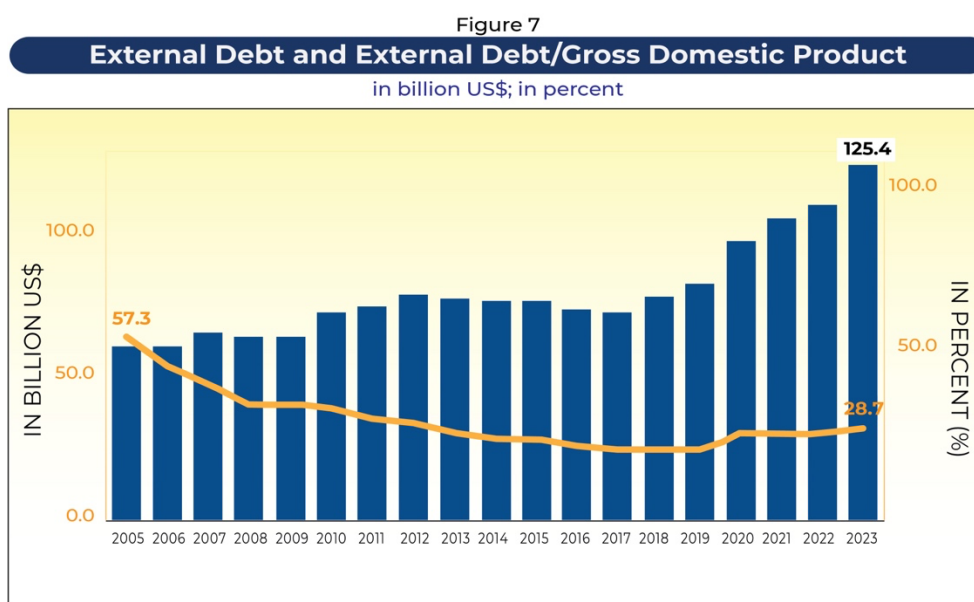
The y-o-y increase in reserves mainly reflected (1) the NG's net foreign currency deposits with the BSP, (2) the upward adjustments in the BSP's foreign currency-denominated reserve assets and gold holdings, (3) the net income from the BSP's investments abroad, and (4) the BSP's net FX operations.

By asset component, the bulk of the country's total reserves was held in foreign investments at 84.7 percent, followed by gold at 10.2 percent. The remaining 5.1 percent were in holdings of Special Drawing Rights (SDRs), FX, and the Reserve Position in the IMF.

Net international reserves, which refer to the difference between the GIR and total short-term liabilities of the BSP, amounted to US\$103.7 billion as of end-December 2023. This was an increase of US\$7.6 billion from US\$96.1 billion in the previous year.

External debt

The debt stock of the country rose from US\$111.3 billion in 2022 to US\$125.4 billion as of end-December 2023. The increase was driven by the total net availments of US\$9.2 billion, which were mostly net borrowings by the NG (US\$7.9 billion); the change in the scope of external debt to include non-residents' holdings of Philippine debt securities issued onshore of US\$4.4 billion, as reported in the first quarter of 2023; and the prior years' adjustments of US\$1.2 billion.



The maturity profile of the country's external debt remained predominantly medium- and long-term (MLT), with a share to total of 86.4 percent (US\$108.3 billion). Of the MLT accounts, 54.9 percent (US\$59.4 billion) had fixed interest rates, 43.4 percent (US\$47.0 billion) carried variable rates, and 1.7 percent (US\$1.8 billion) were non-interest bearing.

On the other hand, short-term accounts comprised 13.6 percent (US\$17.1 billion) of the outstanding debt stock. This consisted of bank liabilities, trade credits, and other liabilities. Such maturity profile indicates that FX requirements for debt payments remained spread out into the future, making the short-term repayment burden manageable.

Public sector external debt grew by US\$10.4 billion (15.5 percent) to US\$77.8 billion in 2023, as the NG raised funds for its infrastructure projects, general financing requirements, and social welfare programs. About US\$71.0 billion (91.2 percent) of public sector obligations were NG borrowings, while the remaining US\$6.8 billion (8.8 percent) were borrowings of government-owned and -controlled corporations, government financial institutions, and the BSP. Similarly, private sector borrowings rose by US\$3.7 billion (8.4 percent) to US\$47.6 billion, mainly due to net borrowings by banks.

Major creditor countries were Japan (US\$15.6 billion), China (US\$4.7 billion), and the UK (US\$4.2 billion).

The creditor mix continues to be well-diversified. Loans from official sources, including multilateral and bilateral creditors, had the largest share (38.5 percent) of the total outstanding debt. This was followed by borrowings in the form of bonds/notes (32.7 percent) and obligations to foreign banks and other financial institutions (22.9 percent). The remaining (6.0 percent) were owed to other creditors, mainly suppliers/exporters.

In terms of currency mix, the country's debt stock remained largely denominated in US dollar (75.3 percent or US\$94.5 billion) and Japanese yen (9.0 percent or US\$11.3 billion). The rest (15.6 percent or US\$19.6 billion) were obtained from 18 other currencies, including the Philippine peso (6.9 percent), the euro (4.7 percent), and SDRs (3.1 percent).

Despite the increase in external debt, its indicators remained within prudent levels. The GIR was sufficient to cover 6.1 times worth of short-term debt based on original maturity. The debt service ratio—which relates principal and interest payments to exports of goods and receipts from services and primary income—increased from 6.3 percent in 2022 to 10.2 percent in 2023. This was on account of the higher recorded principal and interest payments during the year. The external debt ratio—which pertains to the total outstanding external debt expressed as a percentage of GDP—increased from 27.5 percent in end-2022 to 28.7 percent in end-2023. In hindsight, the low ratios indicate the sustained capability of the country to service foreign obligations in the medium to long term.

WHAT

WE DID IN 2023:

The three pillars
of central banking



What we did in 2023:

The three pillars of central banking

Pursuing price stability through timely initiatives

Monetary stability

The BSP raises its monetary policy interest rate.

In 2023, the BSP raised the target reverse repurchase (RRP) rate by a cumulative 100 basis points (bps) to 6.5 percent. The Bank increased the target RRP rate by 50 bps and 25 bps in its 16 February and 23 March monetary policy meetings, respectively. Meanwhile, the other 25-bp increase was made during an off-cycle meeting on 26 October 2023.

The BSP's decisions on the target RRP rate remained data-dependent. These were intended to prevent sustained price pressures from becoming entrenched and causing inflation expectations to drift further away from the NG's target range. Such decisions also aimed to address demand-driven pressures and secondary effects of supply-side shocks and allow the impact of previous monetary policy decisions to continue to manifest in the economy.

During the latter part of the year, the BSP recognized the need to maintain tight monetary policy settings to anchor inflation expectations, especially as the risks to inflation continued to lean toward the upside. Nonetheless, the Bank emphasized its readiness to make further monetary policy adjustments as necessary.

The BSP enacts critical reforms to enhance monetary policy transmission.

In 2023, the BSP implemented a series of operational reforms to the overnight RRP facility, transforming it into a variable-rate auction facility. This change provides the central bank and the financial system with a market-based instrument that yields a market-determined interest rate.

Following the RRP facility's shift to a variable-rate auction format, the BSP renamed its key monetary policy interest rate to the target RRP rate. The overnight RRP rate was designated as an operational target that will help align market interest rates with the Bank's monetary policy stance.¹⁷

The BSP also followed through with its commitment to bring the reserve requirement ratios (RRRs) for universal and commercial banks (U/KBs) to single digits. On 30 June 2023, the Bank reduced the RRRs for U/KBs and non-bank financial institutions with quasi-banking functions (NBQBs) by 250 bps; digital banks (DGBs) by 200 bps; and thrift, rural, and cooperative banks by 100 bps. This measure brought the RRRs of U/KBs and NBQBs to 9.5 percent, DGBs to 6.0 percent, thrift banks (TBs) to 2.0 percent, and rural and cooperative banks (RCBs) to 1.0 percent.

¹⁷ For more information, see the box article "Reforming the BSP's Reverse Repurchase Operations."

The operational adjustments in the RRP facility and the RRRs did not constitute any shift in the BSP's monetary policy settings. Nonetheless, these efforts were geared toward the Bank's pursuit of a more active and flexible approach to liquidity management through market-based monetary operations.

Box Article 1

Reforming the BSP's Reverse Repurchase Operations

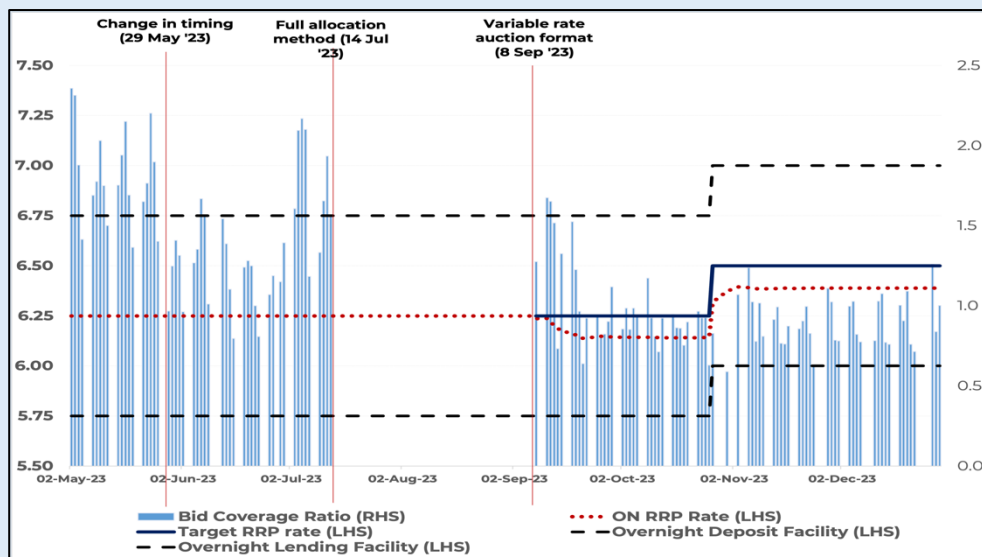
A reverse repurchase (RRP) agreement is a transaction wherein one party sells a security to a counterparty with a commitment to buy back that same security at a predetermined price at a specified time in the future.

For the monetary operations of the Bangko Sentral ng Pilipinas (BSP), the overnight (ON) RRP facility allows eligible banks to place their excess funds with the central bank and receive the equivalent government securities (GS) in exchange. The BSP returns the deposited funds with interest to the banks, while the banks return the GS to the BSP the following business day.

The RRP facility is the BSP's key policy instrument to implement its monetary policy stance by absorbing marginal liquidity and ensuring that short-term interest rates are in close alignment with the policy rate.

In 2023, the RRP facility underwent significant transformations to strengthen the capacity of the RRP instrument to transmit the BSP's policy rate to the financial system and, subsequently, to the broader economy. These changes were implemented in three phases.

Figure 1
Reverse Repurchase Auction Results
in percent, except bid-to-cover ratio
2 May–29 December 2023



Source: Bangko Sentral ng Pilipinas

Notes:

LHS – left-hand side

RHS – right-hand side

First, on 29 May 2023, the daily operation of the RRP facility was moved from 4:00–4:30 p.m. to 11:00–11:30 a.m. This adjustment aimed to encourage banks participating in the RRP facility to take a more active approach to managing their funds.

At that point, the interest rate in the RRP facility was equivalent to the policy rate. Rescheduling the RRP operation to an earlier time also enabled the BSP to provide the market with guidance for short-term rates in the morning and set the tone for other financial transactions throughout the day.

Second, on 14 July 2023, the RRP facility transitioned to a full-allocation format. This eliminated the restrictions on the amount that the BSP could accept from participating banks, which was previously capped at up to ₱305 billion. The shift allowed the BSP the flexibility to accommodate fluctuations in the level of excess funds in the financial system. Furthermore, the full allocation provided valuable information on the actual demand for the RRP facility, enhancing the liquidity forecasting process.

Finally, on 8 September 2023, the RRP facility transformed into a variable-rate auction format, and the daily operation of the RRP facility was moved from 11:00–11:30 a.m. to 11:30–12:00 noon. This last phase of the reform also involved the following changes to the BSP's key interest rates: (1) The BSP policy rate was renamed to "target RRP rate." With this adjustment, changes in the target RRP rate now signal the Bank's monetary policy stance. (2) An operational target, called the "ON RRP rate," was introduced. The ON RRP rate is determined by the market through the auction results in the RRP facility. As a market-based rate, it can vary daily to reflect prevailing liquidity conditions.

In the variable-rate auction format, the BSP begins by announcing the volume it intends to accept during the auction for the business day. This volume may change daily, depending on liquidity forecasts. The participating banks can then submit through the BSP's Monetary Operations System the amount they want to place and the bid rate they seek to receive. Meanwhile, the BSP will evaluate the bids and award them on a competitive basis. This starts from the lowest bid rate and works upward until the total offer amount is reached. The resulting weighted average interest rate obtained during the auction will be the ON RRP rate for the day.

Ultimately, having an operational target rate helps the BSP in assessing the effectiveness of monetary policy transmission. If the ON RRP rate deviates excessively from the target RRP rate, the BSP can pursue offsetting monetary operations to change liquidity conditions. This may involve adjusting the offer volume in the next round of the RRP auction to bring the operational target rate closer to the target RRP rate and to align it with the desired monetary policy stance.

The ON RRP rate may also serve as a daily reference rate for market participants in pricing their financial transactions with each other. The daily RRP auctions ensure that they have a short-term reference rate for every business day.

Moving forward, the BSP will continue to monitor the results of the variable-rate RRP auction to ensure the effective transmission of the Bank's monetary policy stance to the economy. Refining the implementation of monetary policy is indeed a continuing process—one which the BSP is ready to undertake in keeping with its price stability mandate.

Box Article 2

Shaping Expectations through Forward Guidance

Forward guidance as a monetary policy tool

In line with other central banks, the Bangko Sentral ng Pilipinas (BSP) utilizes forward guidance to communicate the likely direction of monetary policy. This guidance is based on an assessment of the current economic environment and the outlook for inflation and growth. In recent years, the BSP continually refined its monetary policy communications by enhancing transparency, adopting a more audience-centric language, and ensuring consistency between policy messages and monetary policy decisions.

The Monetary Board has been known to provide purely qualitative forward guidance, using broad statements to present the anticipated path of monetary policy. This differs from two other approaches: (1) state-contingent forward guidance, which requires certain conditions to be met before a central bank makes a monetary policy action; and (2) time-contingent forward guidance, which provides information on the probable stance of monetary policy at a specific time in the future (Sutherland, 2020).

Recognizing the importance of clear and reliable forward guidance, the BSP shifted to using more concrete and specific language. This move was geared toward improving the effectiveness of forward guidance in calming markets amid heightened economic uncertainty, particularly when agents tend to receive conflicting signals on the state of the economy.

Forward guidance amid the pandemic

During the COVID-19 health crisis, the BSP remained committed to ensuring price stability and maintaining adequate domestic liquidity to support the economy. In 2022, the Bank launched the *Monetary Policy Report* (MPR) as its flagship publication, replacing the quarterly *Inflation Report*. While both reports are aligned with the inflation targeting framework, the MPR provides clearer, more detailed, and more transparent signaling of the BSP's monetary policy stance.

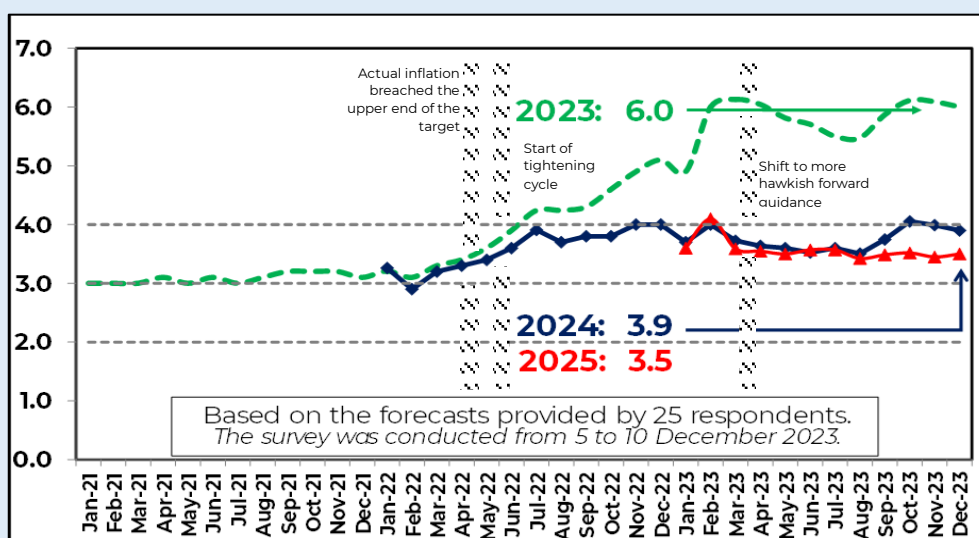
As the Philippine economy recovered from the pandemic, significant supply shocks resulted in rising inflation and increased market volatility. The BSP then recognized the need for greater transparency in its messaging to anchor inflation expectations and temper second-round effects. Thus, throughout 2022 and 2023, the Bank discussed the underlying causes of price pressures and its plans to keep monetary policy settings sufficiently tight to address persistent inflationary risks.

Forward guidance, expectations, and uncertainty

In 2023, the BSP's hawkish forward guidance helped manage inflation expectations by reducing uncertainty on the direction of monetary policy amid supply-driven inflation. The Bank reaffirmed its hawkish stance, stating in its policy communications that: "It is necessary to keep monetary policy settings sufficiently tight until a sustained downtrend in inflation becomes fully evident, and inflation expectations are firmly anchored."

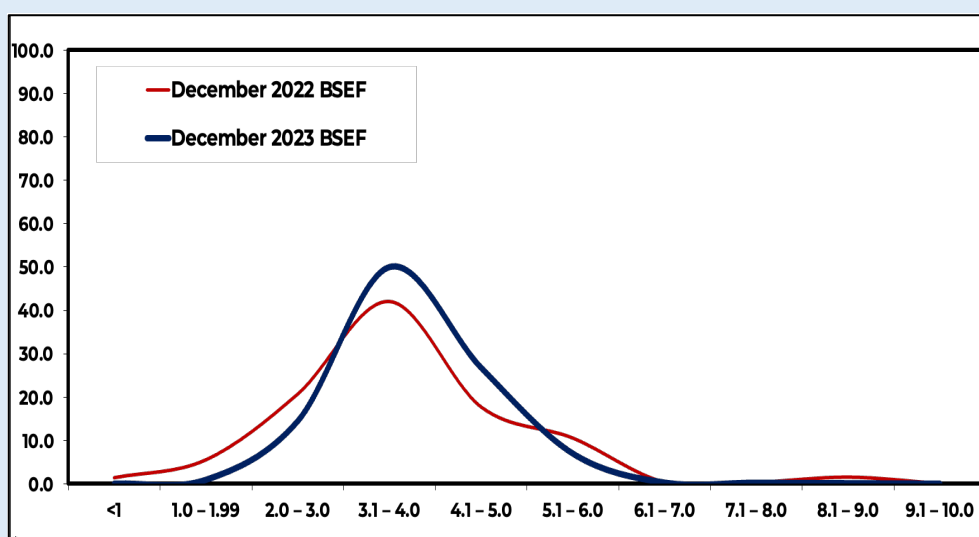
The BSP also reiterated its commitment to bringing inflation within the target range, stating that: “Guided by incoming data, the BSP remains prepared to resume monetary policy tightening, as necessary, to steer inflation toward a target-consistent path in line with its price stability mandate.”

Figure 1
BSP Survey of External Forecasters
mean forecast for full year; in percent



Source: Bangko Sentral ng Pilipinas

Figure 2
Evolution of Probability Distribution for Analysts' Inflation Forecasts for 2024
BSP Survey of External Forecasters (BSEF) results
December 2022 vs. December 2023



Source: BSEF

Correspondingly, the BSP's forward guidance helped reduce market uncertainty. Foreign exchange pressures have eased since 2023. The Philippine peso was also relatively stable, suggesting low volatility despite high inflation. Compared to other Asian currencies, the peso only weakened slightly—even amid global headwinds.

The changing slope of long-term secondary market yields also reflects the impact of the BSP's communication on inflation expectations. The yield curve sloped upwards prior to the Bank's monetary policy tightening in May 2022. However, the yield curve flattened after the BSP paused its monetary policy tightening, as inflation expectations stabilized and became more anchored within the target range.

As inflation gradually returns within the target range, the BSP will continue to refine its forward guidance, making it a more effective policy tool for guiding markets and bolstering monetary policy transmission. This will elevate the Bank's transparency, comprehensibility, and credibility and help it better serve the needs of its key stakeholders and the general public.

REFERENCE

Sutherland, C.S. (2020). *Forward guidance and expectation formation: A narrative approach* [Bank for International Settlements Working Paper No. 1024]. <https://www.bis.org/publ/work1024.pdf>

Monetary operations

Management of domestic liquidity

The BSP conducted regular market operations to implement its monetary policy. These operations included transactions in the overnight RRP facility, the term deposit facility (TDF), the overnight deposit facility (ODF), the overnight lending facility, and the BSP securities facility (BSP-SF).

For 2023, outstanding placements in the central bank's monetary tools, particularly the RRP facility, TDF, ODF, and BSP-SF, amounted to ₱1.84 trillion as of 29 December 2023. This was higher than the ₱1.83 trillion outstanding placements as of 29 December 2022.

The BSP also continued to gather and consolidate daily data on interbank call loan (IBCL) transactions, which were published daily on Bloomberg and Reuters. The average two-way volume of IBCL transactions rose from ₱6.6 billion in 2022 to ₱12.0 billion in 2023. Meanwhile, the IBCL rate climbed from 5.5 percent in end-2022 to 6.4 percent in end-2023 on account of the BSP's rate hikes during the year.

IBCL activity picked up due to the operational changes to the overnight RRP facility. These changes included shifting the facility's daily operations to the morning from the afternoon, adopting a full allotment awarding system, and shifting to a variable-rate fixed-offer framework. The changes encouraged banks to trade more actively in the afternoon after placing their funds in the overnight RRP facility. By the end of 2023, the BSP had siphoned ₱640.0 billion through the overnight RRP facility, higher than ₱305.0 billion a year ago.

As for the interbank repo market, ₱26.0 billion worth of trades was recorded, higher than the ₱3.0 billion in 2022. Banks borrowed funds for deposit maturities and reserve requirements.

Loans and credit

The BSP instituted reforms in its credit facilities to influence the volume of credit, consistent with its mandate of maintaining price and financial stability. The Bank remained responsive to the changing needs of the economy. Among the credit reforms implemented during the year were:

- changes in the computation of (1) the peso rediscount rate to be more reflective of the movements in market interest rates and (2) the US dollar and Japanese yen rediscount rates, given the cessation of the London interbank offered rate;
- termination of the overdraft credit loan facility due to reforms in check clearing and settlement, which now prohibit banks from incurring overdrafts. This makes the intraday settlement facility the sole central bank-operated funding facility to prevent gridlocks due to timing mismatches in the settlement of payments at the Philippine Payment and Settlement System plus (PhilPaSS^{plus}); and

- adoption of an investment policy statement to govern the operations and procedures in the investment of certain managed funds intended to cover the payment of loans extended by the BSP, the then Central Bank of the Philippines, or other government agencies.

Meanwhile, the BSP remitted ₱2.5 billion to the NG in 2023. This consisted of the Educational Loan Guarantee Fund (₱48.5 million), the partial settlement of the Central Bank Board of Liquidators' receivables assigned to the NG (₱467.5 million), and the cash portion of the local counterpart funds (₱1.9 billion).

Banks maintained rediscounting lines with the BSP as an alternative source of funding should the need for temporary liquidity arise. As of 31 December 2023, 45 banks had active rediscounting lines with the central bank. These were composed of 24 RCBs, 14 U/KBs, and seven TBs, with an aggregate value of ₱323.2 billion.

The BSP extended loans amounting to ₱242.6 million in 2023. This was significantly lower by 99.9 percent than the loans granted in 2022. Accordingly, total principal collections reached ₱247.2 million, likewise lower by 99.9 percent than in 2022. This may be attributed to sufficient liquidity in the banking system, as reflected by banks' non-availment of rediscounting loans and the NG's non-renewal of the ₱300.0 billion provisional advances it secured to address the adverse impact of COVID-19 in 2022.

No new past due loan (PDL) has been recorded since 2014. Existing PDLs decreased by 0.3 percent from ₱4.53 billion as of 31 December 2022 to ₱4.51 billion as of 31 December 2023. This was on account of recoveries through cash collections, foreclosure proceedings, or *dacion* of real properties by the Philippine Deposit Insurance Corporation (PDIC) of ₱4.4 million and the write-off of ₱10.5 million.

With the foregoing movements, the total outstanding loan portfolio stood at ₱85.83 billion as of 31 December 2023. This was slightly lower than the ₱85.84 billion outstanding loans as of 31 December 2022.

The BSP remains steadfast in refining its credit facilities to ensure their effectiveness and adaptability to the evolving financial and digital environment. This commitment is integral to the central bank's thrust toward a sustainable and inclusive financial system.

International operations

The BSP kept the service requirements for external debt at manageable levels to ensure external debt sustainability. In 2023, the Monetary Board (MB) approved a total of US\$14.5 billion public sector medium- to long-term foreign borrowings. This was composed of two bond issuances (27.6 percent), 10 program loans (33.2 percent), and 14 project loans (39.2 percent).

Bond issuances consisted of the NG's general financing requirements for 2023 (US\$3.0 billion) and the Philippines' maiden *sukuk* issuance (US\$1.0 billion). The program loans (totaling US\$4.8 billion) were intended to support economic recovery and development, environmental protection, climate resilience, and COVID-19 pandemic response. The project loans (aggregating US\$5.7 billion) were used to fund infrastructure, transportation, education, climate resilience, and agriculture.

The BSP facilitates the servicing of private sector foreign borrowings. In 2023, the Bank registered 328 private sector foreign loan accounts that amount to US\$6.0 billion, excluding the issuance of 164 registration documents amending the loans' financial terms. These borrowings were used for general corporate purposes, relending, capital expenditures, and working capital requirements. The BSP also registered guarantees of US\$70.5 million.

Moreover, the BSP supported the country's policy to encourage foreign investments. In 2023, foreign investments registered with the central bank aggregated US\$798.0 million. Of these registered investments, US\$762.0 million (95.5 percent) were funded by cash through inward/constructive remittances. The remaining 4.5 percent were funded by stock/cash dividends (US\$37.0 million) and debt-to-equity conversion (less than US\$1.0 million). The funds came mainly from Japan (US\$484.0 million), South Korea (US\$94.0 million), British Virgin Islands (US\$86.0 million), Australia (US\$29.0 million), Taiwan (US\$28.0 million), and Thailand (US\$26.0 million). The major beneficiaries of the investments were firms engaged in real estate (US\$288.0 million), manufacturing (US\$203.0 million), financial and insurance (US\$91.0 million), information and communication (US\$64.0 million), and construction (US\$51.0 million).

On the other hand, foreign investments registered with the BSP through authorized agent banks (AABs) in 2023 aggregated US\$12.9 billion, an increase of US\$542.0 million (4.4 percent) from US\$12.3 billion in the previous year. These were composed of investments in Philippine Stock Exchange (PSE)-listed securities (57.3 percent), peso government securities (42.7 percent), and other investments (less than 1.0 percent). The top five investor countries were the UK, US, Singapore, Luxembourg, and Japan, with a combined share of 83.5 percent.

The outflows recorded for the reference period reached US\$13.1 billion. Majority of this represented capital repatriation (US\$12.5 billion or 95.1 percent), while the remaining were remittance earnings (US\$637.0 million or 4.9 percent). The US continued to be the main destination of outflows, with a share of 63.6 percent.

Overall transactions yielded net outflows of US\$247.0 million in 2023, a reversal from the US\$887.0 million net inflows last year. Capital flows were driven by market sentiment on the Russia-Ukraine war, the resurgence of the Israel-Hamas war, China's economic slowdown, and the contagion effects of Credit Suisse Bank's collapse as well as Silicon Valley Bank and Signature Bank's closure amid a high-interest rate environment. Market sentiment was also influenced by the US Fed and the BSP's policy rate hikes to arrest persistent inflation, the suspension of the US debt ceiling,¹⁸ lower y-o-y domestic inflation,¹⁹ and developments on other domestic economic data.

Meanwhile, the BSP issued Circular No. 1171 dated 29 March 2023, amending the rules and regulations governing FX in the country. The circular aimed to adopt as a permanent policy the majority of the operational relief measures for FX transactions introduced by the BSP in response to the COVID-19 pandemic. This move intended to maintain the ease of transacting with the central bank and the banking system, consistent with the BSP's goal of streamlining the procedures and documentary requirements for FX transactions. To facilitate the implementation of amendments to FX rules under the said circular, the Bank also issued Circular Letter No. CL-2023-027 and Memorandum No. M-2023-015, both dated 24 April 2023, and Memorandum No. M-2023-021 dated 29 June 2023.

To increase public awareness of FX regulations and statistics, the BSP conducted virtual information sessions on foreign investments, particularly on the registration process of FDIs in condominiums and prospective registering AABs. The BSP held five briefings for banks and other industry associations to proactively engage its stakeholders on FX market rules and reforms. A virtual briefing for selected government agencies was also conducted as part of the Bank's 30th anniversary celebration.

The BSP also released public advisories on quarterly external debt developments and frequently asked questions (FAQs) on the Bank's FX regulations for better stakeholder understanding and compliance. Separate FAQs on private sector foreign borrowings, the Philippines' outstanding external debt, public sector foreign borrowings, and inward foreign and outward investments were likewise published online.

International reserves management

Global market sentiment was volatile in 2023. Global investors entered the year bracing for a recession after central banks' hiking cycles in 2022. Bank failures (e.g., Credit Suisse Bank, Silicon Valley Bank, and Signature Bank) in March saw credit conditions tighten sharply, followed by the US debt ceiling and government shutdown concerns from May to June and the geopolitical turmoil (i.e., Israel-Hamas war) in October.

¹⁸ This move averted the US government from defaulting on its debt obligations if the debt ceiling was not lifted or suspended.

¹⁹ Domestic inflation decelerated y-o-y from February to November 2023, except for August and September 2023.

Nonetheless, the US economy proved resilient—amid data pointing to easing inflation and labor market cooling—and market sentiment shifted to “higher for longer” rhetoric. In the final months of the year, excitement has grown about the prospect of a soft landing, and the market has priced in rate cuts as early as Q1 2024. Optimism was boosted further at the December Federal Open Market Committee meeting, with the US Fed’s dot plot now pointing to three rate cuts in 2024.

Despite the challenging environment, the BSP prudently managed the GIR. The Bank implemented strategies aimed at enhancing returns and diversifying risks, all while prioritizing liquidity and capital preservation and adhering to the objectives and risk limits set and approved by the MB. These strategies involved ensuring the adequacy of reserve tranches to support domestic operations amid developments in global financial markets and strengthening the framework for managing reserve portfolios by conducting periodic reviews of asset allocation and investment guidelines.

Further, the BSP continued to engage the services of external fund managers for its fixed-income portfolios. The externally managed portfolio posted positive absolute returns in 2023, as yields fell on the back of easing inflation and a pause in the rate hiking cycle of major central banks.

The BSP also managed the gold reserves portfolio within the approved parameters. The Bank similarly enhanced its gold reserves framework through periodic reviews of relevant policies and investment guidelines.

International economic cooperation

The BSP advanced regional and global cooperation through proactive engagement with international counterparts in various regional and global forums. In 2023, the Bank focused on planning, coordinating, and implementing monetary and financial measures to help the country navigate the challenging operating environment and achieve a more resilient, sustainable, and inclusive economy.

Collaborative engagements were made with the Bank for International Settlements (BIS), the IMF, the ASEAN, the ASEAN+3 Macroeconomic Research Office (AMRO), the Asia-Pacific Economic Cooperation Forum, the Asian Development Bank (ADB), the Executives’ Meeting of East Asia-Pacific Central Banks, and the South East Asian Central Banks (SEACEN) Research and Training Centre. These initiatives involved information sharing through multilateral meetings and policy dialogues, participation in financial safety nets, upholding of current and advancement of new trade and financial agreements, enhancement of international surveillance, and facilitation of bilateral surveillance missions to the Philippines.

Financial cooperation

Multi-layered financial safety nets serve as financial buffers against the risks of tightening global financial conditions. As such, the BSP remained dynamic in its participation in regional and global financial safety nets and financing arrangements to promote stability in the financial landscape and uphold the international monetary system.

At the regional level, the BSP sustained its dialogue with ASEAN+3 member economies to enhance the operational aspects of the Chiang Mai Initiative Multilateralization, which provides financing for potential or actual BOP difficulties.

The BSP served as chair of the task force on the re-establishment of the ASEAN Swap Arrangement (ASA). In line with this, the Bank facilitated task force deliberations for the enhancement of the ASA and prepared discussion papers on its guiding principles, engaging with AMRO and ADB for research support. The central bank presided over three task force meetings in 2023.

On the global front, the Philippines, through the BSP, continued to contribute to the IMF's fund-raising initiatives to supplement its quota resources, in case its current firepower fell short of members' needs. Among these initiatives were the following:

- **Bilateral Borrowing Agreements.** The BSP consented to a one-year extension of the Note Purchase Agreement (NPA) with the IMF on 3 July 2023. The Bank has a maximum commitment amount of US\$431.0 million under the NPA.
- **Financial Transactions Plan (FTP) and New Arrangements to Borrow (NAB).** The BSP continued to facilitate currency exchange with the IMF, through the FTP, to help in its lending operations to member countries in need. In addition, the Bank stands ready to provide loan resources with a maximum commitment amount of SDR680.0 million (US\$912.0 million) under the NAB.²⁰
- **Poverty Reduction and Growth Trust (PRGT) and Catastrophe Containment and Relief Trust (CCRT).** The BSP contributed US\$5.0 million to the PRGT, a facility meant to address the needs of low-income countries, which was disbursed in January 2023. The Bank also approved the contribution of US\$4.0 million to the CCRT, which is being disbursed in four equal annual installments from 2021 to 2024, with the third tranche of US\$1.0 million disbursed on 24 November 2023.
- **Sixteenth General Review of Quotas (16th Review).** The BSP closely coordinated with the Department of Finance to secure special authority from the Office of the President for an increase in the Philippines' quota in the IMF. Under the 16th Review, the country's quota will increase from SDR2.0 billion to SDR3.1 billion. This is equivalent to a 50.0-percent rise, amounting to SDR1.0 billion (US\$1.4 billion or ₱76.3 billion).²¹

²⁰ US\$1.0 = SDR0.7 as of 26 December 2023 (Source: IMF website)

²¹ US\$1.0 = ₱55.7 as of 26 December 2023 (Source: BSP website)

Through these, the Philippines remained an active player in strengthening international cooperation and supporting global financial safety nets. The country remaining as a Fund financial partner is a firm manifestation of the commitment to achieve strong macroeconomic fundamentals and preserve the stability of the international monetary system.

Regional cooperation

The BSP actively contributed insights on key economic and financial issues during ASEAN working committee meetings, the high-level ASEAN Finance Ministers and Central Bank Governors' meeting, the ASEAN Finance and Central Bank Deputies' meeting, and the meetings of the Senior-Level Committee on Financial Integration. Meetings under the ASEAN Finance Process were held in February, March, July, and August 2023 in Indonesia.

To broaden the reach of payments digitalization, the BSP also committed to the ASEAN leaders' "Declaration on Advancing Regional Payment Connectivity and Promoting Local Currency Transactions."

Other cooperation efforts with regional central banks also underwent various stages of implementation in 2023. The BSP had been working with Bank Indonesia to finalize the draft text for the proposed memorandum of understanding (MOU) on cooperation. This aims to integrate and upgrade existing MOUs on cooperation relating to payment systems, anti-money laundering, and counter-terrorism financing between the two central banks. The BSP and the Bank of England conducted a virtual information-sharing session on Islamic banking regulations. Discussions on bilateral cooperation with the Central Bank of Bahrain, Qatar Central Bank, and the Bank of Korea are still ongoing.

On the other hand, the BSP took part in negotiations on the Philippines' commitments under the ASEAN-Canada Free Trade Agreement (FTA), the ASEAN-Australia-New Zealand FTA Upgrade, and the ASEAN-China FTA. The Bank also joined in the discussions for the World Trade Organization (WTO)'s Joint Statement Initiatives on Investment Development Facilitation and Electronic Commerce, the Indo-Pacific Economic Framework, the memorandum of agreement (MOA) between the Philippines and the Colombo Plan Staff College, the Philippines-Nepal Bilateral Consultation Mechanism, the Philippines-UK Economic Dialogue and Joint Action Plan, and the Philippines-Russia Joint Commission on Technical and Economic Cooperation. As part of the implementation of the ASEAN Trade in Services Agreement, the BSP completed the working draft of the non-conforming measures for banking.

Partnerships and engagements

The BSP engaged with dialogue partners from various international organizations, embassies, and the private sector, including the US-ASEAN Business Council, the European Union-ASEAN Business Council, the ASEAN-Republic of Korea Financial Cooperation Centre, the European Chambers of Commerce of the Philippines, the British Embassy Manila, and the Embassy of Malaysia in Manila.

Moreover, the BSP actively participated in interagency committee work in the country. This involved engagements with the Philippine Trade Facilitation Committee and its technical working groups, the Technical Committee on WTO Matters, the Philippine Council for Regional Cooperation's Committee for the ASEAN Economic Community, the Inter-Agency Committee on Financial Services, the ASEAN Plus Dialogue Partners Trade in Services' Philippine Working Group on Services, the Inter-Agency Committee on Trade in Services, and the Ad Hoc Committee on Electronic Commerce under ASEAN Matters.

The BSP facilitated the issuance of updated certificates of concurrence for the Philippines-Israel Investment Promotion and Protection Agreement (IPPA), the Philippines-UAE IPPA, and the modifications to the Philippines' schedule of commitments under the WTO's General Agreement on Trade in Services, in relation to the Joint Statement Initiative on Services Domestic Regulation.

International conferences

In support of its efforts toward international economic cooperation, the BSP held meetings and conferences with global counterparts throughout the year.

On 15 June 2023, the BSP hosted the 43rd SEACEN Directors of Research and Monetary Policy meeting, which was attended by 56 participants from 17 central banks and monetary authorities, and the 15th SEACEN Expert Group on Capital Flows meeting.

The Bank, in collaboration with the SEACEN Centre, then hosted a conference on capital flows on 16 June 2023. The conference focused on the importance of broader policy tools to address risks associated with volatile capital flows. It was attended by 97 participants, bringing together policymakers, international organizations, and the academe. The SEACEN's book *Challenges and Options in Managing Capital Flows for Small, Open, and Financially-Integrated Economies* was also launched during the event.

On 16–17 November 2023, the BSP hosted the 3rd ASA Task Force meeting in Boracay, Aklan. The task force agreed that despite the presence of other financing arrangements, including bilateral swap arrangements and regional financing arrangements, the ASA remains relevant in providing buffer/leverage specifically for ASEAN members. The meeting also affirmed the need to enhance the ASA's elements and clearly define its role and niche within the network of global and regional financial safety nets.

Surveillance

The BSP-conceptualized Economic Vulnerability Index (EVI) was approved for implementation as a quarterly surveillance report to the MB in March 2023. The EVI is a macro-financial surveillance tool that measures vulnerability in the Philippines and four other benchmark economies in the region.²²

²² The benchmark economies are Thailand, Indonesia, Malaysia, and China.

Using five channels (i.e., external, financial, fiscal, monetary, and spillover) and 20 indicators, the EVI uses quarterly data to:

- construct an index that measures overall vulnerability;
- assess the evolution of such vulnerability over time;
- detect the buildup of vulnerability in specific areas; and
- compare the Philippines' vulnerability with similar economies.

Several developments in the EVI occurred further in the year. The maiden report for Q1 2023 was presented to the MB on 29 June 2023. The framework was also presented in a brownbag session on 8 February 2023 and during the BSP Research Huddle on 20 September 2023 to a BSP-wide audience for further discussion and possible improvements. Currently, the framework is being enhanced to expand the benchmark to include more comparator economies and extend the series to cover the Asian Financial Crisis.

At the same time, the BSP partially automated its Country Fact Sheet (CFS) to increase efficiency and accuracy. The CFS is a document that shows recent economic conditions in a particular economy and its bilateral relations with the Philippines. It is used by BSP senior management as a reference material when they participate in multilateral and bilateral meetings, conferences, and other engagements. The CFS was also enhanced to include additional tools like the Sankey diagram, which depict the country's trade relations with partners.

The BSP hosted various surveillance engagements, including the AMRO Annual Consultation Visit from 29 August 2023 to 8 September 2023 and the IMF Article IV Annual Consultation Mission to the Philippines from 21 September 2023 to 3 October 2023.

Promoting a sound, stable, and resilient financial system

The Philippine financial system remained a source of strength, supporting the financing needs of the domestic economy. In 2023, the BSP continued to adopt progressive financial sector reforms and prudential standards to ensure institutional stability, advance sustainable finance, and promote innovation in the financial system.

The Philippine banking system²³

The Philippine banking system sustained its growth trajectory in terms of both its financial position and results of operations. Asset growth was funded by stable domestic deposits and channeled mostly to lending and investment activities. Along with the continued improvement in credit activity, loan quality remained satisfactory, evidenced by a low non-performing loan (NPL) ratio and ample loss provisions. Banks maintained ample capital and liquidity buffers to absorb potential losses arising from their risk-taking activities. This strong financial position enabled banks to support the financing requirements of the economy in 2023.

Banks' total assets increase.

The banking system recorded a total asset expansion of 9.2 percent y-o-y in December 2023, albeit slower than the 10.7-percent growth in 2022 (*Figure 8*). Banks' assets reached ₱25.2 trillion due to strong growth in domestic deposits and an improved macroeconomic environment. Loans,²⁴ net of allowance for credit losses, held the largest share of banks' total assets at 53.3 percent (₱13.4 trillion). This was followed by investments²⁵ at 27.9 percent (₱7.0 trillion) and cash and due from banks at 11.6 percent (₱2.9 trillion).

²³ All growth rates, reference periods, and data pertain to y-o-y figures as of December 2023, unless otherwise specified.

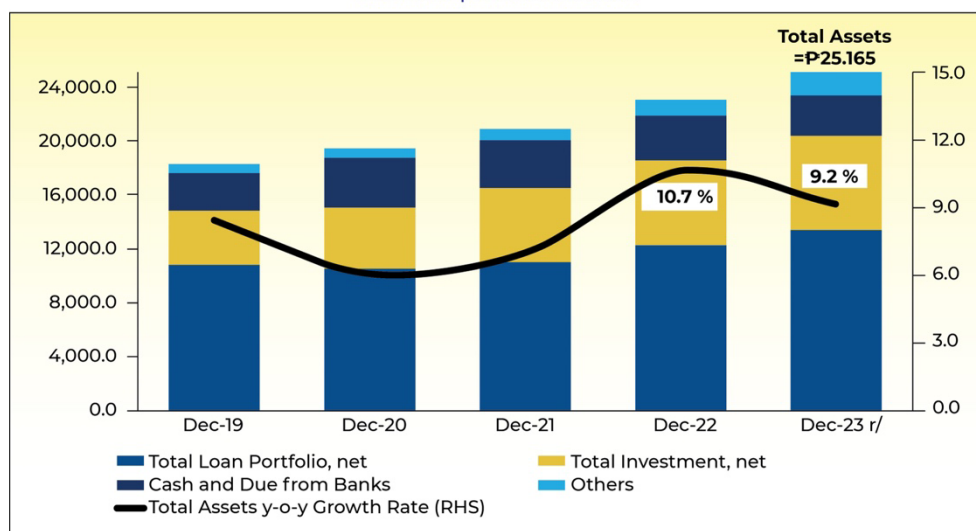
²⁴ These include IBL receivables and RRP.

²⁵ These are composed of investments in debt and equity securities, as well as equity investments in subsidiaries, associates, and joint ventures, net of amortization and allowance for credit losses, as applicable.

Figure 8

Philippine Banking System's Total Assets

in trillion pesos; growth rate in percent
as of end-periods indicated



Source: Bangko Sentral ng Pilipinas

Notes:

RHS – right-hand side

r/ – revised

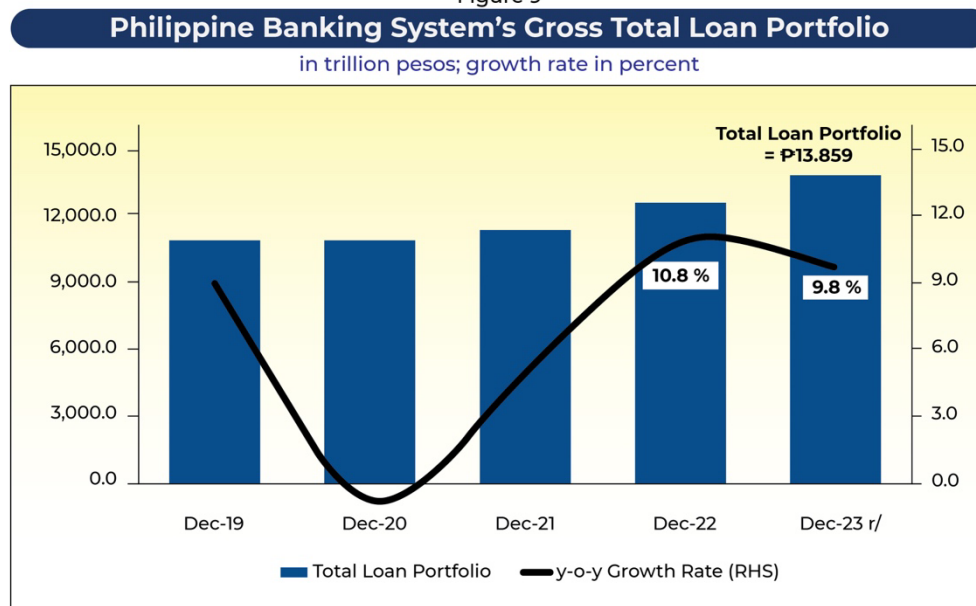
By banking group, assets of the U/KB industry continued to dominate the banking system, with around 93.9 percent share (₱23.6 trillion) of the total assets. The TB, RCB, and DGB industries held the remaining 4.1 percent (₱1.0 trillion), 1.6 percent (₱414.3 billion), and 0.4 percent (₱88.7 billion) shares, respectively.

Credit remains broad-based across various industries.

Credit expanded and remained broad-based across important economic sectors, including households. In December 2023, gross total loans²⁶ amounted to ₱13.9 trillion and grew by 9.8 percent. This was slightly lower than the 10.8 percent expansion posted a year ago (Figure 9).

²⁶ This excludes IBL receivables and RRP.

Figure 9



Source: Bangko Sentral ng Pilipinas

Notes:

RHS – right-hand side

r/ – revised

Bank loans mostly catered to the real estate sector at 18.5 percent (₱2.6 trillion). The remaining shares were made up of household loans²⁷ at 12.5 percent (₱1.7 trillion); wholesale and retail trade at 10.7 percent (₱1.5 trillion); manufacturing at 9.3 percent (₱1.2 trillion); and electricity, gas, steam, and air-conditioning supply at 9.3 percent (₱1.2 trillion). Lending to these key sectors all rose in December 2023. Household loans recorded the highest growth rate at 24.6 percent, with its sustained increase indicating growing confidence and spending among households. Meanwhile, loans to the manufacturing sector recovered, inching up by 1.0 percent.

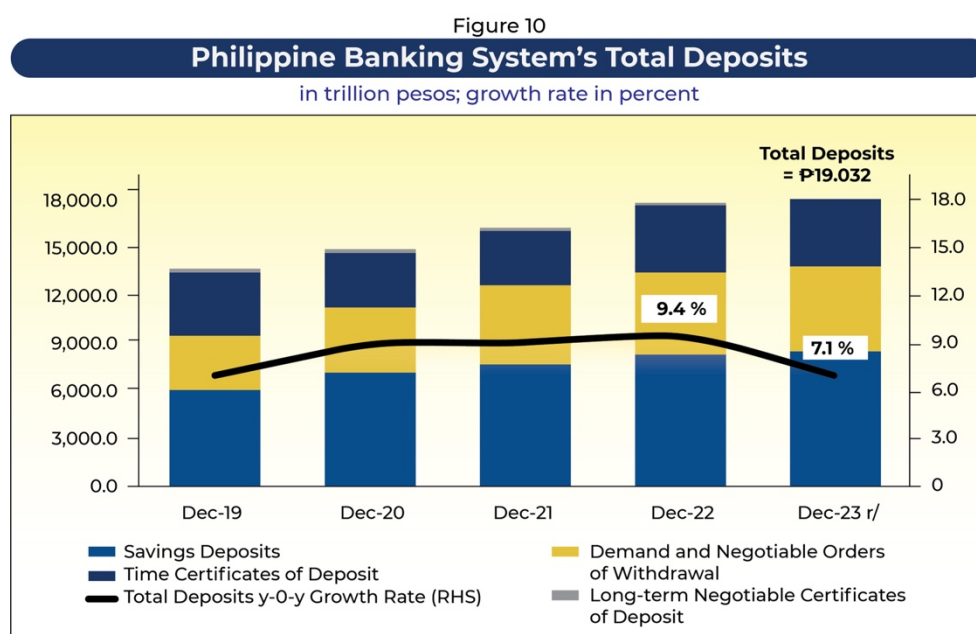
U/KBs provided most of the loan requirements of the public, holding around 92.7 percent share (₱12.9 trillion). TBs, RCBs, and DGBs held the remaining shares at 5.3 percent (₱729.6 billion), 1.8 percent (₱253.9 billion), and 0.2 percent (₱24.8 billion), respectively.

Loan quality remained satisfactory on the back of continued credit expansion. The banking system's NPL ratio stood at 3.2 percent as of December 2023. This was accompanied by a high NPL coverage ratio of 101.7 percent. The BSP's prudent reforms over the years, coupled with banks' sustained improvement in their credit risk management practices and governance frameworks, prepared the banking system to weather credit shocks.

²⁷ Loans to households exclude residential real estate loans.

Domestic deposits drive growth in banks' total deposits.

Deposits provided banks with a stable source of funding in 2023. The banking system's deposits grew by 7.1 percent and reached ₱19.0 trillion in December (Figure 10). The growth, albeit slower than the 9.4 percent recorded a year ago, was largely driven by domestic deposits, particularly from resident individuals and private corporations.



Source: Bangko Sentral ng Pilipinas

Notes:

RHS – right-hand side

r/ – revised

U/KBs generated the largest share of the banking system's deposits at around 94.0 percent (₱17.9 trillion). The remaining shares were held by TBs, RCBs, and DGBs, which stood at 4.1 percent (₱789.3 billion), 1.5 percent (₱292.2 billion), and 0.4 percent (₱69.0 billion), respectively.

Bills payable and bonds payable remained minimal, accounting for 3.5 percent (₱780.2 billion) and 2.2 percent (₱496.3 billion), respectively, of the banking system's total liabilities.

Banks maintain sufficient buffers to meet liquidity and funding requirements.

Banks maintained sufficient capital and liquidity buffers against unforeseen shocks. The banking system posted a stronger capital position, with the base growing by 13.4 percent to ₱3.1 trillion in December 2023. This growth was higher than the 5.1 percent in the previous year, driven by increases in accumulated profits by 14.1 percent and paid-up capital stock by 8.5 percent.

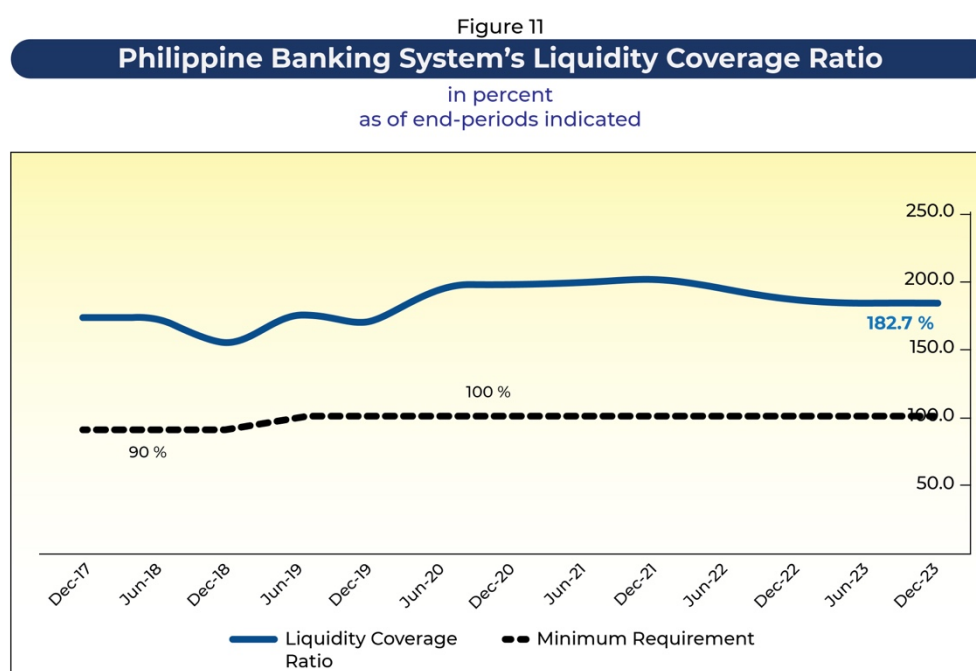
All banking groups met the regulatory and international standards on risk-based capital. As of December 2023, the U/KB industry's solo and consolidated capital adequacy ratios (CARs) stood at 16.4 and 16.9 percent, respectively.

Subsidiary TBs, RCBs, and DGBs registered their CARs at 16.7 percent, 14.6 percent, and 29.6 percent, respectively. Meanwhile, standalone TBs, RCBs, and DGBs reported their CARs at 17.3 percent, 21.8 percent, and 76.5 percent, respectively, as of September 2023.

The results of the latest stress tests also indicated the broad resilience of the banking system to withstand potential credit and market risks, including a potential downturn in the property market.

On the liquidity buffer, the U/KB industry's solo liquidity coverage ratio (LCR) of 182.7 percent in December 2023 remained substantially above the BSP's 100.0 percent minimum (*Figure 11*). In addition, the solo net stable funding ratio (NSFR) of the U/KB industry continued to be well above the BSP's 100.0 percent minimum at 135.7 percent in December 2023.

The LCR and NSFR of the U/KB industry reflect banks' ability to meet short- and medium-term funding requirements even in the face of liquidity shocks.



Source: Bangko Sentral ng Pilipinas

Notes:
RHS – right-hand side
r/ – revised

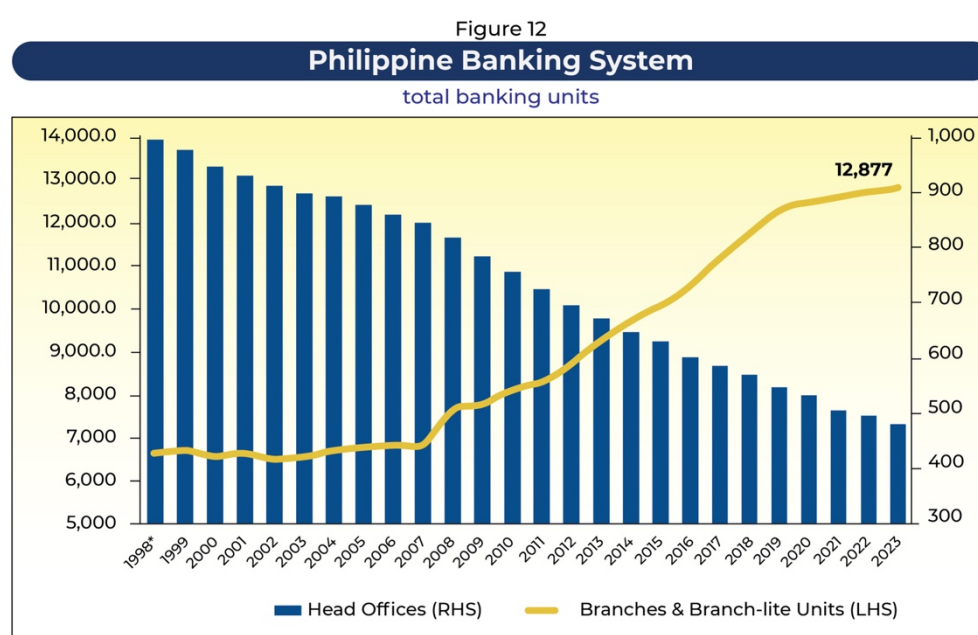
Banks' net profit grows.

The operations of the banking system remained profitable, with double-digit growth in earnings. For the period ending December 2023, net profit recorded a 15.0-percent increase to ₱356.5 billion. This was on account of higher interest income from lending and investment activities.

The banking system's robust performance also translated to improvements in other earnings metrics. Return on assets rose from 1.41 percent in 2022 to 1.48 percent in 2023, while return on equity increased from 11.7 percent to 12.3 percent.

Industry consolidation and digitalization help streamline the banking network.

The continuing industry consolidation, along with advancements in digital technology, paved the way for a more streamlined banking network (*Figure 12*). In December 2023, the number of total offices in the banking system increased to 13,359 from 13,269 a year ago. The increase was driven by expansions in branches and branch-lite units by 105 other offices, bringing the total number to 12,877 from 12,772 in the previous year. Meanwhile, the number of head offices²⁸ declined from 497 to 482 due to mergers, consolidations, voluntary surrenders, and closures.



Source: Bangko Sentral ng Pilipinas

Notes:

* The BSP's merger and consolidation policy was amended and rationalized with the issuance of Circular No. 172 dated 3 September 1998.

RHS – right-hand side

LHS – left-hand side

p/ – preliminary

Nonetheless, U/KBs remained the industry leader, with 7,198 total offices. This was followed by RCBs, with 3,551 total offices.

²⁸ These include six DGBs.

Pursuit of proactive and responsive regulations

Amid the rapidly evolving financial landscape and dynamic capital markets, the BSP was steadfast in fulfilling its financial stability mandate.

In 2023, the central bank issued several regulations to strengthen the governance standards for BSP-supervised financial institutions (BSFIs). These regulations were intended to promote institutional stability and sustain the positive performance of the banking system. Key reforms included the following:

- **Revision of the definition of regulatory capital for banks.**²⁹
To promote the expansion of banks' operations, the guidelines provide banks with more options in terms of the type of capital instruments they may issue to increase their risk-bearing capacity.
- **Modified minimum capitalization of conventional banks with Islamic banking unit (IBU).**³⁰ This regulation provides more flexibility on the establishment of IBUs to broaden access to *Shari'ah*-compliant banking products and services. In particular, conventional commercial banks (KBs) or subsidiary banks of a KB or a universal bank, which meet the minimum capital requirement for their respective banking category, may operate an IBU within a transitory period not exceeding five years.
- **Amendments to the regulations on single borrower's limit (SBL).**³¹
To support prudent lending activities of banks, the amendments provide minimum operational requirements for a credit risk transfer arrangement to be considered effective, consistent with international standards and practices.

As the economy recovered from the pandemic, various temporary COVID-19 measures were lifted in 2023. For instance, U/KBs were no longer allowed to use their loans to micro, small, and medium enterprises (MSMEs) and large enterprises (LEs) as alternative compliance with the reserve requirements by the end of June 2023.³² However, TBs and RCBs can still utilize their outstanding loans to MSMEs and LEs as alternative compliance with the reserve requirements until such loans are fully paid, but not later than 31 December 2025, subject to certain conditions.³³ Said measure was accompanied by the reduction in reserve requirements for deposits and deposit substitute liabilities of banks and the inaugural offering of the 56-day BSP Bill.³⁴ All these policies were intended to support banks' continued compliance with the reserve requirements and to manage friction costs related to the policy adjustment.

²⁹ Circular No. 1164 dated 5 January 2023 (Amendments to the Regulations on Credit Exposure Limits to a Single Borrower and Definition of Capital)

³⁰ Circular No. 1173 dated 19 April 2023 (Modified Minimum Capitalization of Conventional Banks with Islamic Banking Unit)

³¹ Ibid.

³² Circular No. 1175 dated 23 June 2023 (Reduction in Reserve Requirements)

³³ The outstanding MSME and LE loans of TBs and RCBs as of June 2023 that became past due; non-performing; or extended, renewed, or restructured are no longer eligible as alternative compliance with the reserve requirements. Likewise, new MSME and LE loans granted by banks after 30 June 2023 are not eligible as alternative compliance with the reserve requirements.

³⁴ Circular No. 1176 dated 29 June 2023 (Amendments to the Rules and Regulations on the Reserves Against Deposits and Deposit Substitute Liabilities of Banks)

The BSP also took proactive measures to mitigate potential vulnerabilities arising from money laundering and terrorism financing risks. These risks pose a threat to the integrity of the financial system and can undermine public trust and confidence. To this end, the central bank amended its regulations on electronic know-your-customer by incorporating a digital identity system that would facilitate digital identification and verification in the customer onboarding process of BSFIs.³⁵ The BSP then issued a guidance paper for an effective anti-money laundering, counter-terrorism financing, and counter-proliferation financing of weapons of mass destruction transaction monitoring system.³⁶

Moreover, rules on targeted financial sanctions (TFS) were issued. This was part of the overall strategy to strengthen existing measures to improve the effectiveness of the country's TFS regime and sustain efforts on TFS implementation and risk-based supervision.³⁷

Promotion of a sustainable and inclusive financial ecosystem

Complementary to efforts to ensure the safety and soundness of banks, the BSP adopted regulations to mainstream green and sustainability principles and practices across the financial system. The Financial Sector Forum (FSF), the voluntary interagency committee chaired by the BSP,³⁸ completed the review of corporate governance requirements issued by its member agencies in relation to advancing the sustainability agenda. The review was in line with the commitment of FSF member agencies to align sustainable finance-related regulations in the areas of corporate governance, risk management, and disclosure, as provided under the Philippine Sustainable Finance Roadmap.

The BSP also pursued other sustainable finance-related initiatives to promote the development and growth of the Philippine sustainable finance market. In particular, the Bank granted (1) an additional 15.0 percent SBL for financing eligible green or sustainable projects, including the transition to decarbonization, and (2) the gradual reduction of the reserve requirement rate against sustainable bonds from 3.0 percent to zero percent.³⁹

In collaboration with the WB, the BSP undertook a climate transition risk stress testing exercise. The results of the activity shall shape the development of climate risk stress testing guidelines for banks. Its findings shall also contribute to the study of enhancing prudential reports to gather relevant data for surveillance and analysis of emerging risks and trends arising from climate change and other environmental and social factors.

³⁵ Circular No. 1170 dated 30 March 2023 (Amendments to Section 921/921Q of the Manual of Regulations for Banks/Manual of Regulations for Non-Bank Financial Institutions on Customer Due Diligence, including Guidelines on Electronic Know-Your-Customer)

³⁶ Memorandum No. M-2023-013 dated 20 April 2023

³⁷ Circular No. 1182 dated 10 November 2023 (Amendments to Part Nine of the Manual of Regulations for Banks and Manual of Regulations for Non-Bank Financial Institutions, Enhancing the Provisions on Targeted Financial Sanctions)

³⁸ The member agencies of the FSF include the Securities and Exchange Commission, the Insurance Commission, and the PDIC.

³⁹ Circular No. 1185 dated 13 December 2023 (Grant of Additional Single Borrower's Limit for Financing Eligible Projects and Zero Percent Reserve Requirement Rate Against Sustainable Bonds)

The BSP also implemented reforms to support the government's efforts to encourage the public to prepare for retirement. The Bank amended the rules on the Personal Equity and Retirement Account (PERA), making it a viable investment product for more Filipinos. These amendments involved (1) doubling the maximum annual contribution to PERA to enhance its appeal as a savings vehicle and (2) removing the basic security deposit for the faithful performance of PERA administrators. The latter incentivizes other BSFIs to participate in the PERA ecosystem as administrators and eliminates friction costs on PERA-related transactions.⁴⁰

To further facilitate the operation of the PERA program, the central bank completed the synchronization of data from the BSP-operated PERASys and the BIR-operated ePERA in 2023. The BSP also improved the interface of PERASys to address the issues encountered by administrators. The enhancements increased the efficiency and convenience of extracting useful information from the system.

As a result of these efforts, the number of PERA contributors or investees increased by 8.9 percent to 5,555 in 2023. Employees represented the largest share of contributors at 70.6 percent or 3,924. The total amount of PERA contributions similarly grew by 20.3 percent to ₱396.3 million during the year.

On another note, the central bank issued guidelines to allow unit investment trust funds (UITFs) of trust entities to access the primary market of BSP-issued securities.⁴¹ This widened the array of available products in the market for trust clients' savings and investments. As of December 2023, available UITFs in the market by type of fund included the money market fund at 59.8 percent (₱512.1 billion), equity fund at 29.9 percent (₱255.9 billion), bond fund at 7.0 percent (₱60.0 billion), and balanced fund at 3.3 percent (₱28.5 billion).

The BSP also amended the disclosure requirements for banks to allow digital dissemination. Existing electronic money issuer (EMI) requirements were likewise revised to set out minimum capital and liquidity. These measures enable BSFIs to provide financial services attuned to the evolving needs and behaviors of consumers while adopting safeguards to ensure effective risk management.

Following the launch of the Philippine Open Finance Pilot, the BSP is also a step ahead of its seven-year revised Open Finance Roadmap. This initiative shall facilitate equal access to financial services for more Filipinos.

⁴⁰ Circular No. 1168 dated 21 February 2023 (Amendments to the Regulations on Personal Equity and Retirement Account)

⁴¹ Circular No. 1178 dated 9 August 2023 (Guidelines on the Use of Benchmarks for Unit Investment Trust Funds)

Refinements in financial supervision and surveillance

Processes related to surveillance, monitoring, and reporting of banking sector developments and risks were enhanced during the year. Surveillance tools on credit and market risks were improved by expanding the coverage of stress test scenarios to consider developments in the external environment.

The BSP prepared and published various periodic and statutory reports, research papers, and banking risk assessment reports. Through this, the Bank kept external and internal stakeholders informed on key banking sector developments and financial reforms.

Moreover, the BSP implemented several supervisory technology (SupTech) initiatives to ensure efficient gathering and processing of supervisory data. These initiatives allowed supervisors and management to access up-to-date information for financial system surveillance, analysis, and decision-making. Among these SupTech initiatives were the following:

- **Prudential Reporting Innovation and Monitoring Engine (PRIME).**⁴² PRIME is an application programming interface-extensible mark-up language project that simplifies reporting compliance, thereby improving the speed and quality of data visualization and analytics.
- **Advanced SupTech Engine for Risk-based Compliance (ASTERisC*).** ASTERisC* was implemented to streamline and automate the regulatory supervision, reporting, and compliance assessment of BSFIs' cybersecurity risk management systems and processes. It won the 2023 Financial Technology and Regulatory Technology Global Award for Cyber Resilience Initiative.
- **Visualization Tool for Analytics (VisTA).** VisTA is an advanced dynamic data visualization tool for financial industry surveillance.

Apart from supervisory dashboards, the BSP also introduced the Comprehensive Credit and Equity Exposures Report (COCREE) 2.0.⁴³ The enhanced COCREE allows a more granular analysis of loan performance and credit information across BSFIs, borrowers, and loan types.

To support the effective supervision of financial conglomerates, the BSP conducted its second and third interagency cross-sectoral supervisory college in March 2023 and June 2023, respectively. These supervisory colleges enable FSF member agencies to holistically assess the impact of emerging risks in financial conglomerates and adopt harmonized supervisory responses, pursuant to their mandate of promoting financial stability.

⁴² Complementary to the adoption of PRIME, prudential reporting templates were revised to align with the Philippine Financial Reporting Standards 9 and other regulatory issuances, including Circular No. 1177 dated 12 July 2023.

⁴³ Circular No. 1184 dated 15 December 2023 (The Enhanced Comprehensive Credit and Equity Exposures Report of 2023)

Systemic risk management

The lessons learned from the Global Financial Crisis have shown that it is no longer sufficient to make all banks safe and sound and ensure that inflation and growth are within targets. It turns out that financial markets have vulnerabilities of their own that, when triggered, can create a systemic crisis.

As a result, part of the BSP's amendments to its charter is the formal recognition of financial stability as a mandate, encompassing the management of systemic risks. These systemic risks specifically arise from interactions within the financial system and between the financial system and the real economy.

Given its broad coverage, the BSP spearheads taking pre-emptive actions—both as the central monetary authority and through its leadership role in the Financial Stability Coordination Council (FSCC)—with oversight of markets.

In 2023, the central bank implemented various initiatives on systemic risk surveillance and analysis, including new studies and enhanced models and metrics. Collaboration engagements were also conducted in line with the financial stability agenda.

Systemic risk surveillance and analysis

The BSP has been undertaking the Systemic Risk Review (SRR), periodically providing the Financial Stability Policy Committee and the FSCC with an in-depth analysis of market conditions. Accordingly, the review serves as a reference in crafting recommended courses of action.

In 2023, the SRR included new studies, enhanced methods, and refined analytics that improved systemic risk analysis, identification of contagion channels, and assessment of conglomerate risks in the financial system. The SRR also covered key analyses and relevant notes related to the pension system, the payments network, and the risk price benchmark.

Meanwhile, the BSP released the *2022 Financial Stability Report (FSR)* in January 2023. The report provided an overview of ongoing global challenges. It also highlighted the importance of building the financial system's resilience amid fast-changing market conditions in a volatile, uncertain, complex, and ambiguous environment. The FSR is one of the flagship reports of the central bank in collaboration with the FSCC.

The BSP also continued with the second phase of the Macroprudential Stress Test in 2023. This captured new sets of data and improved methodology to detect vulnerabilities that affect credit risk in the financial system by analyzing leverage, liquidity, contagion, and concentration risks under different macroeconomic scenarios.

Systemic risk management models, metrics, and policies

- **Measurement of firm-level health conditions.** The BSP enhanced its scope of monitoring firm-level risks with a new technique for analyzing liquidity-seeking firms. This method involved assessing firm-level liquidity, profitability, and debt servicing metrics. An industry peer analysis was conducted on specific financial statement indicators to provide sectoral context to the firm's performance. The Minsky Moment approach was then added to provide insights into a firm's short- and long-term liquidity positions over time.
- **Assessment of firm-level concentration and contagion risks.** The BSP continually evaluated firm-level concentration and contagion risks by employing network measures and normalized Herfindahl-Hirschman index.
- **Analysis of the prominence of banks in the payments system.** The BSP generated bank-level systemic risk relevance using cluster analysis of daily sender/receiver payments data.
- **Development of market perception indicators.** The BSP initiated yield curve and stock index analysis to create Risk-on Risk-off indicators to gauge market sentiment. This was to determine the real-time perspective of the market by looking at the relative magnitude of the changes in 2Y and 5Y yields and the direction and movement of the PSE index. This was complemented by a flow of funds analysis, which showed lagged results of the banking system's condition in using its funds.
- **Maintenance of the Financial Stability Chart Pack.** The BSP maintained a collection of macro-financial indicators by integrating and regularly updating different measures of risk and resilience. This may be used for financial stability surveillance and policy-making.
- **Amendments to the Currency Rate Risk Protection Program (CRPP) facility.** The BSP amended the CRPP facility's implementing guidelines under Section 629 and Appendix 132 of the Manual of Regulations for Banks (MORB). The CRPP facility serves as a tool for the effective management of foreign currency exposures, allowing clients of U/KBs to hedge their eligible foreign currency obligations or transactions through non-deliverable forwards. The amendments to the CRPP facility included streamlining documentary requirements and expanding eligible FX obligations and transactions.
- **Publication of overnight reference rate.** As part of the transition to a variable-rate full auction for the overnight RRP facility, the translated rate of the 28-day BSP securities to its equivalent overnight rate was generated and published daily on the BSP website from 26 June 2023 to 7 September 2023. This initiative aimed to reflect a reliable benchmark rate that is based on actual trade deals, subject to anti-cornering rules.

Communication initiatives

To keep its stakeholders in a position to make informed choices related to emerging systemic risks, the BSP held an exhibit featuring audiovisual presentations of key insights and thought leadership on various aspects and execution of the financial stability agenda in the country. Titled “Executive Insights on Systemic Risks: Its Nuances and Challenges,” it ran from 26 April to 2 May 2023.

From January to May 2023, the BSP released a Did You Know series on financial stability. This included an infographic email blast and social media campaign that covered a wide range of concepts, issues, and terminologies embedded in systemic risk literature.

The BSP organized *kapihan*-style discussions with industry associations and market players. These sessions served as briefings on emerging systemic risks and their implications for the Philippines, along with updates on capital market development initiatives. The sessions also served as an avenue to gather stakeholders’ views on related concerns, including systemic risk scenarios and the adoption and operationalization of a risk price benchmark.

In May 2023, the BSP launched the FSCC Hub. This microsite serves as the central repository of information on FSCC initiatives. It currently houses consolidated financial stability source materials from FSCC member agencies and includes new sections on the latest FSCC engagements.

Collaborative engagements

The BSP, in coordination with the IMF, held the Financial Stability Conference in Mactan, Cebu on 15–16 May 2023. With the theme “The New Frontier of Financial Stability: Global Problems, Global Solutions, Local Challenges,” the conference was attended by 140 participants from 14 central banks and financial authorities, six international organizations, and 31 institutions representing the private sector, market players, and industry experts. In hindsight, the conference provided the BSP with an opportunity to lead the region and bring our financial stability discourse to a more strategic plane.

In parallel, the BSP hosted the Financial Stability Board (FSB)’s Regional Consultative Group for Asia Meeting in Mactan, Cebu on 16–17 May 2023. FSB members and representatives from 14 Asian jurisdictions and 23 institutions participated in the meeting. The discussions focused on the financial stability outlook for Asia, vulnerabilities arising from non-bank financial intermediation and crypto assets, and the impact of key timely risk issues in Asia.

Fostering a safe, efficient, and inclusive payments and settlements system

The BSP's third pillar is anchored on the payments and settlements system, which is essential in facilitating monetary policy transmission and sustaining the smooth functioning of money and capital markets.

Throughout the year, the central bank made huge strides in accelerating payments digitalization, ensuring undisrupted cash operations, and reinforcing the preservation of currency integrity.

Boosting the share of digital payments

The BSP aims to increase the share of digital payments in total transactions by expanding both user base and usage. In recent years, the Bank has been breaking new grounds in payments innovation, notably improving payment system efficiency while maintaining safety and upholding consumer protection.

The most recent report on electronic payments measurement indicated that the volume of monthly digital payments grew to 42.1 percent in 2022.⁴⁴ This was an increase of 611.7 million digital payment transactions from 2021. Key drivers for the growth included merchant payments, person-to-person remittances, and disbursement of salaries and wages.

Digital payments transformation was also harnessed by the growing adoption of various digital payment rails. The combined volume of payments made through InstaPay and the Philippine Electronic Fund Transfer System and Operations Network (PESONet) totaled 929.6 million by the end of December 2023. This was 47.0 percent higher than the combined volume in 2022.

Meanwhile, the PhilPaSS^{plus}, the Peso real-time gross settlement (RTGS) system, closed the year with 1.4 million settlement transactions worth ₱500.4 trillion. This indicated an increase in volume by 67,390 (4.9 percent) and a decline in value by ₱11.6 trillion (2.3 percent). The increase in volume was due to more active government bond and US dollar trading. Government securities trades went up by 31,919 (48.0 percent), while US dollar buying and selling grew stronger by 25,193 (12.3 percent). On the other hand, the decline in value could be attributed to the reduction in banks' overnight and term deposits with the BSP by ₱5.0 trillion (33.8 percent) and ₱63.1 trillion (14.2 percent), respectively. This trend corresponded to the observed gradual shift in banks' fund utilization, moving from low-risk placements in the central bank to higher lending to the real sector.

The increased number of PhilPaSS^{plus} transactions was backed by a 99.886 percent annual efficiency rate, reflecting high system availability and swift settlement. On a monthly basis, the payment system recorded a notable 100 percent efficiency in eight out of 12 periods during the year. The BSP's commitment to international standards was also evidenced by its adoption of ISO 20022 payment messaging protocol.

⁴⁴ Bangko Sentral ng Pilipinas. (2022). *Sustaining headways in digital transformation: Status of digital payments*. https://www.bsp.gov.ph/PaymentAndSettlement/2022_Report_on_E-payments_Measurement.pdf

Policy initiatives

In 2023, the BSP continually crafted policies and implemented reforms to enhance the payments landscape and catalyze wider adoption of digital payments in the country.

Enabling merchants to accept different forms of payment from their customers is essential for the smooth flow of funds in the economy. Merchant payments, which represented 73.7 percent of total digital transactions in 2022, was identified by the BSP as a high-impact use case to broaden digital payments adoption.

On 13 November 2023, the Bank released the policy exposure draft of the “Regulatory Framework on Merchant Payment Acceptance Activities” for stakeholders’ feedback. The proposed circular aims to set the minimum standards and good practices to safeguard the funds that merchants receive from customers. It also seeks to protect the rights and interests of merchants who deal with entities facilitating merchant payment acceptance.

Establishing industry-wide standards and expectations on the timely resolution of customer concerns related to electronic payments builds trust and confidence in the use of digital payments. As such, the BSP sought to ensure that institutions offering electronic fund transfer (EFT) services through automated clearing houses (ACHs) provide appropriate and prompt consumer recourse mechanisms.

On 14 June 2023, the BSP exposed the draft circular on the “Guidelines on Reconciliation and Dispute Handling for Settlement and Crediting Issues in Electronic Fund Transfers under the National Retail Payment System Framework.” The draft circular aims to address key concerns, including timely receipt of funds for beneficiaries and immediate refund to the sender of unsuccessful transactions.

Improvements in the payments and settlements infrastructure

Beyond its pursuit of policy initiatives, the BSP implemented several improvements to the payments and settlements infrastructure. These involved expanding the Peso RTGS system to non-bank EMIs, unifying the country’s quick response (QR) landscape, developing a more robust payment system, and ensuring reliable banking operations.

Expanded peso real-time gross settlement system

The BSP broadened the membership in the Peso RTGS payment system by onboarding two pioneer non-bank EMIs. OmniPay, Inc. and Traxion Pay, Inc. were onboarded to PhilPaSS^{plus} in October and December 2023, respectively.

Their membership to the Peso RTGS payment system enables them to directly settle payments through PhilPaSS^{plus} without an RTGS sponsoring participant. Direct access to the system allows them to benefit from the efficiency and safety of sending, receiving, and maintaining funds with the central bank.

With the onboarding of two non-bank EMLs and 10 additional rural banks (RBs), the total number of financial institutions using the BSP-owned and operated PhilPaSS^{plus} reached 236, with 100 percent participation from U/KBs, NBQBs, and DGBs in 2023. This reflected the BSP's efforts to deepen inclusivity in the Peso RTGS payment system and help the financial sector provide diverse financial services to the public.

On another note, the BSP issued Memorandum No. M-2023-020 dated 8 June 2023 to manage material risks from tiered participation. The memorandum required all PhilPaSS^{plus} direct participants to submit a monthly monitoring report of the entities they sponsor into settlement. This proactive measure shall help identify, monitor, and manage material risks arising from tiered or sponsored participation arrangements.

Unified quick response code landscape

Launched on 20 November 2019, QR Ph is the Philippines' national QR code standard for payments. It uses InstaPay as its payment rail and is available for person-to-person (P2P) and person-to-merchant (P2M) use cases.

As of 31 December 2023, 50 institutions are participating in QR Ph P2P, and 35 institutions are participating in QR Ph P2M. The full-year 2023 volume of QR Ph P2P grew by 604.0 percent from the previous year, reaching 15.2 million transactions. Over the same period, QR Ph P2M surged by 2.7 percent, with 58.6 million transactions.

The transformation of the fragmented QR landscape into an interoperable payment solution commenced with the BSP's issuance of Circular No. 1055 dated 17 October 2019 (Adoption of a National QR Code Standard). The circular required all participating payment service providers (PSPs), including banks and non-bank EMLs, to adopt only QR Ph for QR code-enabled payments.

To support the implementation of Circular No. 1055, the BSP issued Memorandum No. M-2023-005 dated 23 February 2023. Under the memorandum, all PSPs were given until 30 June 2023 to fully adopt QR Ph. On 1 July 2023, all proprietary QR codes, or non-QR Ph codes, for payment services were disabled and no longer accessible to the public. PSPs and their clients now fully utilize the efficiency, convenience, and ease of using QR Ph for digital payments.

Robust payment system

In its thrust to remain responsive to the needs of the public, the BSP issued amendments to the regulations on the return of banks' bounced checks and the rollout of the intraday settlement facility (ISF), formerly called the intraday liquidity facility. The amendments reflect the operational changes arising from the adoption of global payment standards and the full automation of the ISF.

The BSP approved Circular No. 1180 dated 10 November 2023 to mitigate settlement and liquidity risks associated with retroactive dating of returned checks. This was also intended to align the Philippines' regulations on check clearing and settlement with the settlement finality principle provided under the Principles for Financial Market Infrastructures (PFMI).

Significant amendments to check clearing and settlement regulations included the provision of a PM adjustment window (PAW). The PAW allows high-value checks that are insufficiently funded or those with closed accounts, stop payment orders, or technical issues to be returned on the same day they were deposited. This enables drawee banks to collect the funds due for return by the presenting banks earlier than the next day, which is the current practice. Meanwhile, the remaining checks that need to be returned can be sent back early the following morning, with their value date reflecting the date of their return to the presenting bank.

In addition, the BSP issued Circular No. 1181 dated 10 November 2023. The circular allows Peso RTGS participants to quickly obtain funds from the central bank to prevent gridlocks due to timing mismatches in the settlement of payments through PhilPaSS^{plus}.

These twin policies provided greater certainty of the settlement of check clearing results and improved fund management among check users. The policies also prevented payment gridlocks in the system and strengthened the BSP's compliance with the PFMI.

Reliable banking operations

The BSP issued Memorandum No. M-2023-040 dated 22 December 2023 to ease the adverse effects of unanticipated public holidays. The memorandum revised the financial system's standard operating procedures (SOP) for Philippine holidays under Appendix 88 of the MORB and Appendix Q-51 of the Manual of Regulations for Non-Bank Financial Institutions.

The revised SOP underscored the availability of essential BSP services during government work suspensions and holidays that are not on the list of regular and special non-working holidays issued by the Office of the President prior to or at the start of a new year. Such services include payments and settlements and cash operations. To ensure that RTGS participants have sufficient liquidity, the revised SOP also made the proceeds from banks' maturing overnight and term deposits with the BSP available during ad hoc holidays.

Assessment of non-banks' participation in the payment system

With constant expansion in the payments and settlements system, the number of non-bank EMIs has been exceeding the number of EMI banks since 2020. As of 31 December 2023, the Philippines had 44 non-bank EMIs and 28 EMI banks. In response, the BSP sought to assess the changing risks that may arise from the increasing participation of non-bank EMIs in the payment system.

The central bank imposed a two-year moratorium for accepting non-bank entities' applications to operate as EMIs, which started on 16 December 2021.⁴⁵ This measure helped ensure that the BSP's resources are managed and mobilized judiciously in a manner that promotes financial stability, inclusive growth, and the advancement of innovative electronic money solutions.

In 2023, the BSP reassessed the need to extend the moratorium by conducting a thematic review on the state of non-bank EMIs. Based on the results, the MB issued Resolution No. 1598 dated 7 December 2023, extending the moratorium on the regular application for non-bank EMIs for another year, until 15 December 2024. By extending the closure of the regular application window, the BSP can further implement focused supervisory actions to align and strengthen existing players' operations, including the ability of non-bank EMIs to compete, scale up, and increase capital buffers.

Relatedly, the BSP issued Circular No. 1166 dated 7 February 2023, which amended the regulations on the operations of EMIs in the country. Non-bank EMIs were given one year, until 6 February 2024, to comply with the capital and operational requirements.

Enforcement of consumer safety and protection

The BSP, as part of its oversight function, registers entities that perform the role of an operator of a payment system (OPS). In 2023, the central bank registered 36 entities, bringing the total number of OPS to 272.

To ensure the safety and reliability of the country's payment systems, the BSP exercised its regulatory powers further by enforcing policies governing registered OPS. In 2023, the Bank completed the evaluation of gap assessments submitted by OPS in compliance with Circular No. 1127 dated 17 September 2021 (Governance Policy for Operators of Payment System).

The BSP is also responsible for designating payment systems that pose or have the potential to pose systemic risks that could threaten the stability of the national payment system (NPS) or undermine the interest of the public. In doing so, the central bank implements a risk-based approach that considers both the risk profile and its impact on the NPS.

As of 31 December 2023, the BSP designated three payment systems as systemically important payment systems (SIPS),⁴⁶ and two as prominently important payment systems (PIPS).⁴⁷

⁴⁵ To enable entities that offer strong value propositions to participate in the digital payment ecosystem, non-bank EMI applicants with proposals involving new business models, unserved and targeted niches, and new technologies were allowed to request for exception under the Regulatory Sandbox Framework.

⁴⁶ SIPS is a payment system that poses or has the potential to pose systemic risks that could threaten the stability of the NPS.

⁴⁷ PIPS is a payment system that may not trigger or transmit systemic risks but could have a major economic impact or undermine the confidence of the public in the NPS or the circulation of money.

The Philippine Peso RTGS,⁴⁸ the Philippine domestic dollar transfer system (PDDTS),⁴⁹ and the Philippine peso-US dollar payment vs. payment system (PHP-USD PVP)⁵⁰ were designated as SIPS, while InstaPay⁵¹ and PESONet⁵² were designated as PIPS. These designations entail closer BSP supervision, including a regular assessment of adherence to the PFMI.

The Bank issued the report of assessment for the three SIPS during the year. The onsite assessments of the two PIPS were also completed, with their respective reports to be issued in February 2024.

Concurrently, the BSP assessed two critical payment systems, particularly the check image clearing system and the automated teller machine payment system. These systems, although not designated, are considered critical because each of them serves as the sole facility in the country that processes a particular payment stream, and both are interfaced with the BSP-operated Peso RTGS.

Exploration of innovation opportunities

Nexus Phase III

The BSP officially joined Nexus Phase III on 23 March 2023. Nexus, a project of the BIS Innovation Hub, aims to enable cross-border payments by exploring a multilateral approach to linking domestic instant payment systems.

Phase III, concluding in Q1 2024, builds upon the blueprint and proof of concept that were completed in the first two phases. It focuses on developing a detailed and near-final specification of Nexus for the five participating ASEAN countries, namely Indonesia, Malaysia, Singapore, Thailand, and the Philippines.

This cross-border payment initiative could enhance the facilitation of remittances, tourism, and trade within the ASEAN region. The potential for improving remittance transactions is particularly significant to the Philippines, being the fourth largest recipient of remittances globally. In 2023, remittances to the Philippines were equivalent to 8.5 percent of its GDP.

Moving forward, Nexus shall focus on interlinking the instant payment systems of participating countries and lay the foundation for scaling Nexus to other regions and jurisdictions.

⁴⁸ The Peso RTGS is operated by the BSP. It settles payment transactions using demand deposit accounts (DDAs) maintained by banks and NBQBs with the central bank.

⁴⁹ The PDDTS enables the transfer of USD funds between banks in the Philippines without going through correspondent banks in the US. Transfers are settled through accounts maintained with a KB in the country. It is operated by the Philippine Clearing House Corporation (PCHC), which was granted the authority to be an operator of a designated payment system (ODPS) by the BSP.

⁵⁰ The PHP-USD PVP is an exchange-of-value settlement system wherein the USD leg is settled through the PDDTS, and the PHP leg is settled through the Peso RTGS. It is operated by PCHC.

⁵¹ InstaPay is a 24/7 EFT service that allows customers to transfer PHP funds of up to ₱50,000 almost instantly between customer accounts of participating BSFIs in the Philippines. It is designed to facilitate small-value and urgent payment requirements of individuals, businesses, and government agencies whose beneficiaries are assured of immediately receiving the amounts in full. InstaPay is operated by BancNet, Inc., which was granted authority to be an ODPS by the BSP.

⁵² PESONet is a batch EFT credit payment scheme for bulk, recurring, and non-time-sensitive payment transactions.

Project Agila

Based on its assessment of the NPS, the BSP identified that the relevant central bank digital currency (CBDC) use case for the Philippines would be for wholesale cross-border payments, securities settlement, and intraday liquidity management.

Thus, in 2022, the BSP launched its wholesale CBDC project called Project Agila, formerly Project CBDCPh. The project aims to orient the BSP and participating financial institutions on CBDC using distributed ledger technology (DLT) and assess its merits to potentially address the needs in the country's large-value payment system. Participating financial institutions included BDO Unibank, Inc., China Banking Corporation, Land Bank of the Philippines, Rizal Commercial Banking Corporation, Union Bank of the Philippines, and Maya Philippines, Inc.

By the end of the project, all participants are expected to understand CBDC and DLT and, therefrom, evaluate their capability to foster advancements in the wholesale payment system. Subsequently, the results of the assessment will serve as a guide for the possible launch of wholesale CBDCs in the Philippines.

With assistance from participating financial institutions, the BSP selected Hyperledger Fabric as the DLT to be explored and tested for the project in August 2023.⁵³ This technology allows data and transactions to be recorded, shared, and synchronized across a distributed network of participants. Such would be useful in testing the project's use case scenario of enabling inter-institutional fund transfers even during off-business hours (i.e., evenings, weekends, and holidays) or when PhilPaSS^{plus} is unavailable.

With the selection of Hyperledger Fabric as the DLT, the project shall proceed to test the use of wholesale CBDC technology alongside PhilPaSS^{plus} in a sandbox environment.

InstaPay Request to Pay Cash-in Service

On 15 December 2023, the BSP soft-launched the InstaPay Request to Pay (R2P) Cash-in Service. The R2P Cash-in Service enables users to fund their own accounts or wallets by sending a request for funds to the originating financial institution while using the digital platform of the receiving financial institution.

This initiative widened the network of cash-in services beyond the existing bilateral agreements of financial institutions, consequently increasing digital payments usage and bringing down the barriers to adoption. The full implementation of the R2P Cash-in Service is scheduled for Q4 2024.

⁵³ Hyperledger Fabric was selected through a rigorous process that included system demonstrations, walkthrough procedures, and a scoring system. The scoring system covered access, security, 24/7 availability, interoperability, and programmability.

Evaluation of potential payment system improvements

PESONet is a batch EFT credit payment scheme in which fund transfers and/or payment instructions are processed in bulk and cleared at batch intervals. Each payee receives the full value of transfers in their account within the same banking day, provided that payment instructions were sent within the cut-off time.

Currently, PESONet transactions are settled by participants through their DDA 3. Maintained with the BSP, DDA 3 is a secured account exclusively used for the PESONet stream.

The Philippine Payments Management, Inc., on behalf of the PESONet Steering Committee, formally requested to revert to using the main DDAs of participants instead of DDA 3. This move is intended to enhance efficiency and ensure smoother settlement of PESONet transactions by simplifying the flow of settlement and clearing, removing the additional step of managing and funding the DDA 3, and minimizing the risk of settlement failures due to funding issues.

In December 2023, the BSP approved the conduct of a six-month test run, spanning from January to July 2024. During the test run, the participants' main DDAs will be used in the settlement of PESONet transactions, and the PESONet ACH interim operating guidelines will be applied.⁵⁴ The results of the test run shall determine the merit in implementing PESONet settlement through the participants' main DDAs maintained with the BSP.

Strengthening operational excellence in currency management and production

Beyond its three-pronged role as overseer, catalyst, and primary operator of the payment system, the BSP pursued enhancements to maintain operational excellence in currency management and production.

In 2023, the BSP continued to service the currency requirements of the country by strategically scheduling deliveries and adopting efficient currency shipment modes; providing ample buffer stock for unexpected spikes in currency demand; servicing bank withdrawals with new and fit banknotes and coins; and assessing and updating currency operational procedures, processes, and practices to improve operational efficiency and internal controls.

Currency production

The BSP's currency production deliveries reached ₱781.6 billion worth of banknotes (1.9 billion pieces) and ₱10.3 billion worth of coins (1.8 billion pieces) in 2023. These represented y-o-y increases of 0.9 percent for banknotes and 46.4 percent for coins. The production deliveries complemented the Bank's existing inventory of physical currency to service the demand of the economy.

⁵⁴ DDA 3 will not be decommissioned but will be inactive during the test run period.

In terms of currency shipment, the BSP delivered ₱421.3 billion worth of banknotes and coins to its regional offices and branches (ROBs) during the year. This was 2.1 percent lower than the value of currencies shipped to the ROBs in 2022. The frequency of currency shipments also dropped by 5.8 percent, with a total of 665 completed shipments via land, air, and sea in 2023. Cancellation of flights due to technical malfunctions, scheduled preventive maintenance of aircraft, and weather-related conditions led to lower frequency and value of currency shipments.

From April 2022 to December 2023, the BSP also completed the programmed delivery of 500 million pieces of 1000-Piso polymer banknotes, which were subsequently issued for circulation. The 1000-Piso polymer banknote was conferred the 2023 Best Banknote Award by High Security Printing Asia.

Currency issuance

The BSP's overall banknote issuances to its ROBs amounted to ₱814.6 billion (1.9 billion pieces) in 2023. From this total, 48.9 percent in value and 50.6 percent in volume were issued to service withdrawals of AABs in Metro Manila. Aggregate coin issuances to ROBs significantly improved by 43.4 percent in value and 27.6 percent in volume.

Meanwhile, banknote and coin withdrawals of banks in ROBs rose by 6.1 percent in value but declined by 8.6 percent in volume. This indicated that more high-denominated currencies were withdrawn during the year. The increase in general spending during the *Barangay* and *Sangguniang Kabataan* elections held in October and the higher-than-target inflation rate lifted currency withdrawals in 2023.

In terms of banknote and coin deposits in ROBs, both value and volume recorded increases of 11.7 percent and 7.1 percent, respectively. The expansion was driven by banks' deposits of unfit and fit banknotes. Banks' deposits of fit coins also grew by 76.9 percent in value and 34.0 percent in volume.

On the other hand, total banknote and coin retirement in ROBs rose by 4.4 percent in volume and 4.7 percent in value in 2023. This naturally followed the increase in banks' unfit banknote deposits, which were eventually retired.

Currency recirculation

Cash Service Alliance

Launched in October 2020, the Cash Service Alliance (CSA) facilitates proactive recirculation of fit currency by enabling banks to directly service the fit currency requirements of other banks from their available cash holdings. In 2023, the value of fit banknotes and coins recirculated by banks among themselves reached ₱338.7 billion. This was 0.9 percent lower than in 2022.

While the value of matched transactions declined by 14.6 percent in Metro Manila, CSA matches in other regions recorded a significant increase of 90.6 percent. The increase may be attributed to BSP ROBs' persistent coordination with client banks to utilize the CSA system.

To further promote the initiative, the BSP is currently working on amendments to the CSA guidelines. These amendments involve revising the cut-off time to match the timing of banks' receipt of currencies and adopting a unified terms agreement as a standard agreement form for all participating banks.

Coin deposit machines

The BSP deployed coin deposit machines (CoDMs) to encourage the public to deposit their idle coins to promote efficient recirculation of fit coins in the country and siphon off unfit coins from circulation. This project also supports the Bank's digitalization thrust as the bulk of coins deposited in CoDMs are instantly converted and deposited into clients' electronic wallets.

The CoDM project was initially launched in June 2023 for three sites in Robinsons Manila and Mall of Asia in Pasay City. By the end of October 2023, 25 units of CoDMs were already deployed to several mall sites in Metro Manila and nearby cities in Rizal, Cavite, and Laguna. As of 31 December 2023, the CoDMs collected ₱350.1 million worth of coins in various denominations, equivalent to 105.7 million pieces.

In December 2023, the BSP conducted an initial cost-benefit assessment of deploying CoDMs. Based on available data, indicative savings from the project outweigh the costs, provided that annualized coin deposits are realized and sustained over time. However, the coins collected from the CoDMs do not directly translate into a reduction in AABs' coin withdrawals from the BSP.

Currency buffer stock management

To provide insurance against uncertainties and shocks, the BSP maintains a currency buffer stock that should be equivalent to three months' worth of banknotes and one month's worth of coins.

At the height of the COVID-19 pandemic, a notable spike in precautionary demand for higher banknote denominations was observed. In response, the currency buffer stock was rationalized in favor of higher denominations. The combined one-month currency buffer stock of 100-Piso and 50-Piso was converted into 1000-Piso and 500-Piso, with shares of 75.0 percent and 25.0 percent, respectively. On 21 June 2023, the currency buffer stock for banknotes was normalized.

As of end-2023, the total banknote inventory of the BSP was equivalent to 2.9 months of the economy's banknote requirements, slightly below the required currency buffer stock level of three months. Meanwhile, total coin inventory remained sufficient to service the currency requirements of the economy during the same period.

Gold production

Consistent with the overarching goal of the Gold Buying Roadmap, gold purchases increased in 2023 by 26.0 percent than in 2022, totaling 298,203.4 tr. oz.

Good delivery bar (GDB) production rose by 11.4 percent in 2023. The BSP produced 737 GDBs, with an average gold assay of 99.6 percent and a total weight of 293,915.2 ozt tr. oz. (292,827.5 fine tr. oz.).

Concurrently, the BSP successfully completed the prescribed activities necessary for accreditation on the Good Delivery List for Refiners of the London Bullion Market Association (LBMA). This signifies the Bank's proficiency in casting and assaying GDBs in its gold refining operations.

The BSP also passed LBMA's proactive monitoring (PAM) and proficiency testing scheme in 2023.⁵⁵ With satisfactory results, the central bank maintained its accreditation on the Good Delivery List.

Security documents and commemorative coin production

Beyond its mandate to produce banknotes and coins, the BSP expanded to the production of security documents. Such included judicial title forms for the Land Registration Authority (LRA) and presidential medals and state decorations for the Office of the President.

The BSP delivered 494,571 pieces of judicial title forms to the LRA by the end of December 2023. In terms of commemorative medals and coins, notable projects during the year included the production of 3,000 sets of the 100-Piso, 20-Piso, and 5-piso commemorative non-circulation legal tender coins in celebration of the 125th Anniversary of Philippine Independence and Nationhood.

Aligned with the thrust toward an inclusive financial system, the BSP is also a partner of the PSA in the production of Philippine identification cards. In 2023, the Bank produced 12.6 million pre-personalized cards, issued 23.8 million cards to the PSA for personalization, and turned over 22.6 million personalized cards to the Philippine Postal Corporation (PHLPost). Since the project started in 2020, the BSP cumulatively produced 53.7 million pre-personalized cards; kitted 51.0 million cards, as supervised by the PSA; and delivered 50.9 million cards to PHLPost.

Operational assessment and enhancement

The BSP began planning the development of a data management system that will streamline and integrate its cash cycle operations and end-to-end data management processes in 2023. The project aims to improve the collection of production data from machines, automate data retrieval and consolidation, and enhance report generation. By focusing on these aspects, the project shall bolster efficiency and effectiveness across the entire data management lifecycle of the Bank's currency operations.

In terms of currency forecasting, the BSP developed a customized program wherein in-house technical analysts proactively and dynamically engaged in enhancing the Currency Forecasting System (CFS). Facilitated by the University of the Philippines (UP) Statistical Center Research Foundation Inc., the program revisited the current CFS methodology, which was approved in 2020. The program ran from May to December 2023, with the enhanced model set for parallel testing by 2024.

⁵⁵ PAM is the mandatory monitoring program of LBMA to test refiners' competence in refining and assaying.

The BSP also considers the impact of digital payments in forecasting currency demand. With remarkable inroads in payment digitalization reforms and progressive adoption of digital payment modes, the Bank conducted a study on the “Nexus Between Payments Digitalization and Cash Demand in the Philippines.”⁵⁶ The study investigated the posited substitution effect of digitalization on cash usage in the country, using unique datasets on bank currency withdrawals, electronic payments, and financial services.

The findings indicated that there is currently no empirical evidence of massive cash substitution, considering that the drivers of broad-based cash substitution are still lacking in the Philippines and that the retail payment chain is not yet wholly digital. The pace and extent of substitution would be contingent on policy reforms aimed at widening access through affordable payment services, secure infrastructure, and strong privacy protection, among others. In the long run, sustained advancement in payment digitalization enablers would bring about a behavioral shift in cash usage. The study further underscored that an inclusive payment system safeguards access to a wide variety of payment options, including both cash and digital modes of payment.

The BSP also conducted a study titled, “An Evaluation of the Denominational Structure of the Philippine Currency.”⁵⁷ The study, which complemented the 2022 rider survey results on the preference for 50-Piso banknotes,⁵⁸ aimed to better understand currency usage patterns and behavior. Through this, the Bank could make well-informed decisions that enhance efficiency, support economic policies, and meet the evolving currency needs of Filipinos.

Reinforcing currency integrity preservation efforts

Filipinos continued to use cash in their economic transactions throughout the year. Armed with the exclusive power to issue the national currency, the BSP remained steadfast in ensuring proactive and strategic cash management services while safeguarding public confidence in the Philippine peso.

Forensic examination of highly technical claims

The BSP upheld its commitment to serving the public in terms of determining the genuineness and redemption value of currencies submitted for examination. In 2023, the Bank completed the analysis of 13,142 claims and achieved 100 percent compliance with the Anti-Red Tape Authority requirements. These claims were equivalent to 91,446 pieces⁵⁹ (₱26.6 million) of severely damaged Philippine banknotes and coins, of which 55,949 (₱22.8 million) were replaced in favor of the claimants.

⁵⁶ BSP Discussion Paper No. 9, series of 2023

⁵⁷ BSP Discussion Paper No. 10, series of 2023

⁵⁸ The Survey on the Usage and Preference of Corporates for 50-Piso Banknotes, which was a rider to the Q1 2022 Business Expectations Survey, showed that 82.0 percent of the respondents favored retention of 50-Piso banknotes in circulation, while 79.0 percent were not in favor of its conversion into coins. A similar rider survey to the Q2 2022 Consumer Expectations Survey showed that 91.0 percent were not in favor of removing 50-Piso banknotes in circulation, while 82.0 percent were not in favor of its conversion into coins.

⁵⁹ This includes 56 pieces of defective banknotes, equivalent to 0.01 parts per million banknotes in circulation.

Meanwhile, 59,080 pieces (₱42.9 million) of banknotes and 7,290 pieces (₱0.04 million) of coins examined were found to be counterfeit. Nonetheless, the volume of counterfeit banknotes and coins in circulation remained safe and secure at only 12.2 parts per million and 0.2 parts per million, respectively.

The BSP then intensified its flagship training program for cash handlers, called Know Your Money (KYM). KYM was initially designed to support the Bank's Clean Note and Coin Policy. In 2023, the previously stand-alone learning sessions on the 1000-Piso polymer banknote were integrated into the regular KYM training. Overall, the BSP held 21 learning events on currency integrity and related matters during the year. Two of these learning sessions discussed QR Ph.

Anti-counterfeiting operations

In 2023, the BSP accomplished 11 successful field/law enforcement operations throughout the country. These operations resulted in the arrest of 19 suspects and the filing of 25 criminal charges against violators of the law, rules, and regulations on currency notes and coins. The Bank also secured a 100 percent conviction rate in its pending currency counterfeiting cases from the previous years, with six cases concluded in 2023.

One of the most significant cases during the year involved the arrest of an individual engaged in massive currency counterfeiting by solely designing, manufacturing, and distributing counterfeit currencies through online marketplaces (e.g., Lazada and Shopee). Operatives from the BSP and the Criminal Investigation and Detection Group of the Philippine National Police conducted the entrapment operation in July 2023.

By the end of the year, 26 counterfeiting cases were referred by other law enforcement agencies (OLEAs) to the central bank. The BSP provided technical assistance and advice to currency integrity investigations, while it carried out laboratory examination of referred suspected counterfeit currencies. Furthermore, the Bank conducted four currency-related scam investigations, which were subsequently referred to counterpart OLEAs for possible monitoring and cross-referencing with ongoing investigations.

Accordingly, the BSP served as arresting officer and/or currency expert in 95 judicial court hearings on currency counterfeiting or allied cases in 2023.

Regulation of legal tender facsimile reproduction

As part of its regulation to ensure the preservation of currency integrity, the BSP processed 28 requests for permission to use or reproduce the facsimile of legal tender Philippine currency. The Bank issued clearances and letter replies within three days, in accordance with Republic Act (Rep. Act) No. 9485 or the Anti-Red Tape Act of 2007.

WHAT

WE DID IN 2023:

The BSP's strategic thrusts



What we did in 2023: The BSP's strategic thrusts

The BSP continually strives to develop strategies that aim to address the challenges and issues brought about by the dynamic operating environment. Following the term of the Governor, the BSP examines its course every six years—banking on the lessons of the past, building on the gains of previous leaders, and capitalizing on its strengths and opportunities.

Year 2023, the final year of the BSP's six-year strategy cycle, is when the Bank evaluated its existing strategy and formulated a new one for the next six years.

The BSP 2018–2023 Strategy at a glance

The BSP 2018–2023 Strategy is unique, with the Bank operating under varying circumstances and challenges from internal and external forces. Internally, the Bank had three Governors within the period of six years, a first in its 30-year history. In 2020, the Philippines, along with the rest of the world, closed its border and battled to contain the spread of the 2019 coronavirus disease. During this unprecedented period, the Bank operated under a different and fast-paced business condition, navigating through various levels of quarantine restriction.

This strategy cycle started with the catchphrase “Continuity++,” which aims to position the Bank as an active driver and enabler of social change. It captures the commitment to deliver desired outcomes under the BSP's core mandate while pursuing broadening financial inclusion and implementing game-changing financial sector reforms.

In 2020, building upon the progress and aspirations of Continuity++, the strategy evolved with the overarching theme: “Bringing BSP Closer to the People.” It was borne out of the BSP's collective desire to serve the nation the best way it could to contribute toward a better quality of life for all Filipinos.

The success in attaining this goal begins with the three pillars of central banking, the strategic objectives (SOs), anchored on the BSP's mandates and thrusts. These are bolstered and strengthened by the strategic programs (SPs) formulated to support the core functions of the Bank.

The strategic objectives

SO 1: Well-managed inflation

This SO covers the price stability mandate of the BSP, with the end goal of achieving the government's inflation rate target and corresponding anchoring of stakeholders' expectations while providing an enabling environment for growth and employment.

Ensuring price stability through effective management of inflation is crucial to enable businesses and households to make well-informed decisions regarding consumption, production, savings, and investment. This, in turn, facilitates economic growth and helps maintain a sustainable quality of life for Filipinos.

While there have been slight deviations in actual inflation vis-à-vis the target, the BSP stays attentive to factors influencing inflation by employing appropriate monetary policies and tools while keeping a close watch on market dynamics that influence economic activities in the Philippines.

SO 2: Safe, efficient, and inclusive payments and settlements system

For this SO, the Bank set two goals: (1) to provide an innovative currency management system that enables a cash-lite economy, ensures an adequate supply of currency in a cost-efficient way, and instills public trust; and (2) to ensure an efficiently functioning payment system that is widely used and trusted by government, businesses, and individuals for most of their payment needs and is governed by a holistic regulatory framework.

The advancement of technology during the pandemic accelerated the drive to modernize the retail payment system. With the launch of several digital payment streams, corresponding policies and regulations were issued to ensure safe, efficient, and inclusive payments and settlements, along with the establishment of cooperative arrangements with relevant regulatory and government institutions.

SO 3: Sound, stable, and resilient financial system

This SO relates to the financial stability mandate of the BSP. Over time, the Bank recognized that a safe, sound, and resilient financial system is key to fostering inclusive and sustainable growth in the country. In this respect, the strategy ensures that the Bank effectively carries out its mandate by closely monitoring individual financial institutions and the financial system as a whole, promoting adherence to high standards of doing business and serving the public, and providing an enabling environment for the adoption of environmentally responsible and sustainable policies and practices in the financial industry.

The Philippine banking system sustained its strong performance, providing substantial support for economic recovery in the country. Total assets grew on the back of stable domestic deposits. This expansion financed Philippine banks' investment and lending activities, subsequently contributing to favorable macroeconomic conditions amid high interest and inflation rate concerns. Banks reported satisfactory asset quality, which helped sustain profitability. Importantly, Philippine banks maintained ample capital and liquidity buffers to absorb potential losses arising from market shocks.

The strategic programs

Inclusive financial system

The goal to promote an inclusive financial system transcends making financial services accessible to all. The BSP has been prioritizing programs on financial inclusion, financial education, and consumer protection.

In support of the National Strategy for Financial Inclusion (NSFI), progress has been made toward onboarding at least 70.0 percent of Filipino adults to the financial system through the opening of transaction accounts.

Under this SP, the Bank implemented parallel and complementary programs on expanding access to low-cost touch points; promoting accounts designed for the youth; strengthening the credit infrastructure for MSME and agricultural financing; elevating the standards for customer protection and market conduct; and cultivating financial education and digital literacy partnerships.

Strategic communication

This SP aims to foster public trust by enhancing stakeholder awareness of the BSP, their understanding of its policies and initiatives, and the impact of such policies on their lives and the economy. The Bank recognizes that the public's high level of trust is built around its domestic and international recognition due to its competency, credibility, and integrity.

Based on PUBLiCUS Asia's report, the BSP consistently ranked first among comparable agencies in the economic development cluster and placed third to fourth among all the surveyed national agencies in terms of stakeholders' trust level and performance. At the end of 2023, the BSP remained on top, with a 54.0 percent trust rating.

In hindsight, this SP boosted public confidence by increasing stakeholder knowledge of the BSP's mandates, policies, and projects and by highlighting the impact of these initiatives on individuals, households, communities, and the broader economy. By staying attuned to stakeholder feedback, the BSP also remained responsive to the public's needs, formulating beneficial policies and initiatives.

Sustainable central banking

The BSP recognizes that the impact of climate change and other environmental and social risks may undermine its efforts to promote price and financial stability, thus affecting the lives and livelihoods of Filipinos.

As such, the BSP launched its 11-point Sustainable Central Banking (SCB) Strategy in December 2022. The SCB Strategy embodies the BSP's roles as enabler, mobilizer, and doer in promoting the climate and sustainability agenda.

The two-phased approach to embedding ESG principles into the BSP's operations started with capacity building for officers and staff on sustainability principles. This was followed by a self-assessment exercise to determine how ESG-related principles and practices could be incorporated into the Bank's operations and functions to the most feasible extent.

Other notable accomplishments of the BSP under the SCB program include the following:

- issuance of various sustainable finance policies and regulations;
- publication of various research on the potential impacts of climate change on the banking system and the link between climate change and monetary policy;

- enhancement of the Enterprise Risk Management Framework to integrate sustainability and ESG-related risks;
- adoption of sustainable practices in currency production and disposal;
- reduction of paper wastes through the adoption of electronic document and data processing systems;
- implementation of green, sustainable, and responsible building designs and energy efficiency measures in BSP facilities;
- investments in the BIS Green Bond Fund;
- integration of green lending criteria in the pension fund;
- signing of the United Nations (UN)-supported Principles for Responsible Investment and subsequent establishment of a Responsible Investment Committee to oversee policy implementation; and
- publication of the maiden *Sustainability Report*, featuring the BSP's accomplishments and pipeline of activities for the succeeding years.

Meanwhile, the BSP commissioned a study conducted by the De La Salle University (DLSU) Center for Sustainable Development Research to analyze the carbon footprint or life cycle of 1000-Piso Philippine polymer and paper banknotes. The study showed that the polymer banknote exhibits a lower carbon footprint than the paper banknote by 38.4 percent. The study also found that banknote life span and automated teller machine electricity consumption considerably influence the global warming potential of both paper and polymer banknotes.

These accomplishments in promoting sustainable finance gained international attention and were cited in various publications. The BSP has also been invited to several international forums and discussions to share its knowledge, practices, and ongoing initiatives to promote the climate and sustainability agenda.

Digital transformation

At the start of the strategy cycle, the BSP determined that digitalization is the way forward. The Bank put in place applicable and appropriate technologies to provide a safe, healthy, and efficient work environment, both in normal and extraordinary circumstances. Thus, at the onset of the pandemic, the BSP was able to quickly respond to new technological requirements and continue its usual operations.

As the Bank navigates the new normal, it aims to leverage technology further to fully embrace digitalization, driven by strong digital leadership, an innovative and collaborative culture, a secure and efficient technology ecosystem, and optimized work processes that support data-driven decisions.

In 2023, the BSP developed a Digital Maturity Metric composed of five dimensions, namely: organization and culture, operations, data, technology, and customer. During the year, the Bank predominantly exhibited a Level 4 or “Managed” digital maturity level. This indicates that a dedicated digital transformation team is formed to guide strategy and operations, based on business and customer-centric goals.

To this end, the BSP demonstrates its commitment to developing a digitally mature organization by:

- prioritizing the development of digital capabilities among its employees;
- utilizing digital platforms for capability building;
- implementing productivity tools to establish an enduring foundation for growth and innovation;
- completing initiatives to improve data management and analytics aimed at enhancing strategic decision-making and optimizing operations;
- leveraging technology for business transformation toward increased agility, scalability, and collaboration;
- improving cybersecurity posture and protecting digital assets and customer data to mitigate possible risks emanating from digital transformation;
- upgrading legacy systems and adopting emerging technologies to drive innovation;
- introducing new services, such as the BSP Online Buddy chatbot, that revolutionized customer interactions through the provision of prompt and personalized support; and
- facilitating a robust settlement system that ensures seamless and secure financial transactions.

Thus far, all these digitalization efforts resulted in significant progress in enhancing customer experience and instilling trust among stakeholders.

Organizational capability

This SP recognizes the need to build a resilient and future-ready BSP. It aims to have a leaner, more agile, and smarter central bank, supported by: (1) a culture and work environment that promote collaboration, professionalism, innovation, and service to the nation; (2) prudently managed financial resources; (3) shared knowledge-based and intellectual resources; and (4) an evidence-based and rigorous research program. With the combined support services of the physical, human, financial, and intellectual resources of the BSP, a strengthened organizational capability can sustain the effective delivery of the Bank's core mandates.

Indeed, bringing the BSP closer to the Filipino people requires multiple game-changing initiatives that must be experienced and felt by everyone. The BSP remains resolute in achieving its vision of being globally recognized for supporting a strong economy and promoting a high quality of life for all Filipinos. Its commitment to continual improvement is reflected in its strategic plan—a reflection of the belief that excellence is not a static destination but an ongoing journey, where each milestone builds the foundation for the next stride.

The BSP 2024–2029 Strategy formulation exercise

Even before the end of the BSP 2018–2023 Strategy, the Bank commenced its strategy formulation activities, as early as Q4 2022. The development of the new enterprise strategy comprised three major phases. Phase I is priming and capacity building, aimed at briefing BSP management, setting clear expectations regarding the exercise, and capacitating personnel in charge of strategy management-related work to support strategy formulation and implementation. Phase II is enterprise strategy formulation and translation, which involves gathering data, conducting environmental scanning, and developing enterprise strategies, including the BSP strategy map, enterprise scorecard, and strategic initiatives. Phase III is organizational alignment, which centers on disseminating the strategy to those responsible for its operationalization and implementation.

Phase I of the strategy formulation exercise was concluded in April 2023 with the completion of the formal training of select officers and staff, known as the “strategy management focal persons.” These individuals will be considered subject matter experts and central points of contact for matters relative to strategy management.

Meanwhile, Phase II began with the assessment of the Bank’s operating environment. This involved the collection and evaluation of data and information from a variety of sources to identify gaps, challenges, and opportunities that exist within and outside the organization.

Relevant information gathered during the environmental scanning served as input for the ideation of focus areas for strategy formulation. Such information included major concerns of central banks, such as economic uncertainty, financial stability, technological changes, and political pressures. The central banking trends that were identified cover digitalization, innovative monetary policies, communication with markets, climate change, inclusivity, collaboration, and future-proofing.

Building upon the gains of the previous strategy and the results of the planning sessions, Governor Eli M. Remolona, Jr., the BSP’s seventh Governor, identified eight key challenges that the central bank should address, particularly:

- the management of macroeconomic fundamentals, which requires the Bank to improve its research methodologies, data sets, forecasting models, and indicators to leverage big data for more responsive policymaking;
- the establishment of integrated and coordinated systemic risk management to promote financial stability, which necessitates enhancements in macroprudential oversight and microprudential supervision;
- the active participation of the central bank in the whole-of-government approach in deepening the capital markets;
- the balancing of ESG goals to ensure a sustainability agenda focused on fair transition and inclusive adaptation;
- the production of high-quality research to enable the Bank to produce evidence-based policies and adapt to changing economic conditions;

- the need to navigate the dynamic operating landscape to build resilience and adaptability to emerging issues that could affect the delivery of mandates;
- the challenge to strengthen the BSP's capabilities and policies in utilizing existing and emerging technologies to thrive in the digital landscape; and
- the need to proactively engage the Bank's stakeholders to increase awareness of its mandates and advocacies.

These strategic challenges were narrowed down to specific strategic issues that encompass the important questions, topics, and choices that the Bank must address to remain competitive and relevant in the ever-changing business environment. Understanding and effectively managing these strategic issues are critical to achieving long-term sustained growth for the BSP.

The planning work sessions culminated in a Strategic Planning Conference held on 20–22 November 2023. The conference was attended by top management, select officers, and key members of the strategy execution team. The purpose of the conference was to finalize the BSP 2024–2029 Strategy, foster commitment for strategy execution, and strengthen management team rapport. In his speech, the Governor emphasized the need to level up existing mechanisms and build transformational strategies so that the BSP can continue to achieve greater heights and better serve the Filipino people. The Bank anticipates the conclusion of its strategy formulation exercise by the first half of 2024.

WHAT

WE DID IN 2023:

Operational highlights



What we did in 2023: Operational highlights

Research

The BSP aims to cultivate a supportive environment for collaborative, relevant, rigorous, and sustainable research. Its efforts to enhance research capability are focused on establishing a solid theoretical and empirical basis for well-grounded policy formulation, implementation, analysis, and assessment.

In 2023, the BSP contributed to the domestic and global research community through publication, conduct of and presentation at conferences, and engagement in collaborative initiatives. The Bank also provided its stakeholders with relevant information to make sound economic decisions through enhanced research capabilities, robust information analytics, and effective information dissemination.

Publication

The BSP published 13 research articles as *BSP Discussion Papers* on various topics relevant to central bank operations and the broader economy during the year. In March, the Bank launched the book *Labor Market Implications of the COVID-19 Pandemic in the Philippines*. This book includes 15 chapters written by economic experts and researchers from the BSP, the Ateneo de Manila University, the Philippine Institute for Development Studies, and the UP School of Economics.

The Bank also published five *BSP Economic Newsletters*.⁶⁰ These articles covered topics on managing capital flows, potential output and trade, machine learning tools for tracking weekly GDP and economic policy uncertainty, and the macroeconomic effects of temperature shocks. In addition, eight box articles covering preliminary research findings on inflation expectations, forecast evaluation, goods and services inflation, total factor productivity, growth-at-risk, and the neutral real rate of interest were published in the *Monetary Policy Report* (MPR).⁶¹

Meanwhile, the first issue of the *Countryside Bank Survey* from 2021, co-written by researchers from the BSP and the Department of Agriculture–Agricultural Credit Policy Council (DA-ACPC), was presented across the Bank’s regional offices and stakeholders.

To enhance the visibility of its research outputs, the Bank launched the BSP Research Blog. This platform provides views and insights on BSP publications, ongoing research, and recent developments. In 2023, five research blog posts were shared with the public.

⁶⁰ The *BSP Economic Newsletter* aims to provide a readily accessible, up-to-date, concise, and reader-friendly compendium of studies on current economic and financial issues.

⁶¹ The MPR serves as the flagship BSP publication on monetary policy. It provides the public with a detailed view of the Bank’s forecasts and guidance on the likely direction of monetary policy over the next two years and conveys its overall thinking behind monetary policy decisions.

Research engagements

BSP researchers participated in the local and international arena as speakers, presenters, and discussants in several virtual and face-to-face conferences. They also served as reviewers for multiple journals.

Toward creating a positive research culture, the Bank managed various activities for the Research Experts Panel (REP). These activities included two lecture series in July and November 2023 and research consultation workshops, where REP members provided feedback on ongoing research works by BSP researchers.

The Bank also organized the third BSP International Research Fair from 13–14 June 2023 at the Philippine International Convention Center (PICC) in Pasay City. With the theme “*Quo Vadis? What is the Changing Role for Monetary Policy and Central Banking in the New Economy?*,” the fair featured eight research papers from seasoned and young researchers from all over the globe.

On the first day, four research papers from local and international institutions were featured, including works from the BSP, the IMF, and the WB. On the second day, DLSU presented one research paper. This was followed by the conduct of the International Research Café, co-hosted by the Asia School of Business. Professor Ozer Karagedikli and Dr. Anella Munro moderated three presentations from young researchers, while experts from the academe, senior BSP officials, and representatives from government agencies provided guidance.

In February 2023, the BSP launched the Research Huddle Seminar Series. This provides a platform for research dissemination and open discussion among researchers, academics, and learning enthusiasts. Covering a wide range of topics, it aims to foster interdisciplinary collaboration and facilitate comprehensive knowledge transfer.

Initially held monthly, the Research Huddle featured BSP researchers and guest speakers presenting their latest findings and insights to the central bank community and the public via live streaming on the BSP’s Facebook page. In August 2023, the seminar series was revamped to include presentations of ongoing research works. BSP researchers presented their research at their current stages to solicit comments and suggestions from colleagues. The Research Huddle also became a weekly activity. From February to December 2023, the seminar series hosted nine public presentations of research papers and six presentations of ongoing research work.

The BSP also sponsored a session during the 61st Annual Meeting and Conference of the Philippine Economic Society on 8 November 2023. Titled “The Way Forward: A Digital, Inclusive, and Future-Ready BSP,” the session featured three paper presentations from the central bank.

On 14 December 2023, the BSP hosted the 2023 BSP-UP Professorial Chair Lectures, which had two sessions. The first lecture was on “Exploring the Application and Qualification Patterns in the UP College Admission 2023 using Geospatial Framework” by Professor Francisco N. de los Reyes. This lecture followed with a paper discussion by Assistant Professor Jan Carlo B. Punongbayan. Meanwhile, the second lecture was on “Evolving Impact of Global Value Chains on the Exchange Rate Elasticities of Exports: A Time-Varying Coefficient Approach” by Professor Adrian R. Mendoza.

Other collaborative engagements throughout the year included presentations on the 15th Annual Workshop of the Asian Research Network; the International Conference on Advanced Research Methods and Analytics; the Center for Latin American Monetary Studies (CEMLA) 2023 Latin American Journal of Central Banking Conference; the CEMLA 2023 Joint Research Program on Inflation, Expectations, and Forecasts; the 3rd Irving Fisher Committee Workshop on Data Science and Central Banking; and the 93rd Southern Economics Association Conference.

The BSP also continued its collaboration with domestic institutions by engaging visiting research economists, with two ongoing research projects.

Financial inclusion

Guided by the mandate of promoting broad and convenient access to high-quality financial services for the public and aligned with the NSFI 2022–2028, the BSP continues to advance sustainable approaches to deepen inclusive growth and financial resilience in the country.

Fostering digital financial inclusion

The BSP further enhanced its financial inclusion efforts by implementing various strategic interventions, policies, and programs intended to harness digital technologies. These measures aimed to create scale and establish a long-term impact in the digital financial arena.

Greater accessibility, affordability, and convenience translated into consistent growth in transaction accounts. These were achieved through the BSP's introduction of the Basic Deposit Account (BDA) Framework, consistent promotion of digital financial inclusion, and steadfast support for account onboarding initiatives.

BDAs rose to 22.9 million in Q2 2023, an increase of 174.0 percent from 8.3 million in the same quarter of the previous year. BDA deposits also rose to ₱26.3 billion, an increase of 415.0 percent from ₱5.1 billion in the previous year. The number of banks offering BDAs similarly grew, reaching 158 as of Q2 2023.⁶² The conversion of transaction accounts opened under the Philippine Identification System's co-location strategy contributed to the growth of BDAs in Q4 2022. This resulted in additional 7.5 million accounts, equivalent to 23.0 percent of total BDAs in Q1 2023.⁶³

On the other hand, the number of registered electronic money accounts reached 257.5 million, an increase of 86.3 million (50.0 percent) from 171.2 million in 2021. As of Q1 2023, 72 EMIs operate in the country.

The country's agent networks comprise cash agents, electronic money agents, remittance sub-agents, and service points, which serve as low-cost, ubiquitous touchpoints for financial transactions. To effectively monitor agent networks, the BSP, with technical support from the Alliance for Financial Inclusion (AFI), developed a regulatory technology solution called the Agent Registry System (ARS).

In 2023, the Bank conducted tests on the ARS' functionalities with select BSFIs to enhance user experience. In December, the BSP exposed to the industry the proposed policy to institutionalize the *Agent Registry Report*, which is targeted for issuance in 2024, alongside the full launch of the ARS.

⁶² The list of banks offering BDA accounts may be accessed through this link: <https://www.bsp.gov.ph/Lists/Directories/Attachments/18/BDA.pdf>

⁶³ The number of BDAs increased with the addition of three banks from the Center for Agriculture and Rural Development, Inc. (CARD) banking group to the list of banks offering BDA accounts. These included CARD Bank, Inc. (microfinance-oriented RB), CARD SME Bank, Inc. (TB), and CARD MRI Rizal Bank, Inc. (microfinance-oriented RB).

Empowering merchants to go cash-lite

The BSP collaborated further with the Department of the Interior and Local Government to expand the digital payments ecosystem and implement Paleng-QR Ph Plus. The program aims to promote financial inclusion and digital payment transactions in public markets, business establishments, and local transportation by leveraging the national QR code standard or QR Ph.

The BSP continued to conduct briefings and provide technical assistance to LGUs, including helping them draft Paleng-QR Ph Plus ordinances, onboard new account holders, and conduct financial literacy sessions. By the end of the year, 64 LGUs had launched and/or issued ordinances on the program. Accordingly, the BSP organized 49 lectures on the Paleng-QR Ph Plus program for market vendors and market section heads in various localities, reaching 7,163 attendees.

Moreover, the BSP coordinated with the Department of Trade and Industry (DTI) to organize the first Cashless Expo in the Philippines. It was designed to increase digital payments awareness and adoption among merchants, especially MSMEs, and encourage cashless transactions among consumers. The event was held at the World Trade Center on 17-19 November 2023. The expo featured 194 merchants from 14 regions across the country, selling locally made goods while exclusively using digital modes of payment. It was attended by 2,421 patrons, which translated to a total volume of 3,831 transactions. This expo was part of the final stretch of the BSP's campaign under the Digital Payments Transformation Roadmap 2020–2023, which aims to transform at least 50.0 percent of monthly retail payments into digital form and onboard at least 70.0 percent of Filipino adults into the formal financial system.

In June 2023, President Ferdinand R. Marcos, Jr. voiced again his support to the Paleng-QR Ph Plus initiative, urging government agencies to promote electronic wallets and digital payments to enhance economic activity, especially for MSMEs. During his meeting with the Private Sector Advisory Council Digital Infrastructure Cluster, various business leaders discussed recommendations to improve the country's digital infrastructure, highlighting the efficiency of QR codes in public markets.

Promoting financial access to priority sectors

Recognizing the opportunities arising from inclusive growth, the BSP remains committed to advancing responsive and innovative financing approaches that enable underserved sectors to access credit and participate in the economy. In 2023, the Bank made significant strides in implementing initiatives catered to the needs of the agriculture and MSME sectors.

In collaboration with the ADB, the BSP engaged three TBs, two RBs, and one cooperative bank on a pilot project to advance agriculture value chain financing (AVCF) in the country.⁶⁴ During the project, participants received technical assistance on AVCF product development and value chain market and analysis, while their insights and experiences from implementation were documented in the AVCF Toolkit and case studies.⁶⁵

⁶⁴ The following banks were selected for the pilot project: 1st Valley Bank, First Philippine Partners Bank (formerly Rural Bank of Sta. Catalina), New Rural Bank of San Leonardo, Rizal Microbank, Producers Savings Bank Corporation, and One Cooperative Bank (formerly Metro South Cooperative Bank).

⁶⁵ The AVCF Toolkit may be accessed through this link: <https://www.adb.org/projects/documents/phi-49386-001-tacr-1>

In February 2023, the ADB formally turned over the AVCF Toolkit and case studies from the project to the BSP, marking the completion of the first phase. This was followed by culminating activities, including in-person training, mentoring sessions, and field visits to AVCF clients in Q3 and Q4 2023. A joint handover meeting of AVCF outputs with the DA-ACPC is scheduled for February 2024.

Meanwhile, the BSP, DTI, PSA, and the Philippine Commission on Women provided technical input and guidance to ADB's MSME demand-side survey. The findings from the survey were published in October 2023.⁶⁶ Insights from the report identified access to capital and credit, constrained by application costs and requirements, as major barriers against MSME growth. The report also highlighted the challenges of high competition and gender gaps in using banking services. Overall, the survey initiative complemented the Bank's efforts to support the MSME sector by addressing demand-side data gaps and reinforcing evidence-based policymaking.

Further developments were made on the Credit Risk Database (CRD), which is a joint initiative between the BSP and the Japan International Cooperation Agency (JICA). This initiative aims to enhance the access of small and medium enterprises (SMEs) to credit by developing a scoring model and tool that use a large-scale database of anonymized SME financial, non-financial, and default-related data. The scoring model and tool can generate the probability of default and the credit score of SME borrowers. These outputs may be used by the financial institution concerned to assess the creditworthiness of SME borrowers, complementing existing models and tools.

The construction of the database and credit scoring model, which lasted for three years, was completed on 31 March 2023. Subsequently, the BSP and JICA launched the CRD scoring model on 25 April 2023. In December 2023, the MB approved the commencement of the second phase of the CRD initiative for two years. With this, the Bank could continue with the establishment and sustainable operation of the CRD, effectively making the Philippines the first country to adopt the database after Japan.

To enhance the creditworthiness of MSMEs, the BSP continued implementing the Credit Surety Fund (CSF). A key advocacy program of the Bank, the CSF provides a surety cover of up to 80.0 percent for bank-granted loans. As of the end of 2023, there were 37 registered CSF cooperatives, including the Province of Camarines Norte, which was a newly organized CSF cooperative.

In line with Rep. Act No. 10744 (Credit Surety Fund Cooperative Act of 2015), the BSP also conducted various activities supporting CSF cooperatives. These included in-person training sessions and strategic planning seminars for 15 CSF cooperatives and briefings for 11 LGUs.

⁶⁶ Asian Development Bank. (2023). *Measuring progress on women's financial inclusion and entrepreneurship in the Philippines: Results from a micro, small, and medium-sized enterprise survey*. <http://dx.doi.org/10.22617/TC5230388-2>

To support the issuance of Circular No. 1156 dated 30 September 2022 and to encourage early adoption of the Standard Business Loan Application Form (SBLAF) among covered entities (CEs), the MB approved the 20.0 percent or ₱2.0 million—whichever is lower—discount rate in the assessed annual supervisory for 2024 and 2025.⁶⁷ CEs were given 18 months from the policy's effectivity on 28 October 2022 (i.e., until 28 April 2024) to fully comply with SBLAF requirements.

The BSP, which chairs the Financial Inclusion Steering Committee (FISC),⁶⁸ together with FISC member agencies, created two initiative-based core groups to streamline the implementation of the NSFI's priority initiatives. Set to convene in Q1 2024, the movable asset financing (MAF) and open data core groups shall address credit access barriers and support inclusion-enhancing innovations through customer-permissioned data sharing.

Relatedly, the Bank, as FISC Secretariat, worked with FISC member agencies to publish the maiden issue of the *NSFI Annual Report*, covering whole-of-government financial inclusion accomplishments in 2022.

Championing movable asset financing

Under the NSFI 2022–2028, the MAF is designated a priority initiative to strengthen the agriculture and MSME sectors. MAF covers a range of movable, non-real estate assets—including machinery, accounts receivable, and inventory—constituting most of private firms' capital stock, especially MSMEs.⁶⁹ To this end, the BSP persistently advocated mainstreaming MAF lending models, notably supply chain finance (SCF) and warehouse receipts (WR) finance.

Throughout 2023, the BSP helped promote the International Finance Corporation (IFC)'s 2022 study on SCF market development in the Philippines. The Bank organized the SME Banking Knowledge Sharing and Training Program in February, held bilateral meetings with relevant stakeholders during the IFC's scoping mission in May, and conducted a virtual briefing session for the Philippine Guarantee Corporation on credit insurance in July.

Complementary to these efforts, the BSP continued supporting the passage of House Bill No. 198 (An Act Providing for the Revised Warehouse Receipts Law of the Philippines) to modernize the century-old Rep. Act No. 2137 (Warehouse Receipts Law of 1912). In October 2023, the Bank and the IFC co-hosted a roundtable discussion to raise awareness about the proposed bill and foster a deeper understanding of WR finance, attended by subject matter experts and over 40 industry, private, and public sector representatives. The roundtable discussion facilitated knowledge exchange on WR finance practices in developed markets, assessed the specific needs of the agriculture sector, and explored prospects for policymakers and industry players in advancing WR finance in the country.

⁶⁷ This was during the 75th anniversary meeting on 28 December 2023.

⁶⁸ FISC is the interagency body tasked to provide strategic guidance on NSFI implementation.

⁶⁹ Love, I., Peria, M. S. M., & Singh, S. (2013). *Collateral registries for movable assets: Does their introduction spur firms' access to bank finance?* [World Bank Policy Research Paper No. 6477]. <https://openknowledge.worldbank.org/bitstream/handle/10986/15839/WPS6477.pdf>

Supporting microfinance growth

The BSP regularly monitors microfinance—a critical formal source of credit for the entrepreneurial poor. As of Q2 2023, the banking sector registered 1.9 million microfinance borrowers, ₱27.0 million microfinance loans, and 139 banks with microfinance operations.

To promote innovation in the microfinance sector, the BSP collaborated with the Microfinance Council of the Philippines, Inc. and Citi Philippines to roll out the 2nd Digital Financial Inclusion Awards (DFIA). Redesigned from the Citi Microentrepreneurship Awards, the DFIA aims to encourage digitalization by recognizing outstanding microentrepreneurs and microfinance institutions (MFIs) who successfully adopted digital technologies in their operations. In 2023, the DFIA awarded 20 microentrepreneurs and five MFIs for their digitalization efforts.

Driving financial inclusion through thought leadership

The Philippines hosted the 2023 AFI Global Policy Forum (GPF) in Manila as a demonstration of its commitment and thought leadership in advancing regional and global financial inclusion. Co-organized by the BSP and the AFI, the forum was held at the PICC from 12–14 September 2023.

Over 700 delegates from 70 countries attended the 2023 AFI GPF. These comprised heads and senior officials from other central banks, government agencies, international organizations, and partner institutions.

The forum paved the way for crafting and issuing the “Manila Manifesto.” This manifesto urged boosting ties among global financial standard-setting bodies to make financial products and services accessible, safe, and affordable for all.

Hosting the 2023 AFI GPF in Manila also elevated awareness and commitment to financial inclusion initiatives at the national level. It fostered discussions on the opportunities and challenges of promoting digital finance, generating stronger support from key stakeholders and partners.

Economic and financial learning

The BSP continues to promote awareness of critical economic and financial concepts to foster a better understanding of its role in the economy and the daily lives of Filipinos. A public knowledgeable of basic economic and financial concepts can make informed decisions that lead to better saving, asset building, credit use, and economic and financial well-being. Moreover, these initiatives help strengthen public trust in the BSP, promote long-term price and financial stability, and encourage the use of efficient payments and settlements system.

Conducting economic and financial learning sessions

The BSP established the Economic and Financial Learning Program (EFLP) to provide stakeholders with timely and apt learning activities. The EFLP encompasses Bank-initiated and client-requested lectures from various schools, government agencies, private institutions, and other interested parties.

In 2023, the BSP conducted three major Bank-initiated learning sessions⁷⁰ and 335 client-requested/on-demand exclusive learning sessions under the EFLP. These learning sessions collectively drew 46,221 attendees.

The BSP also organized financial literacy seminars in its ROBs for targeted local audiences. The Bank conducted 864 public information campaigns, engaging 75,639 participants.

The topics ranged from the fundamentals of budgeting and saving to the intricacies of credit, insurance, and bank transactions. With the increased use and popularity of mobile money solutions and digital payments, the lectures also tackled digital financial literacy and cybersecurity. Financial literacy roadshows and digital media campaigns were likewise held to promote the PERA initiative.

Financial Education Stakeholders Congress

The BSP hosted the Financial Education Stakeholders Congress on 14 November 2023 at the SMX Convention Center in Pasay City. This hybrid event brought together more than 300 financial education advocates from public and private institutions, international organizations, development partners, civic society, and the academe. The event showcased the BSP and its institutional partners' financial education advocacy milestones.

Also forming part of the Financial Education Stakeholders Congress activities were five online financial literacy and consumer protection learning sessions for the public from 21–24 November 2023. By leveraging online channels, the BSP aimed to cost-effectively reach a broader audience within and outside the country. As of December 2023, these learning sessions reached a total of 195,996 viewers via the Zoom and Facebook livestream platforms.

⁷⁰ These were primarily conducted face-to-face and supplemented by virtual delivery (via Zoom) and live streaming through the BSP's PisoLit Facebook page, with 3,566 peak live views.

Developing economic and financial learning materials

To complement its learning programs, the BSP produces and disseminates economic and financial learning materials. These materials come in various formats, including infographics, short videos, and electronic learning tools. They are distributed through different communication channels, including print, website, and social media, to maximize reach.

In 2023, the BSP crafted informative learning materials on key personal finance and economic concepts. These were mostly disseminated through the Bank's PisoLit and EkoLit Facebook, Instagram, and X (Twitter) pages. Considering the nature of social media, the materials were packaged clearly and concisely, offering valuable content useful for day-to-day financial transactions.

Throughout 2023, the BSP produced several learning materials in the form of explainers and bite-sized themed illustrations. Such materials included practical financial advice, insights on digital literacy, scam prevention tips, consumer protection advisories, and laymanized explanations of economic concepts.

Financial education modules

The BSP conducts training-of-trainers (TOT) sessions for its institutional partners. To this end, the Bank produces bespoke financial education modules rolled out alongside the training sessions. The beneficiaries of these modules included:

- **Trainers from the Civil Service Institute (CSI).**⁷¹ In 2023, the CSI conducted financial literacy sessions for 1,703 employees from various government agencies and 710 Civil Service Commission (CSC) employees.
- **Trainers from the DA-Bureau of Fisheries and Aquatic Resources (BFAR).** DA-BFAR began rolling out Fish N' LEarn in 2022.⁷² Since its launch, Fish N' LEarn sessions have been conducted for 6,382 fisherfolk nationwide, imparting key messages on financial literacy and marine conservation.
- **Trainers from the Department of Migrant Workers (DMW).** The DMW facilitates the PiTaKa (*Pinansyal na Talino at Kaalaman*) financial literacy training as part of the pre-departure orientation seminar for OFWs. From 2022–2023, PiTaKa sessions reached 2,122,852 attendees.
- **Trainers from the Department of Education (DepEd).** DepEd regularly holds personal financial management sessions for its teachers. From 2018 to 2023, the initiative reached a total of 6,882 participants.

In November 2023, the BSP also launched the trainer's manual for the Armed Forces of the Philippines (AFP). This aims to provide financial education and capacitate over 161,000 military and civilian personnel within the AFP.

These initiatives form part of the BSP's commitments under various MOAs with its financial education partners from the public and private sectors.

⁷¹ CSI is the training arm of the CSC.

⁷² Fish N' LEarn is a financial education simulation game that was co-developed by the BSP, the US Agency for International Development's Fish Right Program, the BDO Foundation, and the PATH Foundation.

Forging financial education partnerships

In 2023, the BSP continually expanded the reach of its programs by forging new partnerships with key government agencies.

The Bank collaborated with the Commission on Higher Education (CHED) to develop a personal finance course module for college students. In June 2023, a MOA was ceremonially signed by the BSP, CHED, the National Economic and Development Authority, the BPI Foundation, and members of the FSF to solidify this partnership.

Moreover, the BSP signed new MOAs with the Technical Education and Skills Development Authority (TESDA) and the DMW. Under the partnership with TESDA, the BSP aims to conduct a free online personal finance course for over 4.4 million technical-vocational education and training learners. Through the new MOA with the DMW, the BSP shall boost the PiTaKa campaign and reach more OFWs and families with ongoing and upcoming welfare programs. These partnerships were supported by the BDO Foundation.

Partnership commitments

Under its partnership with the DA-ACPC, the BSP launched the KITA (*Kapital at Ipon Tungo sa Asenso*) Mo Na! financial education game in June 2023. This game was developed for the DA-ACPC's credit beneficiaries, including small farmers, fisherfolk, livestock raisers, young agripreneurs, and repatriated OFWs engaged in agribusiness.

For the education sector, DepEd has integrated financial education concepts into the K-to-12 curriculum since the issuance of the Financial Education Policy in 2021.⁷³ From 2019 to 2023, the DepEd Learning Resource Portal recorded 97,066 downloads for the first batch of lesson exemplars co-developed by the BSP and DepEd.

In February 2023, DepEd developed a monitoring and evaluation (M&E) framework and tool to track the progress of integrating financial literacy concepts in select subjects across grade levels. The M&E tool was validated in November 2023, concurrent with finalizing the second batch of lesson exemplars containing key financial education concepts for incorporation into various subjects at different grade levels.

To cater to lower-income and underserved sectors, the BSP conducted capacity-building activities and TOT sessions for 255 trainers from key government partners, including the DA-ACPC, DTI, and DMW. The BSP also provided supplementary personal finance management sessions for 473 municipal welfare officers from the Department of Social Welfare and Development. These officers conduct financial literacy training during Family Development sessions for the *Pantawid Pamilyang Pilipino* Program beneficiaries.

⁷³ DepEd Order No. 22, series of 2021

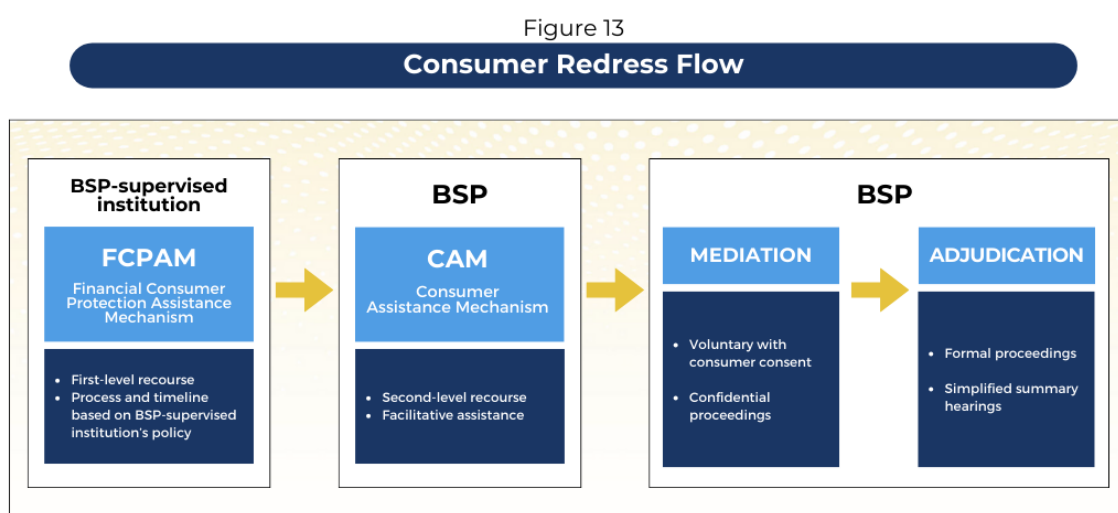
Consumer protection

The BSP continues to protect and advocate for the welfare of financial consumers. Rep. Act No. 11765, the Financial Products and Services Consumer Protection Act (FCPA), enacted on 6 May 2022, grants the central bank expanded legal authority to perform market conduct supervision and ensure financial consumer protection.

Beyond assisting financial consumers, the BSP streamlined consumer redress processes, drafted key supervisory policies, and began executing market conduct monitoring activities within a year of the FCPA's effectivity.

Consumer assistance

To complement Circular No. 1160 dated 28 November 2022, which serves as the BSP's main IRR for the FCPA, the central bank issued Circular No. 1169 on 24 March 2023. This circular contains the rules of procedure governing the consumer assistance mechanism (CAM), mediation, and adjudication of complaints escalated by consumers to the BSP. It covers issues and disputes of consumers who availed of financial products or services offered, sold, or marketed by a BSP-supervised institution (BSI) and issues alleging violation of the provisions of the FCPA.



Circular No. 1169 also clarifies the consumer redress flow. As mandated under the FCPA, a BSI shall establish its own financial consumer protection assistance mechanism (FCPAM) as an internal system for addressing consumer complaints and inquiries. This mechanism serves as the first level of recourse for aggrieved financial consumers.

Concerns that are not resolved at the first level warrant escalation to the BSP. These can be filed to the CAM for assistance facilitation. The CAM is the second level of recourse that the BSP provides for financial consumers. It serves as a venue for financial consumers and BSIs to communicate and resolve their issues. At this level, respondent BSIs are given another opportunity to clarify their positions on consumer concerns that were not resolved through their internal FCPAMs. If a complaint remains unresolved after a series of two clarifications from the BSIs, the case is terminated under the CAM.

Upon termination of a complaint under the CAM, unresolved concerns can be escalated to the following levels of the consumer redress flow: mediation and adjudication. Mediation is an intervention conducted by a duly authorized central bank mediation officer to assist involved parties in reaching a mutually acceptable settlement. It is a voluntary and strictly confidential process. A complaint escalating from the CAM to mediation is triggered by a complainant's express written consent.

Adjudication is a quasi-judicial procedure for financial consumer complaints arising from, or in connection with, financial transactions that are purely civil in nature and involve reimbursement claims of up to ₱10.0 million. Complaints that do not meet these conditions fall outside the scope of adjudication; hence, the next recourse for consumers would be the regular courts.

All recourse mechanisms offered by the BSP—from the CAM to mediation and adjudication—are subject to exclusions stipulated in Circular No. 1169. These include complaints involving financial service providers (FSPs) that are not supervised or regulated by the BSP, concerns about labor practices or employment contracts of FSPs, disputes between an FSP and its third-party agent or partner, and cases pending or already decided by the courts.

To efficiently adapt to new FCPA regulations, the central bank started implementing enhancements to its consumer assistance processes. The BSP Online Buddy (BOB)—the central bank's highly customized, artificial intelligence-powered complaints handling chatbot, which now serves as the primary channel for CAM—undergoes regular recalibrations to be more responsive in its conversations with consumers. BOB also undergoes system enhancements to ensure that financial consumer concerns are processed according to the standards set in Circular Nos. 1160 and 1169. CAM and BOB processing timelines, relevant templates, and forms were revised to conform with the parameters set under these new regulations.

In 2023, the BSP received and processed 43,115 new complaints from financial consumers through various CAM channels. This was a 95.0-percent increase in volume from 22,142 complaints processed in the previous year. Around 87.4 percent of the total was initially received and processed through BOB.

By the end of the year, 322 cases were escalated from the CAM to mediation. Of these cases, 69.4 percent⁷⁴ were successfully mediated, while 30.6 percent were considered failed. Other cases were terminated due to non-response or at the request of the complainant,⁷⁵ while five mediation cases remain ongoing.⁷⁶ The success of mediation proceedings depends on the willingness of involved parties to settle into an amicable agreement.

Meanwhile, 11 cases were filed for adjudication with the BSP in 2023. One case is in process, four were dismissed without prejudice, and six were concluded with a decision.⁷⁷

⁷⁴ Success rate (%) = Successful mediations / (Total of Successful + Failed mediations)

⁷⁵ Among the reasons for terminating mediation include non-response from an involved party or the complainant's decision to terminate the case before the start of proceedings.

⁷⁶ This status is as of 30 April 2024.

⁷⁷ This status is as of 30 April 2024.

Market conduct supervision

The BSP-issued Memorandum No. M-2023-033 dated 19 October 2023 provides guidelines for BSIs on the submission of gap analyses and Board-approved action plans in compliance with the transitory provision of Circular No. 1160. Accordingly, the Bank received documentary submissions from BSIs during the year. These documents will be evaluated and considered in succeeding risk assessments of BSIs' financial consumer protection and market conduct policies and practices.

To augment its supervisory capacities, the BSP explored other initiatives on market conduct surveillance. With assistance from the Cambridge SupTech Lab, the Bank developed a prototype solution capable of web scraping and analyzing financial consumer sentiment across various social media platforms. Once fully operational, this prototype aims to alert the BSP of emerging financial consumer issues on social media and online news sites. Such can be integrated with complaints data and other information, allowing the central bank to take timely supervisory action and aptly perform its market conduct surveillance functions under the FCPA.

The BSP also implemented a technical assistance program with the WB. In April and September 2023, the WB conducted two workshops with BSP officers to develop a Financial Consumer Protection and Market Conduct Supervision Framework. This policy, once issued, shall guide the central bank in performing risk-based supervisory assessments of BSIs' business conduct and practices while employing consumer protection-focused parameters and perspectives.

In addition, the BSP is working with the Innovations for Poverty Action, a non-profit research entity, on the beginning of a policy study on responsible pricing. In June 2023, a workshop with selected BSIs was conducted to design reporting templates anchored on FCPA-related measures.

The templates were piloted, and data from participating BSIs are being analyzed. The results of this study will support the Bank's future policy issuances regarding the determination of the reasonableness of interest rates, fees, and charges for selected financial products and services. This authority is among the powers imbued by the FCPA upon financial regulators.

Peer learning

The BSP establishes dynamic partnerships with other central banks to advance the shared goal of protecting the rights and welfare of financial consumers. In 2023, the Bank conducted peer learning sessions and study visits, facilitating productive exchange of knowledge and experience about legal and institutional frameworks on consumer protection. Supervisory approaches and tools for market conduct supervision were also discussed. Among the BSP's partners in this arena were Bank Negara Malaysia; National Bank of Rwanda; Superintendencia de Banca, Seguros, y Las Administradoras de Fondos de Pensiones of Peru; Bank of Tanzania; and National Bank of Ethiopia, with support from the UN Capital Development Fund.

Strategic communication

The BSP recognizes that proactive communication and stakeholder engagement are vital to generating and sustaining awareness of, satisfaction with, and trust in the institution. By constantly engaging stakeholders, the Bank continues to cultivate much-needed support for its policies and initiatives in pursuit of price stability, financial stability, and a safe and efficient payments and settlements system.

In 2023, the central bank leveraged strategic communication to champion research, financial inclusion, digitalization, and sustainable finance toward socioeconomic development that benefits all Filipinos.

The BSP's Strategic Communication Framework

Recognizing the crucial role of effective stakeholder communication in fulfilling its mandates, the central bank's MB approved the Strategic Communication Framework in July 2023.

The framework provides general guidelines for crafting and implementing institution- and issue-specific communication strategies. It considers lessons learned from domestic experiences and global best practices.

An adaptation of Simon Sinek's Golden Circle model, the framework articulates the “why,” “what,” and “how” of communication.

Figure 14

The BSP's Strategic Communication Framework



On “why” the central bank communicates, it recognizes that effective stakeholder communication is crucial for building and maintaining stakeholder awareness and knowledge of who the BSP is, what it does, and what the implications of its actions are on their lives. It is also essential to promote stakeholder satisfaction in the institution’s performance and gain their trust.

On “what” the central bank communicates, a majority consists of messages related to its mandates, advocacies, and research outputs.

On “how” the central bank communicates, it strives to do so in a stakeholder-centric, evidence-informed, and results-oriented manner, following other principles of effective communication.

Stakeholder-centric communication

Stakeholder-centric communication at the BSP involves tailoring communication materials—including press releases, speeches, informative videos, and infographics—to its audience’s diverse profiles and needs. It also entails offering channels by which stakeholders may send data requests, ask questions, and lodge complaints.

To this end, the BSP employs tiered messaging. This approach necessitates producing different communication materials carrying the same message to cater to a diverse audience. A case in point is the MPR—the BSP’s flagship publication. The MPR is a technical publication on the central bank’s latest decision on the policy rate, as well as its latest inflation and economic outlook. The BSP also produces “visual summaries” of the MPR to engage the non-technical audience. These are infographics that explain the highlights of the report in a less technical manner. Such materials are made accessible via the website and social media.

The BSP also produces select communication materials in English, Filipino, and other local languages to ensure that its messages reach a wider audience and are understood clearly by diverse segments of the population.

Moreover, the BSP maintains facilities where stakeholders may reach the Bank for questions, complaints, or data requests. One popular channel is the consumer assistance chatbot called BOB. The BSP also receives questions, complaints, or requests from external parties through Facebook Messenger and institutional email.

Evidence-informed communication

The central bank bases communication campaigns for its priority topics on complex data, which it gathers using different tools, including media sentiment analysis, quantitative surveys, and qualitative surveys.

For media sentiment analysis, the BSP monitors social media and traditional media for articles that mention the Bank. News reports from traditional media are tagged as either positive, negative, or neutral in tone.

In the quantitative survey, the BSP considers the results of nationwide quarterly surveys on public perception of the central bank.

The BSP also gathers more comprehensive data on stakeholder sentiments, attitudes, and opinions about the Bank and its priority initiatives. This is done through focus group discussions and in-depth interviews.

Information gathered from these tools helps the BSP craft and refine its communication strategies.

Results-oriented communication

Adhering to the communication principle of results orientation, the BSP sets specific goals for its communication campaigns. Goals may entail metrics that define the success or failure of the campaigns. Setting goals provides a sense of direction to the BSP's communication endeavors.

Communication plans

As a matter of standard practice, the BSP's communication campaigns for priority topics are guided by communication plans. These plans are documents that state the objectives of each communication campaign; identify the target audiences, the appropriate channels to reach them, and the proper messages that resonate with them; and list specific initiatives to meet the objectives.

In 2023, the priority topics covered by communication plans included the acceptability of folded polymer banknotes, CoDMs, Islamic banking, the Check-Protect-Report campaign on cybersecurity, the Rural Banking Strengthening Program, and a cap on credit card interest rates.

The BSP assessed the public perception of its strategy for the recent launch of the 1000-Piso polymer banknote during the year. The Bank began exploring the use of social media to gauge public opinion through sentiment analysis. By refining its analytical framework and building capacity on machine learning algorithms, the BSP could swiftly gauge and monitor the acceptability of critical policy changes.

Accordingly, the central bank received affirmation of its 1000-Piso polymer banknote communication campaign. The campaign was named "Best New Currency Public Engagement Program" at the 2023 Excellence in Currency Awards by the International Association for Currency Affairs.

Media engagement

In 2023, the BSP produced 541 communication materials on its priority initiatives, such as financial inclusion and digitalization. The communication materials had an average engagement rate⁷⁸ of 6.0 percent, exceeding the target of 3.0 percent, and a cumulative reach⁷⁹ of 9,200,964 accounts across various media.

⁷⁸ Engagement rate is a measure of how actively audiences interact with content. It is usually calculated by dividing the total number of engagements (e.g., likes, shares, and comments) by the total number of impressions or reach, and multiplying the result by 100 to get a percentage.

⁷⁹ Reach is determined by the total number of unique users who have seen the content across various channels, irrespective of their interactions.

The BSP continued to engage traditional media as the domestic economy recovered from the pandemic. The Bank released clear, relevant, and timely communication materials to boost public trust and confidence in the institution. It issued 396 press releases in 2023, with the appointment of Governor Eli M. Remolona Jr. as the next BSP Governor garnering the highest coverage in print and broadcast media. This was followed by coverage of the 2023 AFI GPF and the launch of the CoDM project.

According to third-party media monitoring firm Media Meter, the BSP generated an estimated ₱14.6 billion worth of public relations values in 2023. This was based on the coverage of media organizations that carried the central bank's press releases and messages.

The BSP also leveraged various forms of digital media to provide the public with advisories and learning materials on its primary functions, policies, initiatives, and statistics. In 2023, the Bank utilized its website and social media accounts to disseminate infographics, audiovisual presentations, and digital exhibits for its online audiences. It regularly posted timely and relevant content, including practical financial tips, scam prevention reminders, consumer protection advisories, and simplified descriptions of complex economic issues and concepts.

With 1,336 posts during the year, the BSP's Facebook page followers rose from 847,868 in 2022 to 893,301 in 2023, representing a 5.0-percent increase. Engagement actions (e.g., likes, shares, and comments) on the BSP's Facebook posts totaled 388,424.

The BSP published 1,196 tweets on its X (Twitter) account, with the number of followers reaching 70,000 in 2023. As for the BSP's Instagram account, it earned 16,000 followers and had 341 posts.

While the BSP gradually shifted to more in-person press conferences, it continued to hold virtual and hybrid media briefings. In 2023, 42 press conferences were conducted, of which 15 were in-person, 10 were virtual, and 17 were hybrid.

Stakeholder events

In 2023, the BSP held 1,617 meetings and 29 major events, including international conferences and interagency meetings. Key officials from the central bank, government, and private agencies as well as foreign delegates attended, totaling 99,513 guests.

As face-to-face gatherings continued to increase during the year, the BSP received a 4.8 out of 5.0 overall customer satisfaction rating based on a stakeholder survey of its events and venue services.

Arts and culture

The BSP completed 229 multimedia production projects, which included audiovisual presentations, voice recordings, and digital wall projections.

Apart from its regular publications, the BSP successfully launched the coffee table book *Kaban: 50 Years of Investing in Philippine Culture and Heritage*, which featured the Bank's art and numismatic collection.

In celebration of the 125th Anniversary of Philippine Independence and Nationhood, the BSP mounted an exhibit of its commemorative coin set at the Aguinaldo Shrine and the BSP Head Office and its ROBs.

The central bank then won a Bronze Stevie Award for the 2023 BSP thematic calendar set *Handog: Mother Nature's Gift to Humanity*. The set was accompanied by a virtual exhibit that utilized dynamic and interactive augmented reality technology.

Meanwhile, the Museo Bangko Sentral webpage won a gold Stevie Award.

Digital transformation

The BSP leverages technology to continually reimagine how it conducts business in the digital age. Among the central bank's digitalization initiatives during the year were the following:

- **Monetary Operations System (MOS).** The BSP conducts daily RRP operations through the MOS. In 2023, the system was refined to accommodate the change in the timing of RRP operations to morning, the adoption of a fixed-rate full-allotment auction format for the overnight RRP facility and the eventual shift to a variable-rate RRP auction format, the offering of the 56-day BSP securities, and the inclusion of trust entities in the primary market for BSP securities.
- **Electronic Intraday Liquidity Facility (eILF).** The eILF went live in February 2023. It facilitates the availing of the intraday liquidity facility in the PhilPaSS^{plus} and provides banks with a means to replenish temporary fund shortages arising from payments of interbank transactions to prevent gridlocks in the settlement process within PhilPaSS^{plus} operating hours.
- **Application Programming Interface–eXtensible Markup Language (API-XML).** API-XML provides a simplified reporting structure, enabling BSFIs to submit the 19 Financial Report Package (FRP) and FRP-related reports in a single format. This significantly improved the speed of report validation from five minutes for each report to less than a minute.
- **Treasury Portfolio Management System (TPMS).** The TPMS is used to manage international operations. The BSP completed the system upgrade on 23 July 2023 and renewed the multiyear software subscription and support services for the TPMS licenses and modules for three years on 4 August 2023.
- **Debt Management and Financial Analysis System (DMFAS).** The DMFAS is a database software used for recording, monitoring, reporting, and analyzing debt data. It is aligned with international standards and employs rigorous validation checks to ensure the consistency of records. On 20 June 2023, the BSP enhanced its external debt monitoring and analysis by shifting to the latest version of DMFAS. DMFAS 6 has strengthened security to ensure data integrity and confidentiality and enhanced user experience and navigation. It also offers enhanced analytical and managerial debt portfolio analysis and reporting tools.
- **Governance, Risk, and Compliance (GRC) Solution.** The GRC Solution will automate the collection, integration, and consolidation of risk information from different functional areas. It will also enable the timely preparation of risk reports and facilitate the sharing of risk information across all levels of the organization through role-based access. While the GRC Solution is still being developed, it is targeted to be rolled out to all BSP departments and offices in Q1 2025.

- **Integrated Currency Management System (ICMS).** The ICMS modernizes currency management in the Philippines, ensuring efficiency and resilience in handling currency operations across the country. In 2023, the deployment of the ICMS was expanded to BSP ROBs. This initiative aims to update the existing currency management system in the countryside. The ICMS has been used since April 2019 but was limited to the Greater Manila Regional Office.
- **Paleng-QR Ph Plus.** This initiative promotes cashless payments in public markets and local transportation, particularly tricycles and jeepneys. In 2023, the Paleng-QR Ph Plus program continued to build the digital payments ecosystem in the country by further promoting the use of QR codes as an additional option for buyers to pay for goods and services.
- **Coin deposit machines.** The CoDMs address the artificial coin shortage and promote efficient coin circulation in the country, ensuring that only fit and legal tender currency is readily available for public use. In 2023, various CoDMs were deployed in partner retail establishments across the Greater Manila Area. This initiative encouraged the public to deposit their idle coins, thereby facilitating the conversion of millions of such coins into electronic wallet credits and shopping vouchers.

Human resource and organization development

As of 2023, the BSP has a total of 6,080 employees. The Bank placed 625 new hires and retained 97.6 percent of its current workforce—the highest in the last five years. This data affirms that the BSP continues to be an employer of choice.

In its commitment to providing quality learning and development support for its staff, the BSP strengthened its relations with counterpart central banks and academic institutions through technical cooperation. On 15–19 May 2023, the Bank pursued a collaboration with the Deutsche Bundesbank (DB) to develop customized programs covering monetary policy, financial stability, currency management, payment systems, digital transformation, regional operations, legal, human resources, and other core and support areas of central banking. The signing ceremony for this MOU between the BSP and the DB is set in Q1 2024.

The BSP, in collaboration with the IMF, also hosted two learning sessions: (1) “World Economic Outlook Chapter 2 on Managing Expectations: Inflation and Monetary Policy” held on 12 October 2023 and (2) “Regional Economic Outlook (October 2023 edition)” held on 26 October 2023. The IMF presentations covered recent global and regional economic developments, inflation dynamics, geopolitical tensions, consequences of commodity market fragmentation, and prospects and challenges faced by policymakers.

Moreover, the BSP engaged in bilateral discussions with the Macroprudential Department of Bank Indonesia in Jakarta for a study visit program. This initiative allows selected BSP staff to engage in real-world applications of systemic risk analysis within the financial market. It also lets them generate critical insights into the execution of systemic risk strategies practiced by strategically selected authorities. The program began in 2023 and will continue in 2024.

Beyond the facets of central banking, the BSP designed other courses to provide employees with core leadership competencies toward harmonized and agile operations. In 2023, the Bank also conducted seven values-driven leadership courses facilitated by Mr. Francis J. Kong.

Attesting to its dedication to excellence, the BSP was honored as Gawad Maestro’s Learning and Development Organization of the Year for the Public Sector. The award was conferred by the Philippine Society for Talent Development, recognizing the Bank’s organizational performance excellence in championing learning and development, successfully implementing large-scale programs, and promoting a strong learning culture in the workplace.

The BSP also won the Gold Award from the Department of Health’s Healthy Pilipinas Awards. This award acknowledges the Bank’s exemplary implementation of health framework strategies in healthy governance, healthy settings, and health literacy.

Risk management and compliance

The BSP adopted an enhanced Enterprise Risk Management (ERM) Framework in November 2022. This institutionalized a structured, systematic, and integrated approach toward robust risk management within the Bank.

Under the enhanced framework, risk management is conducted through a combination of “top-down” and “bottom-up” approaches that capture risks at both the enterprise and department levels. The enterprise-level risk assessment and monitoring focus on the Bank’s six highly leveraged risks.⁸⁰ On the other hand, the department-level risk assessment and monitoring cover operational, business continuity, and compliance risks that may affect the delivery of mandates and objectives.

In 2023, the BSP conducted a series of briefings to roll out the enhanced ERM Framework and its accompanying tools throughout the Bank. The tools included the newly established enterprise-level risk articulation and reporting templates, the enhanced department-level risk control self-assessment and business impact analysis templates, and the department-level compliance obligation inventory. BSP units were also guided in setting up key risk indicators and thresholds aligned with the Bank’s defined risk appetite for specific exposures.

Business continuity tests—including a call tree, tabletop, component tests, and simulation exercises—were implemented throughout the year to ensure that business continuity procedures are in place.

⁸⁰ Highly leveraged risks are risks that, when managed, will significantly contribute to the effective mitigation or management of two or more risks. These risks usually affect multiple departments or are regarded as transversal.

Internal audit management

In its thrust to be a globally recognized monetary authority, the BSP underwent an internal audit (IA) transformation starting in 2019. This transformation aimed to improve the quality, efficiency, and effectiveness of audit services while ensuring continuing conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) and the Institute of Internal Auditors (IIA) Code of Ethics (COE). The transformation introduced significant changes in audit methodologies, upgraded the skillset of audit workforce resources, automated the audit processes, and established a Quality Assurance and Improvement Program for the IA function.

In September 2023, the BSP's audit function obtained the highest rating of "generally conforms" with the ISPPIA and the IIA COE in an external quality assessment conducted by Isla Lipana & Co. (PricewaterhouseCoopers Philippines), using the self-assessment with independent validation approach.

Throughout the year, the BSP completed 17 assurance engagements covering processes that were prioritized based on risk considerations and stakeholders' input. The Bank also conducted an entity-wide review of governance, ethics, organizational resiliency, and payments and settlements system functions.

Legal services

The BSP proactively shepherded bills relevant to its mandates and provided valuable assistance in the passage and/or issuance of the IRR of the following legislative measures:

- Rep. Act No. 11953 or the New Agrarian Emancipation Act
- Rep. Act No. 11954 or the Maharlika Investment Fund Act of 2023
- Rep. Act No. 11967 or the Internet Transactions Act of 2023
- Rep. Act No. 11976 or the Ease of Paying Taxes Act

In addition, the BSP continued to push for the passage of its priority legislative bills, which are currently in the advanced stages of legislation. These include the Bank Deposits Secrecy bill and the proposed Anti-Financial Account Scamming Act. The BSP also monitored and participated in the deliberation of House Bill No. 8200 (An Act Penalizing the Smuggling of Foreign Currency and Other Monetary Instruments in Bulk Into or Out of the Philippines).

On 26 May 2023, the BSP launched the book *Banking Laws of the Philippines (Annotated)*. This comprehensive and reliable reference book provides an in-depth analysis of banking laws in the country. Authored by the central bank's legal experts, this book thoroughly discusses how the BSP implements the provisions of banking laws, considering pertinent regulations, Supreme Court decisions, and opinions. The book also covers the BSP's broad powers relating to its pillars, functions, and operations.

Meanwhile, the BSP successfully prosecuted a number of erring directors, trustees, operators, officers, and employees of BSFIs for violations of Rep. Act No. 8791 (The General Banking Law of 2000); Rep. Act No. 7653 (The New Central Bank Act), as amended; the Revised Penal Code; and other relevant banking laws, rules, and regulations. In 2023, the BSP secured convictions in 258 counts of criminal cases involving 14 banks and money service businesses.

Procurement management and oversight

The BSP utilizes technology to continually enhance efficiency and transparency in its procurement process. In 2023, the Bank conducted digital procurement activities, including pre-bid conferences, online bid openings, virtual meetings, and online referendum releases. It also implemented online payments for the sale of bid documents and filing bid and performance securities, alongside cash and cashiers/managers' checks.

Apart from improving the procurement process, the BSP also initiated knowledge-transfer activities among suppliers and vendors, covering the requirements and procedures outlined in procurement laws.

On 23 August and 23 October 2023, the BSP organized Procurement Opportunities Fairs, featuring information sessions at the BSP Iloilo and BSP Dumaguete Branches.

Roadshow programs capacitating BSP personnel involved in procurement activities were also conducted from 31 January to 2 February 2023 at the BSP Visayas Regional Office, 21–23 March 2023 at the BSP Mindanao Regional Office, and 17–21 April 2023 at the BSP North Luzon Regional Office. These roadshow programs aimed to develop a streamlined end-to-end procurement process.

Monetary Board operations

The Board held 53 meetings in 2023, composed of regular and policy stance meetings. Three offsite MB meetings were conducted at the BSP Puerto Princesa Branch, Lucena Branch, and North Luzon Regional Office in Baguio City in June, August, and October, respectively.

Throughout the year, the central bank prepared 53 minutes of MB meetings and 662 transcripts of Board deliberations. The Bank also issued 2,051 resolutions adopted by the MB.

On 3 July 2023, former Monetary Board Member (MBM) Eli M. Remolona, Jr. took his oath of office as the seventh BSP Governor and Chairman of the Board. Governor Remolona presided over his first MB meeting as Chair on 6 July 2023.

Two new members were also welcomed to the Board. MBMs Romeo L. Bernardo and Rosalia V. De Leon took their oaths of office on 14 and 20 September 2023, respectively.

On 13 March 2023, the upgraded software for the MB Electronic Library (e-Library) was successfully deployed and implemented. This improved the MB e-Library's functionality and performance, enhancing its capabilities as a document management system for digital copies of MB records.

Asset management

The BSP continued to undertake measures to expedite the disposal of its acquired properties and manage its receivables. The Bank updated its list of properties for sale daily, conducted public auctions regularly, and accepted payments through various channels (e.g., over-the-counter, online banking, payment gateway [VISA/Mastercard debit or credit card], and ECPay [GCash, 7-Eleven, or RD Pawnshops]). Social media was also utilized to advertise and feature BSP-acquired properties.

As of 31 December 2023, the total book value of BSP-acquired properties stood at ₱11.2 billion. This was lower by ₱0.3 billion (2.6 percent) than the ₱11.5 billion in the previous year.

Through various disposal schemes, the BSP approved the disposal of 1,797 properties, with a total net book value of ₱350.8 million, for an aggregate purchase price of ₱1.0 billion. This generated the Bank an estimated net income of ₱634.6 million,⁸¹ inclusive of ₱0.1 million other income generated from forfeited payments for properties with canceled sales.

The total collection of ₱735.7 million on sales contract receivables represented 95.1 percent of the total installments due. This was higher than the target collection rate of 90.0 percent for 2023. Interest income earned for the period reached ₱179.3 million. In addition, the BSP earned a total miscellaneous income of ₱406.8 million, a significant portion of which was realized profit from properties sold on an installment basis in the previous years, amounting to ₱349.4 million.

⁸¹ Net of administration cost and broker's commission, aggregating ₱41.7 million

Comptrollership management

The BSP pursued its push for the digitalization of collections and disbursements. In 2023, the central bank implemented digital collections through accredited depository and settlement banks and digital payments through the Land Bank of the Philippines.

On 25 July 2023, the BSP remitted 2022 dividends amounting to ₱31.9 billion to the NG.

Moreover, on 7 November 2023, the Bank remitted dividends amounting to ₱23.8 billion to the NG, representing the balance (underpaid) of dividends covering the years 2007–2018.

FINANCIAL RESULTS



Financial results

Balance sheet

The BSP's total assets was ₱7,563.6 billion as of end-December 2023. This was ₱315.7 billion (4.4 percent) higher than the ₱7,247.9 billion posted in the previous year. The growth in assets was primarily attributed to the prudent management of international reserves, which increased by 7.2 percent y-o-y. However, the upward trend was partially tempered by a 5.3-percent decline in domestic securities, which dropped from ₱1,350.1 billion in 2022 to ₱1,277.9 billion in 2023. In terms of composition, the BSP's assets mainly consisted of international reserves, amounting to ₱5,707.6 billion (75.5 percent), and domestic securities, amounting to ₱1,277.9 billion (16.9 percent).

Table 1
Balance Sheet of the BSP
in billion pesos; growth rates in percent

	2023 ^{ua}	2022 ^a	Growth Rates
Assets	7,563.6	7,247.9	4.4
Liabilities	7,420.9	7,136.9	4.0
Net worth	142.7	111.0	28.6

Notes:

Details may not add up due to rounding.

^a Audited but subject to restatement

^{ua} Based on unaudited BSP balance sheet as of end-December 2023, prior to restatement

Alongside the growth in the BSP's assets came an increase in its liabilities, which rose by ₱284.0 billion (4.0 percent) from ₱7,136.9 billion in 2022 to ₱7,420.9 billion in 2023. This was mainly driven by increases in securities sold under agreements to repurchase, bills payable, revaluation of foreign currency accounts, currency in circulation, short-term deposits, and deposits from banks and other institutions, which collectively increased by ₱873.8 billion (16.3 percent). Nonetheless, the increment was partially offset by declines in other open market operations and government deposits.

On the other hand, the BSP's net worth rose by 28.6 percent. It grew from ₱111.0 billion in 2022 to ₱142.7 billion in 2023 amid reduced unrealized losses on investments in government securities, stocks, and other securities.

Income statement

Based on unaudited data for the year 2023, the BSP registered a net income of ₱25.5 billion. This was 59.9 percent lower than the ₱63.7 billion recorded in the previous year. The decline in net income was due to significant increases in interest expenses on both local and foreign currency financial liabilities.

Table 2
Income Statement of the BSP
in billion pesos

	2023 ^{ua} December	2022 ^a December
Revenues	212.763	168.120
Less: Expenses	(244.210)	(172.172)
Net loss before net gain/(loss) on FX rate Fluctuations and income tax (expense)/benefit	(31.447)	(4.051)
Net gain on FX rate fluctuations	57.016	67.656
Income tax (expense)/benefit	(0.040)	0.127
Net income after tax	25.529	63.731

Notes:

Details may not add up due to rounding.

^a Audited but subject to restatement

^{ua} Based on unaudited BSP income statement for the year ended December 2023, prior to restatement

Despite the drop in net income, the BSP recorded a total revenue of ₱212.8 billion in 2023. This marked an increase of ₱44.6 billion (26.6 percent) from ₱168.1 billion in the previous year. The growth in revenue was mainly due to the higher interest earned from international reserves, particularly foreign securities and foreign securities under agreements to resell.

However, the growth in revenue was overshadowed by the surge in overall expenses to ₱244.2 billion. This was ₱72.0 billion (41.8 percent) higher than the ₱172.2 billion posted in 2022. The spike in interest expenses on open market operations and government deposits significantly contributed to driving up the expenditures incurred by the BSP in managing excess liquidity in the market. Interest expenses on foreign currency deposits and allocation of SDRs also rose, partially offset by lower net gains from FX rate fluctuations.

STATISTICAL ANNEXES



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Table 1a
Consumer Price Index (CPI) in the Philippines
 2018 = 100

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Full year
CPI	121.4	121.4	121.1	120.9	120.9	121.1	121.2	122.5	123.9	123.7	123.9	124.1	122.2
Inflation (year-on-year percentage change)	8.7	8.6	7.6	6.6	6.1	5.4	4.7	5.3	6.1	4.9	4.1	3.9	6.0

Source: Philippine Statistics Authority (PSA)

The historical and latest releases are available at: <https://openstat.psa.gov.ph/>.

Table 1b
CPI, by Commodity Group and by Area

2018 = 100

Commodity group	Philippines					National Capital Region					Areas Outside National Capital Region				
	CPI		Percent change			CPI		Percent change			CPI		Percent change		
	2021	2022	2023	2022	2023	2021	2022	2023	2022	2023	2021	2022	2023	2022	2023
All items	108.9	115.3	122.2	5.8	6.0	106.9	112.3	119.3	5.1	6.2	109.5	116.1	122.9	6.0	5.9
Food and non-alcoholic beverages	109.0	115.3	124.4	5.9	7.9	109.6	115.6	124.2	5.4	7.4	108.8	115.3	124.5	5.9	8.0
Food	109.1	115.7	125.0	6.1	8.0	110.1	116.4	125.3	5.7	7.7	108.9	115.6	125.0	6.2	8.1
Alcoholic beverages and tobacco	141.7	152.9	169.3	7.9	10.7	124.9	132.9	141.7	6.4	6.7	145.3	157.2	175.2	8.2	11.4
Non-food	107.8	113.9	119.0	5.7	4.5	105.2	110.4	116.5	4.9	5.6	108.5	115.0	119.8	5.9	4.2
Clothing and footwear	106.9	109.7	114.9	2.6	4.8	103.7	105.5	108.2	1.7	2.6	107.6	110.5	116.2	2.8	5.2
Housing, water, electricity, gas, and other fuels	105.8	112.6	118.1	6.4	4.9	103.3	108.0	115.2	4.6	6.7	106.7	114.2	119.1	7.0	4.3
Furnishing, household equipment, and routing maintenance of the house	108.5	112.0	118.2	3.2	5.6	106.7	110.1	116.6	3.1	5.9	108.9	112.4	118.7	3.2	5.5
Health	112.2	115.1	119.6	2.6	3.9	106.2	107.7	110.3	1.4	2.4	113.3	116.6	121.4	2.8	4.1
Transport	112.3	126.7	128.8	12.9	1.6	108.6	123.0	126.2	13.3	2.6	113.1	127.6	129.4	12.8	1.5
Information and communication	101.5	102.1	102.8	0.6	0.7	100.8	101.1	101.5	0.3	0.4	101.8	102.5	103.3	0.7	0.8
Recreation, sport, and culture	104.8	107.2	112.3	2.3	4.7	101.8	103.3	106.6	1.5	3.1	105.5	108.1	113.5	2.5	5.0
Education services	106.9	108.8	112.7	1.8	3.6	106.6	110.1	116.7	3.3	6.0	107.0	108.4	111.4	1.3	2.8
Restaurants and accommodation services	109.4	113.9	122.3	4.1	7.4	108.0	113.5	123.4	5.1	8.7	109.9	114.0	121.8	3.7	6.9
Financial services	132.5	143.3	143.3	8.2	0.0	134.5	146.0	146.0	8.6	0.0	132.0	142.7	142.7	8.1	0.0
Personal care and miscellaneous, goods, and services	107.2	110.4	116.3	3.0	5.4	105.5	107.7	111.7	2.1	3.7	107.6	111.0	117.4	3.2	5.7

Source: PSA

The historical and latest releases are available at: <https://openstat.psagov.ph/>.

Table 2
Depository Corporations Survey (SRF-Based)¹
as of periods indicated; in million pesos

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22 ¹	Dec-22 ² Year-on-year percent change
1. Net foreign assets	6,453,519	6,533,468	6,580,045	6,562,804	6,383,838	6,523,086	6,493,075	6,339,087	6,342,114	6,320,407	6,287,840	6,265,318	-3.5
A. Central Bank	5,529,047	5,561,686	5,583,026	5,522,264	5,444,690	5,548,212	5,534,433	5,481,263	5,448,464	5,449,313	5,396,717	5,383,939	-3.4
Claims on non-residents	5,749,288	5,782,613	5,808,617	5,741,529	5,664,038	5,775,044	5,762,865	5,709,480	5,683,543	5,683,359	5,628,615	5,615,658	-3.1
Less: liabilities to non-residents	220,242	220,927	225,591	219,266	219,348	226,832	228,432	228,217	235,078	234,045	231,898	231,719	5.7
B. Other depository corporations	924,472	971,782	997,019	1,040,541	939,148	974,874	958,642	857,824	893,649	871,094	891,123	881,379	-4.1
Claims on non-residents	1,794,192	1,840,404	1,894,625	1,879,569	1,799,549	1,894,817	1,894,344	1,826,094	2,017,891	1,950,094	1,929,790	1,979,552	5.1
Less: liabilities to non-residents	869,720	868,622	897,606	839,028	860,401	919,943	935,702	968,270	1,124,241	1,079,001	1,038,667	1,098,172	13.9
2. Domestic claims	14,921,703	14,996,814	14,978,802	15,067,286	15,270,324	15,612,026	15,731,962	15,928,965	16,090,363	16,068,998	16,334,251	17,021,954	12.9
A. Net claims on central government	3,745,303	3,811,869	3,709,700	3,680,100	3,816,244	3,942,619	4,019,330	4,090,791	4,050,839	3,985,610	4,141,130	4,543,845	20.8
Claims on central government	5,577,793	5,592,565	5,893,497	5,957,410	5,670,889	5,757,128	5,821,811	5,939,335	6,042,876	6,016,268	6,115,417	5,976,146	12.2
Less: liabilities to central government	1,832,490	1,780,696	2,183,797	2,277,310	1,854,645	1,814,509	1,802,481	1,848,544	1,992,036	2,030,658	1,974,287	1,432,301	-8.5
B. Claims on other sectors	11,176,400	11,184,945	11,269,102	11,387,186	11,454,079	11,669,407	11,712,632	11,838,174	12,039,524	12,083,388	12,193,121	12,478,109	10.2
Claims on other financial corporations	1,218,872	1,179,046	1,169,219	1,174,128	1,158,897	1,174,239	1,197,739	1,213,993	1,236,640	1,259,993	1,277,784	1,272,483	3.4
Claims on state and local government	129,133	133,289	139,291	141,279	144,877	149,479	150,419	154,419	156,910	158,933	162,190	166,090	30.0
Claims on public non-financial corporations	265,456	260,131	260,059	269,199	256,073	267,213	259,413	253,714	256,931	249,756	248,741	273,650	2.2
Claims on private sector	9,562,940	9,612,479	9,700,532	9,802,581	9,894,232	10,078,476	10,105,062	10,216,047	10,389,042	10,414,706	10,504,405	10,765,886	11.1
3. Liquidity aggregates included in broad money													
M4 (M3 + 3.e)	17,331,663	17,388,779	17,520,322	17,545,906	17,570,274	17,835,310	17,820,717	17,851,577	17,946,007	18,039,690	18,239,343	18,937,212	8.0
M3 (M2 + 3.d) ²	15,146,129	15,165,384	15,267,396	15,249,993	15,278,599	15,437,256	15,376,830	15,423,559	15,398,567	15,456,447	15,663,596	16,405,879	6.9
M2 (M1 + 3.c)	14,523,593	14,532,055	14,621,705	14,653,416	14,701,830	14,885,055	14,829,309	14,906,727	14,905,261	14,960,614	15,173,491	15,918,055	7.8
M1 (3.a + 3.b)	6,140,699	6,188,091	6,270,466	6,338,882	6,321,189	6,379,134	6,287,941	6,312,462	6,302,450	6,282,838	6,365,216	6,623,398	6.8
3.a Currency outside depository corporations	1,807,865	1,805,530	1,864,238	1,929,627	1,874,420	1,843,360	1,826,418	1,789,145	1,821,422	1,836,470	1,862,743	2,020,008	7.6
3.b Transferable deposits included in broad money	4,332,835	4,382,561	4,406,229	4,409,255	4,446,769	4,535,775	4,461,523	4,523,317	4,481,028	4,446,367	4,502,474	4,603,391	6.5
3.c Other deposits included in broad money	8,382,894	8,343,965	8,351,239	8,314,533	8,380,641	8,505,921	8,541,369	8,594,265	8,602,811	8,677,777	8,808,275	9,294,656	8.5
Savings deposits	6,178,941	6,204,823	6,157,621	6,160,790	6,212,757	6,244,794	6,258,427	6,217,121	6,119,313	6,067,198	6,114,674	6,383,260	2.1
Time deposits	2,203,953	2,139,141	2,193,619	2,153,744	2,167,884	2,261,127	2,282,941	2,377,145	2,483,498	2,610,579	2,693,601	2,911,397	25.6
3.d Securities other than shares included in broad money	622,536	633,328	645,691	596,578	576,768	552,201	547,521	516,832	493,305	495,833	490,105	487,824	-15.0
3.e Transferable and other deposits in foreign currency (FCDs-residents)	2,185,535	2,223,395	2,252,925	2,295,912	2,291,675	2,398,054	2,443,887	2,428,018	2,547,440	2,583,242	2,575,746	2,531,333	15.2
4. Liabilities excluded from broad money	4,043,559	4,141,503	4,038,525	4,084,185	4,083,888	4,299,801	4,404,319	4,416,476	4,486,470	4,349,716	4,382,748	4,350,060	7.8

¹ Depository Corporations Survey is based on the SRFs, a unified framework for reporting monetary and financial statistics to the IMF. The survey is a consolidation of the balance sheets of the BSP and other depository corporations (ODCs). ODCs consist of universal and commercial banks (U/CBs), thrift banks (TBs), rural and cooperative banks (R/CBs), digital banks, non-stock savings and loans associations (NSSLAs), and non-banks with quasi-banking functions (NBQBs).

² May also be derived as Net Foreign Assets + Domestic Claims, net of Liabilities excluded from broad money and transferable and other deposits in foreign currency (FCDs-Residents)

¹ Revised

Details may not add up to total due to rounding

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>

Table 2 (cont'd)
Depository Corporations Survey (SRF-Based)¹
as of periods indicated; in million pesos

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23 ^p	Aug-23 ^p	Sep-23 ^p	Oct-23 ^p	Nov-23 ^p	Dec-23 ^p	Dec-23 ^p Year-on-year percent change
1. Net foreign assets	6,389,347	6,331,258	6,320,871	6,551,899	6,554,619	6,338,784	6,323,156	6,560,108	6,402,629	6,452,100	6,486,255	6,555,957	4.6
A. Central Bank	5,520,587	5,433,662	5,534,610	5,661,512	5,674,448	5,516,628	5,504,404	5,658,181	5,571,196	5,706,593	5,673,876	5,780,805	7.4
Claims on non-residents	5,750,328	5,661,839	5,762,450	5,895,404	5,907,352	5,746,616	5,735,177	5,893,217	5,804,307	5,980,519	5,950,436	6,012,368	7.1
Less: liabilities to non-residents	229,741	228,177	227,840	233,892	232,904	229,988	230,773	235,036	233,111	273,926	276,560	231,562	-0.1
B. Other depository corporations	868,759	897,596	786,261	890,387	880,171	822,156	818,753	901,927	831,433	745,507	812,378	775,151	-12.1
Claims on non-residents	1,794,192	1,936,759	1,796,832	1,840,600	1,852,132	1,841,349	1,780,857	1,892,963	1,828,842	1,784,824	1,836,794	1,850,460	-6.5
Less: liabilities to non-residents	1,005,750	1,039,163	1,010,570	950,213	971,961	1,019,192	962,104	991,036	997,409	1,039,317	1,024,415	1,075,308	-2.1
2. Domestic claims	16,635,162	16,746,931	16,873,510	16,899,722	17,044,786	17,248,305	17,181,372	17,453,653	17,685,157	17,734,399	17,936,714	18,582,729	9.2
A. Net claims on central government	4,364,368	4,481,001	4,501,657	4,429,248	4,519,978	4,632,179	4,536,531	4,726,497	4,845,967	4,752,829	4,860,919	5,191,477	14.3
Claims on central government	6,175,804	6,244,803	6,245,036	6,203,786	6,300,694	6,341,838	6,331,586	6,380,131	6,288,244	6,335,754	6,460,863	6,497,619	8.7
Less: liabilities to central government	1,811,436	1,763,802	1,743,379	1,774,538	1,780,716	1,709,658	1,795,056	1,653,634	1,442,277	1,582,925	1,599,944	1,306,142	-8.8
B. Claims on other sectors	12,270,794	12,265,930	12,371,853	12,470,474	12,524,808	12,616,126	12,644,842	12,727,156	12,839,190	12,981,569	13,075,795	13,391,252	7.3
Claims on other financial corporations	1,238,460	1,261,678	1,260,908	1,243,723	1,239,581	1,259,767	1,238,078	1,274,006	1,316,216	1,314,062	1,250,884	1,240,923	-2.5
Claims on state and local government	166,693	167,804	171,377	172,088	174,749	176,197	176,278	179,835	181,246	181,749	185,982	193,409	16.4
Claims on public non-financial corporations	271,180	264,827	268,356	264,138	264,774	260,823	255,666	258,236	254,187	253,014	248,458	240,879	-12.0
Claims on private sector	10,594,461	10,571,620	10,671,211	10,790,526	10,845,704	10,919,339	10,974,820	11,015,079	11,087,541	11,232,744	11,390,472	11,716,041	8.8
3. Liquidity aggregates included in broad money													
M4 (M3 + 3.e)	18,544,004	18,658,329	18,764,993	18,862,933	18,922,935	18,994,544	18,913,837	19,249,216	19,456,473	19,550,940	19,686,608	20,326,575	7.3
M3 (M2 + 3.d) ²	16,016,893	16,108,375	16,259,031	16,302,104	16,340,725	16,418,258	16,312,086	16,530,470	16,671,134	16,730,938	16,776,894	17,428,180	6.2
M2 (M1 + 3.c)	15,512,753	15,624,946	15,773,058	15,833,626	15,892,833	15,966,947	15,840,800	16,061,141	16,181,492	16,253,618	16,284,055	16,936,193	6.4
M1 (3.a + 3.b)	6,469,116	6,460,031	6,466,899	6,461,546	6,444,750	6,459,051	6,403,064	6,474,475	6,498,543	6,507,777	6,587,235	6,866,493	3.7
3.a Currency outside depository corporations	1,910,430	1,890,995	1,935,142	1,959,466	1,950,069	1,926,905	1,890,751	1,878,630	1,908,190	1,939,308	1,933,314	2,116,417	4.8
3.b Transferable deposits included in broad money	4,558,686	4,569,036	4,531,757	4,502,081	4,494,680	4,532,145	4,512,313	4,595,845	4,590,353	4,568,469	4,653,921	4,750,077	3.2
3.c Other deposits included in broad money	9,043,636	9,164,914	9,306,159	9,372,079	9,448,084	9,507,897	9,437,736	9,586,665	9,682,949	9,745,841	9,696,820	10,069,700	8.3
Savings deposits	6,169,725	6,170,261	6,129,047	6,156,959	6,186,298	6,253,234	6,234,899	6,271,126	6,312,744	6,340,717	6,357,704	6,572,344	3.0
Time deposits	2,873,911	2,994,653	3,177,112	3,215,120	3,261,786	3,254,663	3,202,837	3,315,539	3,370,205	3,405,124	3,339,116	3,497,356	20.1
3.d Securities other than shares included in broad money	504,140	483,429	485,973	468,479	447,892	451,311	471,286	469,330	489,642	477,321	492,839	491,986	0.9
3.e Transferable and other deposits in foreign currency (FCDs-residents)	2,527,112	2,549,954	2,505,962	2,560,828	2,582,209	2,576,285	2,601,751	2,718,746	2,785,339	2,820,002	2,909,714	2,898,395	14.5
4. Liabilities excluded from broad money	4,480,504	4,419,860	4,429,388	4,588,689	4,676,470	4,592,546	4,590,692	4,764,545	4,631,313	4,635,559	4,736,360	4,812,111	10.6

¹ Depository Corporations Survey is based on the SRFs, a unified framework for reporting monetary and financial statistics to the IMF. The survey is a consolidation of the balance sheets of the BSP and other depository corporations (ODCs). ODCs consist of universal and commercial banks (U/CBs), thrift banks (TBs), rural and cooperative banks (R/CBs), digital banks, non-stock savings and loans associations (NSSLAs), and non-banks with quasi-banking functions (NBQBs).

² May also be derived as Net Foreign Assets + Domestic Claims, net of Liabilities excluded from broad money and transferable and other deposits in foreign currency (FCDs-Residents)

^p Preliminary

Details may not add up to total due to rounding

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

Table 3
National Government Cash Operations Report
for periods indicated; in million pesos

	2022												Total	Year-on-year percent change	Ratio to GDP ² (in percent)
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
Revenues	278,075	212,402	293,883	347,949	304,915	290,268	308,632	332,440	288,814	288,873	331,061	268,193	3,545,505	18.0	16.1
Tax revenues	255,626	198,253	243,819	307,083	284,792	251,760	282,919	309,735	254,993	263,472	313,974	253,889	3,220,315	17.4	14.6
Bureau of Internal Revenue	195,775	136,607	170,384	239,604	216,618	173,540	197,390	228,938	173,629	186,759	237,143	179,287	2,335,674	12.4	10.6
Bureau of Customs	58,346	59,433	70,778	65,669	66,288	76,201	83,596	78,884	79,273	75,055	75,724	73,173	862,420	34.0	3.9
Other offices	1,505	2,213	2,657	1,810	1,886	2,019	1,933	1,913	2,091	1,658	1,107	1,429	22,221	5.7	0.1
Non-tax revenues including grants	22,449	14,149	50,064	40,866	20,123	38,508	25,713	22,705	33,821	25,401	17,087	14,304	325,190	23.7	1.5
of which: Bureau of the Treasury	11,117	4,224	33,403	25,695	8,917	20,755	13,389	4,907	7,304	13,218	5,279	6,556	154,764	23.5	0.7
Expenditures	301,457	317,202	481,549	343,013	451,700	506,791	395,395	404,476	468,574	387,934	454,990	646,559	5,159,640	10.4	23.4
of which:															
Allotments to local government units	79,922	93,367	94,067	85,507	88,982	89,478	86,406	109,491	95,830	86,490	86,233	107,511	1,103,284	23.6	5.0
Interest payments	65,551	28,230	55,548	37,303	33,831	36,752	52,091	30,773	59,897	33,185	26,092	43,605	502,858	17.1	2.3
Equity and net lending	1	60	1,173	1,484	5,301	4,243	7,890	119	694	6,489	562	10,347	38,363	-41.3	0.2
Surplus/deficit (-)	-23,382	-104,800	-187,666	4,936	-146,785	-216,523	-86,763	-72,036	-179,760	-99,061	-123,929	-378,366	-1,614,135	3.4	-7.3
Financing¹	437,212	50,928	581,967	95,588	-282,583	138,636	174,212	118,368	361,354	176,557	62,564	51,601	1,966,404	-12.7	8.9
External borrowings (net)	91,661	6,262	123,793	29,211	-11,904	42,550	6,494	-13,432	-10,607	119,958	-13,135	18,751	389,602	17.5	1.8
Domestic borrowings (net)	345,551	44,666	458,174	66,377	-270,679	96,086	167,718	131,800	371,961	56,599	75,699	32,850	1,576,802	-17.9	7.2
Total change in cash: deposit/withdrawal (-)	468,678	-139,054	320,585	801,216	-512,579	-96,158	-88,389	-81,546	45,198	-11,468	-160,495	-665,136	-119,148	-280.3	-0.5

	2023												Total	Year-on-year percent change	Ratio to GDP ² (in percent)
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
Revenues	348,167	211,868	258,650	440,697	333,437	267,315	411,729	310,553	255,408	385,808	340,395	260,078	3,824,105	7.9	15.7
Tax revenues	308,042	194,642	224,386	405,411	294,048	241,172	348,881	291,726	233,532	354,763	286,063	246,626	3,429,292	6.5	14.1
Bureau of Internal Revenue	234,819	129,378	140,962	336,020	213,273	164,736	273,134	213,536	152,171	274,429	210,242	174,286	2,516,986	7.8	10.4
Bureau of Customs	70,591	62,895	80,343	67,553	77,926	74,125	73,058	75,000	78,897	77,926	73,687	71,213	883,214	2.4	3.6
Other offices	2,632	2,369	3,081	1,838	2,849	2,311	2,689	3,190	2,464	2,408	2,134	1,127	29,092	30.9	0.1
Non-tax revenues including grants	40,125	17,226	34,264	35,286	39,389	26,143	62,848	18,827	21,876	31,045	54,332	13,452	394,813	21.4	1.6
of which: Bureau of the Treasury	17,753	6,398	14,873	18,271	24,942	10,753	50,829	6,271	7,946	16,785	41,497	11,320	227,638	47.1	0.9
Expenditures	302,418	318,241	468,911	373,899	455,668	492,713	459,543	443,556	506,349	420,210	433,649	661,034	5,336,191	3.4	22.0
of which:															
Allotments to local government units	73,754	73,834	83,271	74,110	74,940	81,485	76,795	75,469	80,922	75,358	80,236	75,878	926,052	-16.1	3.8
Interest payments	46,970	34,109	60,898	46,253	41,344	52,884	63,550	42,668	71,448	58,983	48,548	60,678	628,333	25.0	2.6
Equity and net lending	0	23	734	5,080	83	6,452	4,258	-997	2,297	2,091	4,038	3,259	27,318	-28.8	0.1
Surplus/deficit (-)	45,749	-106,373	-210,261	66,798	-122,231	-225,398	-47,814	-133,003	-250,941	-34,402	-93,254	-400,956	-1,512,086	6.3	-6.2
Financing¹	366,005	305,339	229,432	125,230	141,671	158,951	131,129	119,120	84,578	208,153	117,336	83,908	2,070,852	5.3	8.5
External borrowings (net)	186,705	-22,160	83,645	29,228	9,944	15,031	20,710	1,941	-7,489	33,735	-3,588	90,220	437,922	12.4	1.8
Domestic borrowings (net)	179,300	327,499	145,787	96,002	131,727	143,920	110,419	117,179	92,067	174,418	120,924	-6,312	1,632,930	3.6	6.7
Total change in cash: deposit/withdrawal (-)	583,384	-171,251	497,279	44,650	-61,957	-115,141	-39,866	-227,460	-308,441	82,823	-57,397	-391,239	-164,616	-38.2	-0.7

¹ This version follows the GFSM 2014 concept wherein reporting of debt amortization reflect the actual principal repayments to creditor including those serviced by the Bond Sinking Fund, while financing includes gross proceeds of liability management transactions such as bond exchange.

² The GDP ratio is computed based on the nominal GDP data released by the PSA as of 31 January 2024.

Source: Bureau of the Treasury (BTr) and PSA

The historical and latest releases are available at: <http://www.treasury.gov.ph/>.

Table 4
National Government Outstanding Debt
as of end-periods indicated; in million pesos

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Dec 2022	
													Year-on-year percent change	Ratio to GDP ¹ (in percent)
Domestic	8,560,745	8,602,094	9,056,786	9,130,146	8,851,335	8,962,334	9,018,838	9,125,620	9,482,878	9,530,156	9,607,546	9,414,152	12.5	42.7
Actual obligations	8,367,788	8,413,204	8,868,651	8,935,854	8,665,450	8,767,110	8,832,181	8,943,389	9,300,660	9,355,236	9,427,967	9,208,387	12.7	
Guarantee obligations	192,957	188,890	188,135	194,292	185,885	195,224	186,657	182,231	182,218	174,920	179,579	205,765	5.5	
External	3,891,443	3,907,610	4,034,043	4,046,469	4,044,153	4,243,422	4,277,079	4,288,693	4,431,442	4,497,397	4,424,618	4,403,754	16.3	20.0
Actual obligations	3,661,884	3,680,296	3,811,134	3,827,333	3,830,322	4,024,719	4,055,737	4,078,165	4,216,440	4,285,783	4,216,197	4,210,473	18.3	
Guarantee obligations	229,559	227,314	222,909	219,136	213,831	218,703	221,342	210,528	215,002	211,614	208,421	193,281	-15.5	
Total (domestic + external)	12,452,188	12,509,704	13,090,829	13,176,615	12,895,488	13,205,756	13,295,917	13,414,313	13,914,320	14,027,553	14,032,164	13,817,906	13.7	62.7

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Dec 2023	
													Year-on-year percent change	Ratio to GDP ¹ (in percent)
Domestic	9,589,595	9,644,255	9,715,243	9,654,415	9,789,248	9,899,200	10,003,443	9,984,641	9,926,249	10,092,875	10,213,739	10,199,690	8.3	42.0
Actual obligations	9,384,941	9,442,162	9,513,160	9,457,840	9,588,514	9,702,829	9,812,367	9,791,126	9,734,356	9,902,337	10,024,409	10,017,930	8.8	
Guarantee obligations	204,654	202,093	202,083	196,575	200,734	196,371	191,076	193,515	191,893	190,538	189,330	181,760	-11.7	
External	4,502,734	4,495,689	4,525,771	4,637,418	4,687,006	4,618,377	4,604,242	4,731,510	4,704,639	4,748,924	4,648,122	4,766,017	8.2	19.6
Actual obligations	4,313,553	4,310,592	4,343,736	4,453,299	4,508,028	4,445,021	4,431,926	4,558,455	4,534,314	4,578,463	4,484,314	4,598,337	9.2	
Guarantee obligations	189,181	185,097	182,035	184,119	178,978	173,356	172,316	173,055	170,325	170,461	163,808	167,680	-13.2	
Total (domestic + external)	14,092,329	14,139,944	14,241,014	14,291,833	14,476,254	14,517,577	14,607,685	14,716,151	14,630,888	14,841,799	14,861,861	14,965,707	8.3	61.6

¹ The GDP ratio is computed based on the nominal GDP data released by the PSA as of 31 January 2024.

Source: BTr and PSA

The historical and latest releases are available at: <https://www.treasury.gov.ph/>.

Table 5
Unit Value Indices (UVI) for Exports and Imports^{1,p}
 2018=100

	Jan-22	Feb-22	Mar-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Exports	105.4	105.8	107.0	113.9	114.6	115.6	111.4	113.0	114.8
Imports	113.8	114.5	118.5	117.1	118.1	117.5	118.4	120.7	122.0

¹The UVI is the replacement of price index for exports and imports and is available from 2018 onwards with base year = 2018. The special release and statistical tables of UVI is available quarterly with monthly disaggregation, 70 days after the reference quarter.

^p Preliminary as of 18 December 2023

Source: PSA

The historical and latest releases are available at: <https://psa.gov.ph/>.

Table 6
Monthly Movement of Exports and Imports, by Volume and Value
 for periods indicated; for value in million U.S. dollars; for volume in gross '000 metric tons

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
Total value													
Exports	6,082	6,249	7,305	6,168	6,356	6,741	6,240	6,462	7,249	7,746	7,166	5,811	79,574
Imports	10,559	10,186	11,768	11,463	11,879	12,522	12,215	12,455	12,012	11,024	10,818	10,320	137,221
Total volume													
Exports	4,157	3,771	6,141	6,850	5,310	7,860	6,619	6,392	6,714	6,973	3,419	3,917	68,121
Imports	8,838	9,709	11,317	11,611	10,931	11,970	11,055	12,125	10,842	10,155	11,384	10,854	130,791

	Jan-23 ^P	Feb-23 ^P	Mar-23 ^P	Apr-23 ^P	May-23 ^P	Jun-23 ^P	Jul-23 ^P	Aug-23 ^P	Sep-23 ^P	Oct-23 ^P	Nov-23 ^P	Dec-23 ^P	Total
Total value													
Exports	5,440	5,102	6,611	4,911	6,530	6,705	6,245	6,727	6,746	6,496	6,231	5,784	73,527
Imports	10,998	8,984	11,632	9,746	10,919	10,645	10,364	10,833	10,315	10,759	11,001	9,963	126,157
Total volume													
Exports	3,276	2,602	5,989	4,883	7,795	7,943	6,295	8,168	7,495	7,707	4,791	3,215	70,158
Imports	11,326	9,205	11,426	11,053	12,091	12,350	11,159	11,752	10,911	12,027	12,019	10,552	135,871

^P Preliminary as of 8 March 2024

Source: PSA

The historical and latest releases are available at: <https://openstat.psa.gov.ph/>.

Table 7
Balance of Payments (BOP)
in million U.S. dollars

	2022'													Year-on-year percent change
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Current account	-1,426	-782	-1,885	-2,421	-2,915	-2,525	-2,352	-2,662	-1,244	411	-219	-242	-18,261	-207.3
(Totals as percent of GNI)													-4.3	
(Totals as percent of GDP)													-4.5	
Export	10,760	10,596	12,034	10,547	10,970	11,979	11,951	12,028	12,979	13,525	13,050	12,815	143,234	10.1
Import	12,186	11,378	13,919	12,968	13,885	14,504	14,303	14,689	14,223	13,114	13,269	13,057	161,495	18.7
Goods, services, and primary income	-3,936	-3,171	-4,294	-4,658	-5,210	-5,183	-5,113	-5,187	-3,887	-2,276	-2,716	-3,226	-48,857	-37.8
Export	8,184	8,155	9,512	8,253	8,612	9,265	9,118	9,434	10,279	10,770	10,497	9,777	111,856	12.3
Import	12,120	11,326	13,806	12,911	13,822	14,448	14,231	14,166	13,046	13,213	13,003	160,714	19.0	
Goods and services	-4,245	-3,688	-4,527	-5,152	-5,486	-5,608	-5,515	-5,544	-4,296	-2,762	-3,139	-3,844	-53,806	-38.8
(Totals as percent of GNI)													-12.6	
(Totals as percent of GDP)													-13.3	
Export	7,214	7,298	8,471	7,253	7,639	8,279	7,982	8,213	9,131	9,610	9,318	8,424	98,832	12.6
Import	11,459	10,986	12,997	12,405	13,125	13,887	13,497	13,758	13,427	12,372	12,457	12,268	152,638	20.6
Goods	-5,437	-4,818	-5,439	-6,074	-6,440	-6,693	-6,851	-7,000	-5,859	-4,558	-4,844	-5,689	-69,701	-32.0
(Totals as percent of GNI)													-16.3	
(Totals as percent of GDP)													-17.2	
Credit: exports	4,229	4,545	5,497	4,540	4,585	4,861	4,488	4,649	5,301	5,687	5,238	4,092	57,710	6.4
Debit: imports	9,666	9,364	10,935	10,614	11,025	11,554	11,339	11,649	11,160	10,245	10,082	9,780	127,412	19.0
Services	1,192	1,130	912	923	954	1,084	1,336	1,456	1,563	1,796	1,704	1,844	15,895	13.2
Credit: exports	2,985	2,753	2,974	2,714	3,054	3,418	3,494	3,565	3,830	3,923	4,079	4,332	41,122	22.5
Debit: imports	1,794	1,622	2,062	1,791	2,100	2,333	2,158	2,109	2,267	2,127	2,375	2,488	25,226	29.2
Primary income	310	517	233	494	275	425	402	358	409	485	423	618	4,949	48.9
Credit: receipts	970	856	1,042	1,000	973	986	1,136	1,221	1,148	1,160	1,179	1,354	13,024	10.1
Debit: payments	661	340	809	506	697	560	734	863	739	674	756	735	8,076	-5.1
Secondary income	2,510	2,389	2,408	2,237	2,295	2,658	2,762	2,525	2,644	2,687	2,497	2,984	30,596	3.7
Credit: receipts	2,576	2,441	2,522	2,293	2,359	2,715	2,833	2,594	2,700	2,755	2,553	3,038	31,378	3.0
Debit: payments	66	52	113	57	64	57	71	69	56	68	56	54	781	-17.8
Capital account	4	7	-35	6	5	6	4	5	4	5	5	6	23	-70.7
Credit: receipts	8	8	7	7	7	7	7	7	7	7	7	7	86	-13.7
Debit: payments	3	1	42	1	2	1	3	2	3	1	2	1	62	220.8
Financial account	-2,649	425	-2,540	-267	-1,335	-1,593	-1,477	-1,643	-739	-2,185	411	-293	-13,885	-115.8
Net acquisition of financial assets	-1,750	1,320	515	-516	-1,205	89	-349	-1,044	2,086	361	1,978	1,049	1,402	-75.3
Net incurrence of liabilities	899	895	3,056	-250	129	1,682	1,127	599	2,825	2,547	1,568	1,342	16,419	-1.6
Direct investment	-751	-510	-344	-742	-186	-427	-521	-198	-435	-728	-473	-316	-5,631	42.1
Net acquisition of financial assets	119	391	498	269	500	67	40	635	324	209	491	320	3,861	71.5
Net incurrence of liabilities	870	901	842	1,011	686	494	561	833	759	938	964	636	9,492	-20.8
Portfolio investment	-41	-15	-39	-910	209	396	-1,000	498	1,761	-2,706	-792	955	-1,684	-116.4
Net acquisition of financial assets	-201	-534	1,642	-1,279	-442	489	-829	-118	1,648	-822	-592	756	-281	-103.6
Net incurrence of liabilities	-160	-520	1,681	-369	-650	93	171	-616	-113	1,884	201	-199	1,402	157.8
Financial derivatives	.	-5	6	-4	-2	-19	-1	-17	-36	-9	26	13	-48	-198.1
Net acquisition of financial assets	-38	-28	-40	-58	-37	-61	-60	-62	-84	-52	-55	-56	-632	-40.8
Net incurrence of liabilities	-38	-23	-45	-54	-35	-43	-59	-45	-48	-44	-81	-70	-584	-17.2
Other investment	-1,857	954	-2,163	1,390	-1,355	-1,544	46	-1,926	-2,029	1,258	1,649	-946	-6,523	6.6
Net acquisition of financial assets	-1,630	1,491	-1,585	552	-1,226	-406	500	-1,499	198	1,027	2,134	29	-415	-163.9
Net incurrence of liabilities	227	537	578	-837	129	1,138	454	427	2,227	-231	484	975	6,108	-20.0
Net unclassified items	-1,330	1,043	133	1,733	-31	-649	-948	442	-1,838	-1,890	-131	554	-2,911	-475.9
Overall BOP position	-102	-157	754	-415	-1,606	-1,574	-1,819	-572	-2,339	711	-756	612	-7,263	-640.2
(Totals as percent of GNI)													-1.7	
(Totals as percent of GDP)													-1.8	
Debit: change in reserve assets	-98	-153	757	-410	-1,603	-1,590	-1,811	-572	-2,330	722	-761	604	-7,246	-638.9
Credit: change in reserve liabilities	4	3	4	6	3	-16	7	.	9	10	-5	-9	17	11,180.3
Memo items:														
Change in net foreign assets (NFA) of deposit-taking corporations, except the central bank	-829	809	307	625	-1,817	-144	-427	-2,003	-114	-287	637	144	-3,099	-383.8
Change in commercial banks' (KBs) NFA	-551	813	303	612	-1,809	-143	-266	-2,154	-105	-281	621	132	-2,829	-397.0
Change in thrift banks' (TBs) NFA	-276	10	.	9	3	-1	7	-32	-2	4	7	8	-262	-278.1
Change in offshore banking units' (OBUs) NFA	-3	-14	4	4	-11	.	-168	183	-7	-9	9	3	-8	-3.2
Personal remittances	2,966	2,793	2,888	2,671	2,705	3,064	3,240	3,017	3,148	3,227	2,931	3,487	36,136	3.6
of which: OF cash remittances channeled thru the banking system	2,668	2,509	2,594	2,395	2,425	2,755	2,917	2,721	2,840	2,911	2,644	3,159	32,539	3.6

Technical Notes:

1. BOP Statistics from 2005 onwards are based on the IMF's BOP and International Investment Position Manual, 6th Edition.

2. Financial Account, including Reserve Assets, is calculated as the sum of net acquisitions of financial assets less net incurrence of liabilities.

3. Balances in the current and capital accounts are derived by deducting debit entries from credit entries.

4. Balances in the financial account are derived by deducting net incurrence of liabilities from net acquisition of financial assets.

5. Negative values of Net Acquisition of Financial Assets indicate withdrawal/disposal of financial assets; negative values of Net Incurrence of Liabilities indicate repayment of liabilities.

6. A negative growth rate in the net balance of the financial account and its components (i.e., direct, portfolio and other investments) indicate higher net financial inflows or lower net outflows during the period relative to the year-ago level. Conversely, a positive growth rate suggests lower net financial inflows or higher net outflows.

7. Overall BOP position is calculated as the change in the country's net international reserves (NIR), less non-economic transactions (revaluation and gold monetization/demonetization). Alternatively, it can be derived by adding the current and capital account balances less financial account plus net unclassified items.

8. Net unclassified items is an offsetting account to the overstatement or understatement in either receipts or payments of the recorded BOP components vis-à-vis the overall BOP position.

9. Data on Deposit-taking corporations, except the central bank, consist of transactions of commercial and thrift banks and offshore banking units (OBUs).

Details may not add up to total due to rounding

¹ Revised to reflect data updates from official data sources and post-audit adjustments

² Rounds off to zero

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>

Table 7 (cont'd)
BOP
in million U.S. dollars

	2023 ^a													Year-on-year percent change
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Current account	-1,972	-272	-2,195	-1,253	-1,994	-724	-595	-1,177	-504	9	-636	107	-11,206	38.6
(Totals as percent of GNI)													-2.3	
(Totals as percent of GDP)													-2.6	
Export	11,563	10,897	13,048	11,328	12,103	12,992	13,151	12,920	13,358	13,942	13,338	13,462	152,101	6.2
Import	13,535	11,169	15,243	12,581	14,097	13,716	13,745	14,097	13,862	13,933	13,974	13,355	163,307	1.1
Goods, services, and primary income	-4,554	-2,689	-4,573	-3,540	-4,311	-3,416	-3,428	-3,750	-3,197	-2,736	-3,131	-2,929	-42,252	13.5
Export	8,916	8,402	10,535	8,981	9,673	10,227	10,232	10,252	10,582	11,097	10,758	10,308	119,963	7.2
Import	13,470	11,092	15,109	12,520	13,984	13,643	13,660	14,002	13,778	13,832	13,889	13,237	162,215	0.9
Goods and services	-4,959	-3,128	-4,407	-3,893	-4,509	-3,751	-3,884	-4,130	-3,638	-3,173	-3,785	-3,410	-46,668	13.3
(Totals as percent of GNI)													-9.6	
(Totals as percent of GDP)													-10.7	
Export	7,657	7,273	9,106	7,650	8,356	8,911	8,855	8,859	9,191	9,685	9,255	8,803	103,601	4.8
Import	12,616	10,402	13,513	11,543	12,865	12,739	12,739	12,989	12,829	12,858	13,040	12,213	150,269	-1.6
Goods	-6,480	-4,582	-6,131	-5,805	-5,470	-5,069	-5,830	-5,837	-5,054	-5,103	-5,549	-4,879	-65,788	5.6
(Totals as percent of GNI)													-13.6	
(Totals as percent of GDP)													-15.1	
Credit: exports	3,919	3,849	4,961	3,551	4,943	5,137	4,405	4,853	5,160	5,174	4,944	4,420	55,316	-4.1
Debit: imports	10,399	8,430	11,092	9,356	10,413	10,206	10,235	10,689	10,214	10,277	10,493	9,299	121,104	-5.0
Services	1,521	1,453	1,724	1,912	961	1,317	1,946	1,707	1,415	1,929	1,764	1,469	19,120	20.3
Credit: exports	3,737	3,424	4,145	4,099	3,413	3,774	4,450	4,006	4,031	4,511	4,311	4,384	48,285	17.4
Debit: imports	2,217	1,971	2,421	2,187	2,452	2,456	2,503	2,299	2,615	2,581	2,547	2,915	29,165	15.6
Primary income	405	439	-167	353	198	336	456	380	442	438	654	481	4,416	-10.8
Credit: receipts	1,259	1,129	1,429	1,331	1,317	1,316	1,377	1,393	1,391	1,412	1,503	1,505	16,362	25.6
Debit: payments	854	690	1,596	978	1,119	980	921	1,013	949	974	848	1,024	11,946	47.9
Secondary income	2,583	2,417	2,378	2,286	2,317	2,692	2,833	2,573	2,692	2,745	2,494	3,036	31,046	1.5
Credit: receipts	2,648	2,494	2,513	2,347	2,430	2,765	2,919	2,668	2,776	2,846	2,580	3,154	32,138	2.4
Debit: payments	65	77	134	61	113	74	86	95	84	101	85	118	1,092	39.8
Capital account	5	4	5	5	4	6	5	5	6	5	9	6	67	186.4
Credit: receipts	6	6	7	6	6	7	6	6	7	7	10	7	81	-5.9
Debit: payments	1	1	1	1	1	1	1	1	1	1	1	1	14	-78.2
Financial account	-5,255	1,697	-2,368	1,163	-173	-1,156	-2,057	890	-1,777	-3,397	-1,622	-1,361	-15,415	-11.0
Net acquisition of financial assets	-780	1,538	-999	578	494	1,184	-1,001	1,218	-1,303	-1,251	2,391	768	2,836	12.0
Net incurrence of liabilities	4,475	-160	1,369	-586	667	2,340	1,056	328	474	2,146	4,013	2,129	18,251	11.2
Direct investment	-249	-682	126	-581	-519	-290	-555	-383	-410	-574	-654	-188	-4,959	11.9
Net acquisition of financial assets	228	373	683	300	-15	251	219	558	171	96	402	639	3,905	1.1
Net incurrence of liabilities	478	1,055	557	881	504	541	774	941	581	670	1,056	826	8,864	-6.6
Portfolio investment	-3,074	2,169	1,340	201	1,727	497	-669	588	942	-1,139	-817	-841	925	154.9
Net acquisition of financial assets	520	935	26	-304	1,058	945	-203	-61	-450	-954	-261	256	1,507	635.5
Net incurrence of liabilities	3,594	-1,234	-1,313	-505	-669	448	466	-650	-1,392	185	556	1,096	582	-58.5
Financial derivatives	37	-27	10	-44	-33	5	30	-63	-17	-10	4	-7	-115	-139.3
Net acquisition of financial assets	-47	-78	-69	-101	-83	-47	-53	-106	-57	-35	-47	-55	-779	-23.3
Net incurrence of liabilities	-84	-51	-80	-58	-49	-52	-83	-43	-40	-25	-51	-49	-664	-13.7
Other investment	-1,969	238	-3,844	1,586	-1,348	-1,368	-863	747	-2,292	-1,673	-154	-326	-11,266	-72.7
Net acquisition of financial assets	-1,481	307	-1,639	682	-467	35	-964	827	-967	-357	2,297	-71	-1,797	-333.3
Net incurrence of liabilities	488	70	2,205	-904	881	1,403	-101	80	1,325	1,316	2,451	255	9,469	55.0
Net unclassified items	-208	1,070	1,089	2,265	1,378	-1,044	-1,520	2,005	-1,692	-1,901	-1,211	-832	-604	79.3
Overall BOP position	3,081	-895	1,267	-148	-439	-606	-53	-57	-414	1,510	-216	642	3,672	150.6
(Totals as percent of GNI)													0.8	
(Totals as percent of GDP)													0.8	
Debit: change in reserve assets	3,094	-910	1,282	-133	-456	-612	-36	-78	-398	2,207	-101	-179	3,681	150.8
Credit: change in reserve liabilities	14	-14	15	15	-16	-6	17	-20	16	696	114	-821	9	-46.8
Memo items:														
Change in net foreign assets (NFA) of deposit-taking corporations, except the central bank	-1,490	147	-1,479	1,327	-559	-811	57	973	-1,530	-1,576	1,456	-515	-3,999	-29.0
Change in commercial banks' (KBs) NFA	-1,475	136	-1,502	1,346	-478	-778	69	967	-1,540	-1,574	1,465	-524	-3,890	-37.5
Change in thrift banks' (TBs) NFA	10	-6	6	-19	-78	-12	-11	8	10	-8	-7	.	-108	58.7
Change in offshore banking units' (OBUs) NFA	-24	17	17	.	-3	-21	.	-1	1	5	-1	8	-1	82.4
Personal remittances	3,071	2,860	2,973	2,773	2,782	3,131	3,321	3,102	3,229	3,327	3,017	3,625	37,210	3.0
of which: OF cash remittances channeled thru the banking system	2,762	2,569	2,671	2,485	2,494	2,812	2,992	2,796	2,913	2,998	2,719	3,280	33,491	2.9

Technical Notes:

1. BOP Statistics from 2005 onwards are based on the IMF's BOP and International Investment Position Manual, 6th Edition.
2. Financial Account, including Reserve Assets, is calculated as the sum of net acquisitions of financial assets less net incurrence of liabilities.
3. Balances in the current and capital accounts are derived by deducting debit entries from credit entries.
4. Balances in the financial account are derived by deducting net incurrence of liabilities from net acquisition of financial assets.
5. Negative values of Net Acquisition of Financial Assets indicate withdrawal/disposal of financial assets; negative values of Net Incurrence of Liabilities indicate repayment of liabilities.
6. A negative growth rate in the net balance of the financial account and its components (i.e., direct, portfolio and other investments) indicate higher net financial inflows or lower net outflows during the period relative to the year-ago level. Conversely, a positive growth rate suggests lower net financial inflows or higher net outflows.
7. Overall BOP position is calculated as the change in the country's net international reserves (NIR), less non-economic transactions (revaluation and gold monetization/demonetization). Alternatively, it can be derived by adding the current and capital account balances less financial account plus net unclassified items.
8. Net unclassified items is an offsetting account to the overstatement or understatement in either receipts or payments of the recorded BOP components vis-à-vis the overall BOP position.
9. Data on Deposit-taking corporations, except the central bank, consist of transactions of commercial and thrift banks and offshore banking units (OBUs).

Details may not add up to total due to rounding

^a Preliminary

. Rounds off to zero

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>

Table 8
Gross International Reserves (GIR)
as of periods indicated; in million US dollars

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
GIR	107,689	107,801	107,309	105,400	103,647	100,854	99,839	97,442	93,000	94,028	95,123	96,149
Reserve position in the fund	801	799	790	765	768	756	753	741	716	739	755	790
Gold	9,182	9,585	9,403	9,277	9,027	8,937	8,761	8,533	8,334	8,271	8,960	9,282
SDRs	3,934	3,926	3,891	3,783	3,799	3,737	3,726	3,664	3,604	3,620	3,706	3,765
Foreign investments	92,940	92,887	91,458	89,562	87,955	84,703	83,517	82,731	78,708	79,963	80,287	81,370
Foreign exchange	832	604	1,768	2,012	2,098	2,721	3,081	1,773	1,637	1,434	1,415	943
Net international reserves¹	107,683	107,792	107,296	105,382	103,625	100,848	99,825	97,428	92,977	93,995	95,095	96,130
Reserve adequacy measures												
Import cover ²	9.4	9.3	9.1	8.7	8.4	8.0	7.8	7.5	7.0	7.0	7.1	7.2
Short-term external debt cover (in percent)												
Original maturity ³	704.3	686.8	766.6	746.4	750.1	725.2	713.2	715.3	567.8	571.7	585.7	578.5
Residual maturity ⁴	536.1	506.6	515.2	486.3	489.9	477.2	472.4	471.6	382.0	380.8	390.9	395.1

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
GIR	100,666	98,216	101,548	101,761	100,589	99,387	99,951	99,568	98,116	101,035	102,720	103,753
Reserve position in the fund	797	786	808	809	797	795	802	790	778	777	787	761
Gold	9,800	9,331	10,074	10,238	10,208	10,011	10,303	10,232	9,790	10,570	10,817	10,557
SDRs	3,801	3,751	3,797	3,804	3,753	3,761	3,797	3,768	3,726	3,723	3,786	3,810
Foreign investments	84,150	83,829	85,400	85,768	84,762	83,660	83,683	84,133	82,988	84,728	85,421	87,855
Foreign exchange	2,117	520	1,469	1,141	1,068	1,160	1,367	645	834	1,237	1,910	771
Net international reserves¹	100,633	98,198	101,515	101,713	100,557	99,361	99,909	99,546	98,078	100,301	101,872	103,725
Reserve adequacy measures												
Import cover ²	7.5	7.3	7.5	7.5	7.4	7.4	7.4	7.4	7.3	7.5	7.6	7.7
Short-term external debt cover (in percent)												
Original maturity ³	589.5	581.8	585.2	600.1	576.1	573.9	586.8	573.2	571.8	584.7	596.7	606.9
Residual maturity ⁴	394.3	397.7	402.9	405.8	390.9	381.1	384.8	373.7	341.5	345.8	354.9	352.3

¹ This is inclusive of gold monetization and revaluation of reserve assets and reserve-related liabilities, which are excluded in the calculation of the BOP. Net International Reserves (NIR) refers to the difference between Gross International Reserves (GIR) and the total of the Bangko Sentral's short-term liabilities and the Use of Fund Credits (UFC). UFC refers to the sum of outstanding drawings from the IMF under various policies and facilities, other than drawings under the reserve tranche.

² Number of months of average imports of goods and payment of services and primary income that can be financed by reserves

³ Based on latest available outstanding short-term external debt

⁴ This refers to adequacy of reserves to cover outstanding external short-term debt based on original maturity plus principal payments on medium-and long-term loans of the public and private sectors falling due in the next 12 months. Figures reflect data based on debt service schedule on outstanding external debt and outstanding short-term external debt as of 31 December 2023.

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

Table 9
Total External Debt¹
as of periods indicated; in million pesos

	31 Dec 2022				31 Dec 2023			
	Short-term		Medium &	Total	Short-term		Medium &	Total
	Trade	Non-Trade	Long- Term		Trade	Non-Trade	Long- Term	
Grand total	2,860	13,759	94,649	111,268 ^a	2,666	14,429	108,298	125,394 ^a
Public sector		936	66,471	67,406		361	77,468	77,829
Banks		936	5,265	6,200		174	5,480	5,654
BSP			3,833 ^b	3,833			3,849 ^b	3,849
Others		936	1,432	2,368		174	1,631	1,805
Non-banks			61,206	61,206		186	71,988	72,175
NG and others			61,206	61,206		186	71,988	72,175
Private sector	2,860	12,824	28,178	43,862	2,666	14,069	30,830	47,565
Banks		11,699	5,774	17,472		13,080	5,505	18,585
Foreign bank branches		4,413	127	4,540 ^c		4,933	220	5,153 ^c
Domestic banks		7,286	5,646	12,932		8,147	5,285	13,432
Non-banks	2,860	1,125	22,405 ^d	26,390	2,666	989	25,325 ^d	28,980

¹ Covers debt owed to non-residents, with classification by borrower based on primary obligor per covering loan/rescheduling agreement/document

Exclusions

^a Residents' holdings of Philippine debt papers issued offshore
Non-residents' holdings of peso-denominated debt securities

31 December 2022

21,768
4,251

31 December 2023

22,217
4,368

Inclusions

^b Accumulated SDR allocations from the IMF
^c "Due to Head Office/Branches Abroad" (DTHOBA) accounts of branches and offshore banking units of foreign banks operating in the Philippines
^d Loans without BSP approval/registration which cannot be serviced using foreign exchange from the banking system
Obligations under capital lease arrangements

3,721
2,803
7,293
613

3,751
2,665
10,918
612

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

Table 10
Selected Foreign Debt Services Indicators
for periods indicated; in million US dollars

	2022 ^f				2023 ^g			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Debt service burden (DSB)¹	1,267	1,731	2,123	3,362	4,365	3,203	3,403	3,781
Principal	559	1,045	939	2,070	2,779	1,442	1,677	1,815
Interest	708	685	1,185	1,292	1,586	1,760	1,727	1,966
Export shipments (XS)²	14,271	13,985	14,438	15,016	12,729	13,632	14,418	14,538
Exports of goods and receipts from services and income (XGSI)^{2,3}	31,413	31,624	34,961	37,331	33,598	34,533	37,377	38,657
Current account receipts (CAR)²	33,390	33,497	36,958	39,390	35,508	36,423	39,428	40,742
External debt	109,753	107,692	107,910	111,268	118,812	117,918	118,833	125,394
Gross Domestic Product (GDP)	95,627	102,530	93,128	112,422	102,101	105,801	102,769	125,762
Gross National Income (GNI)	100,312	108,192	99,224	119,659	110,678	116,550	116,292	140,902
Ratios (%) :								
DSB to XS	8.88	12.38	14.71	22.39	34.29	23.49	23.60	26.01
DSB to XGSI	4.03	5.47	6.07	9.01	12.99	9.27	9.11	9.78
DSB to CAR	3.80	5.17	5.74	8.53	12.29	8.79	8.63	9.28
DSB to GNI	1.26	1.60	2.14	2.81	3.94	2.75	2.93	2.68
External debt to GDP ⁴	27.52	26.77	26.80	27.52	28.95	28.51	28.07	28.72
External debt to GNI ⁴	26.44	25.59	25.45	25.99	27.13	26.43	25.65	25.87

¹ Debt service burden represents principal and interest payments after rescheduling. In accordance with the internationally-accepted concept, debt service burden consists of (a) Principal and interest payments on fixed MLT credits including IMF credits, loans covered by the Paris Club and Commercial Banks rescheduling, and New Money Facilities; and (b) Interest payments on fixed and revolving short-term liabilities of banks and non-banks but excludes (i) Prepayments of future years' maturities of foreign loans and (ii) Principal payments on fixed and revolving ST liabilities of banks and non-banks.

² Based on the accounting principle under the Balance of Payments and International Investment Position Manual, Sixth edition (BPM6)

³ Includes cash remittances of overseas Filipino workers that were coursed through and reported by commercial banks, which are reflected under Compensation of Employees in the Primary Income account and workers' remittances in the Secondary Income account

⁴ GNI and GDP figures were annualized by taking the sum over the past 4 quarters of the GNI and GDP, respectively.

^f Revised

^g Preliminary

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

Table 11
Assets and Liabilities of the Philippine Banking System
as of end-periods indicated; in billion pesos

	2022												Dec 2022
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-on-year percent change
Total assets	20,566	20,677	20,799	20,697	20,856	21,347	21,403	21,595	22,022	22,035	22,177	23,048	10.7
Cash and due from banks	3,435	3,440	3,117	2,825	2,845	2,852	2,770	2,754	2,715	2,696	2,728	3,272	-8.4
Total loan portfolio, net ¹	10,740	10,743	10,874	10,988	11,037	11,307	11,358	11,425	11,682	11,635	11,768	12,198	11.0
Total investments, net	5,538	5,591	5,902	5,959	5,972	6,171	6,234	6,257	6,486	6,481	6,402	6,329	15.7
Real and other properties acquired, net	96	96	97	97	97	100	100	101	102	102	103	104	8.8
Other assets	758	807	809	828	905	917	941	1,058	1,038	1,122	1,174	1,144	64.9
Total liabilities and capital	20,566	20,677	20,799	20,697	20,856	21,347	21,403	21,595	22,022	22,035	22,177	23,048	10.7
Total liabilities	18,017	18,159	18,272	18,160	18,283	18,770	18,796	18,931	19,370	19,381	19,492	20,341	11.4
Financial liabilities ²	40	38	47	52	48	98	89	87	127	104	85	73	66.7
Demand and negotiable order of withdrawal	4,780	4,842	4,865	4,889	4,910	5,001	4,938	5,001	4,965	4,946	5,014	5,091	5.9
Savings	7,818	7,864	7,803	7,867	7,877	7,973	8,031	7,884	7,857	7,820	7,846	8,357	6.0
Time	3,247	3,176	3,228	3,179	3,228	3,344	3,384	3,517	3,733	3,873	3,966	4,172	24.2
Long-term negotiable certificates of deposits	193	193	193	193	180	175	175	175	165	161	161	151	-22.0
Due to banks/others	115	103	139	88	116	96	97	119	157	125	109	114	-37.1
Bills payable	416	403	481	398	392	481	478	498	667	589	567	666	34.0
Bonds payable	675	691	694	636	633	644	637	603	612	616	604	578	-5.8
Other liabilities ³	733	849	822	857	899	959	967	1,046	1,087	1,146	1,140	1,140	68.4
Total capital accounts	2,550	2,518	2,527	2,537	2,573	2,577	2,607	2,664	2,652	2,655	2,685	2,706	5.1
Capital stock	1,065	1,108	1,170	1,170	1,210	1,211	1,212	1,213	1,214	1,215	1,330	1,334	25.1
Retained earnings, undivided profits, and other capital accounts ⁴	1,485	1,410	1,358	1,367	1,363	1,365	1,395	1,452	1,438	1,440	1,355	1,372	-9.0

¹ Includes interbank loans receivable and total reverse repurchase

² Include financial liabilities held for trading and designated at fair value through profit or loss

³ Include unsecured subordinated debt (net), redeemable preferred shares, and derivatives with negative fair value held for hedging

⁴ Include other comprehensive income and appraisal increment reserves

Details may not add up to total due to rounding.

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

Table 11 (cont'd)
Assets and Liabilities of the Philippine Banking System
as of end-periods indicated; in billion pesos

	2023												Dec 2023
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year-on-year percent change
Total assets	22,492	22,767	23,148	22,756	22,789	23,295	23,104	23,461	24,006	24,043	24,374	25,166	9.2
Cash and due from banks	2,741	2,780	3,092	2,751	2,639	2,870	2,482	2,548	2,818	2,723	2,657	2,919	-10.8
Total loan portfolio, net ¹	11,918	11,983	12,034	12,118	12,156	12,298	12,373	12,508	12,604	12,612	12,875	13,403	9.9
Total investments, net	6,565	6,706	6,692	6,606	6,711	6,771	6,834	6,947	6,916	6,995	7,019	7,019	10.9
Real and other properties acquired, net	104	104	101	101	101	102	106	107	105	105	105	107	2.1
Other assets	1,164	1,194	1,229	1,180	1,182	1,253	1,309	1,351	1,563	1,608	1,717	1,719	50.3
Total liabilities and capital	22,492	22,767	23,148	22,756	22,789	23,295	23,104	23,461	24,006	24,043	24,374	25,166	9.2
Total liabilities	19,722	19,991	20,360	19,940	19,947	20,434	20,183	20,517	21,045	21,075	21,339	22,097	8.6
Financial liabilities ²	62	66	58	58	63	65	60	68	64	58	61	57	-21.7
Demand and negotiable order of withdrawal	5,016	5,018	4,977	4,988	4,963	5,001	5,003	5,082	5,161	5,150	5,210	5,260	3.3
Savings	7,919	7,920	8,188	7,876	7,891	8,172	7,965	7,959	8,138	8,049	8,159	8,567	2.5
Time	4,181	4,243	4,412	4,502	4,567	4,542	4,536	4,759	4,891	4,945	4,923	5,125	22.8
Long-term negotiable certificates of deposits	151	136	136	130	109	109	109	106	98	98	84	81	-46.1
Due to banks/others	115	119	143	110	128	146	144	125	136	172	157	164	43.7
Bills payable	558	725	660	597	609	669	605	630	659	669	739	780	17.2
Bonds payable	592	587	522	497	500	487	508	529	479	465	498	496	-14.2
Other liabilities ³	1,129	1,177	1,265	1,183	1,116	1,242	1,252	1,258	1,421	1,470	1,509	1,566	37.5
Total capital accounts	2,769	2,776	2,787	2,815	2,842	2,861	2,921	2,945	2,961	2,967	3,034	3,069	13.4
Capital stock	1,336	1,348	1,401	1,407	1,408	1,410	1,438	1,439	1,439	1,438	1,442	1,448	8.5
Retained earnings, undivided profits, and other capital accounts ⁴	1,434	1,428	1,386	1,408	1,433	1,451	1,483	1,506	1,521	1,529	1,593	1,621	18.1

¹ Includes interbank loans receivable and total reverse repurchase

² Include financial liabilities held for trading and designated at fair value through profit or loss

³ Include unsecured subordinated debt (net), redeemable preferred shares, and derivatives with negative fair value held for hedging

⁴ Include other comprehensive income and appraisal increment reserves

Details may not add up to total due to rounding.

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

Table 12
Balance Sheet of the BSP
as of end-periods indicated; in billion pesos

	2022											Dec 2022	Year-on-year percent change ^e
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec ^a	
Total assets	7,810.4	7,805.8	7,837.0	7,758.8	7,343.8	7,449.4	7,444.2	7,404.5	7,338.3	7,314.1	7,265.8	7,247.9	-4.3
International reserves ¹	5,466.3	5,498.9	5,529.4	5,476.4	5,392.4	5,502.7	5,481.9	5,432.1	5,412.4	5,415.4	5,341.3	5,322.7	-3.3
Domestic securities	1,447.7	1,413	1,418.0	1,417.2	1,402.4	1,389.9	1,396.7	1,407.8	1,371.9	1,354.6	1,361.4	1,350.1	-8.2
Loans and advances	421.8	421.9	422.0	417.4	87.2	94.5	94.5	94.6	94.4	90.5	90.4	83.2	-31.7
Bank premises and other fixed assets	22.3	22.2	22.1	22.0	22.0	21.9	21.8	21.7	21.7	21.6	21.6	21.3	-4.1
Derivative instruments in a gain/(loss) position	.	0.0	3.4	3.2	0.0	1.0	0.0	2.0	1.2	1.2	0.0	0.6	500.0
Other assets	452.3	449.6	442.0	422.6	439.8	439.4	449.2	446.3	436.8	430.8	451.1	470.0	3.1
Total liabilities	7,669.4	7,691.0	7,738.5	7,665.7	7,268.1	7,373.0	7,333.7	7,276.4	7,228.7	7,228.7	7,172.7	7,136.9	-4.1
Currency in circulation	2,085.6	2,063.3	2,107.5	2,177.8	2,151.9	2,089.4	2,068.3	2,050.9	2,053.5	2,084.8	2,138.5	2,337.4	7.4
Deposits	4,042.8	3,971.8	4,058.9	3,874.9	3,477.4	3,443.5	3,341.7	3,377.7	3,369.6	3,358.6	3,266.5	3,049.6	-20.1
Reserve deposits of other depository corporations (ODCs) ²	1,251.6	1,235.9	1,059.0	1,310.4	1,257.9	1,112.6	1,321.3	1,196.2	1,309.6	1,304.1	1,238.7	1,293.1	-7.1
Reserve deposits of other financial corporations (OFCs) ³	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.0
Secured settlement account	111.3	131.7	120.8	100.2	123.2	131.3	116.1	115.0	122.0	118.8	143.2	149.6	392.1
Overnight Deposit Facility ⁴	504.1	492.1	598.0	234.6	321.2	454.9	225.6	427.0	257.3	162.6	186.7	574.9	-19.9
Term Deposit Facility ⁴	840.2	835.9	610.1	460.5	405.0	430.1	416.7	320.0	326.3	359.0	369.3	466.1	-26.0
Bureau of the Treasury ⁵	1,198.0	1,139.4	1,534.9	1,632.5	1,234.7	1,179.5	1,129.5	1,187.9	1,223.2	1,283.0	1,193.1	431.8	-52.4
Foreign financial institutions	97.1	97.1	97.1	97.1	97.2	97.2	97.2	97.2	96.7	96.7	96.7	100.3	3.3
Other foreign currency deposits	7.2	5.9	5.5	6.3	4.8	4.7	4.4	3.4	3.5	3.5	7.8	2.8	-65.4
Other deposits ⁶	32.9	33.4	33.0	32.9	33.0	32.8	30.6	30.6	30.6	30.6	30.6	30.6	-7.3
Net bonds payable	25.8	26.1	26.5	26.9	27.2	27.5	27.9	28.5	30.0	29.9	29.3	27.9	9.4
Allocation of special drawing rights	199.9	200.4	200.7	196.8	197.9	204.3	205.2	204.6	210.4	209.6	208.5	209.4	5.0
Derivatives liability	0.1	0.1	.	.	.	.	.	.	0.0	.	.	0.0	--
Derivative instruments in a loss position	0.0	.	0.0	0.0	0.3	0.0	3.1	0.0	0.0	0.0	0.8	0.0	--
Revaluation of foreign currency accounts ⁷	571.2	606.0	588.0	536.6	528.9	698.7	765.8	742.0	811.3	753.0	736.3	689.2	11.6
Reverse Repurchase Facility ⁴	305.0	305.0	305.0	305.0	305.0	305.0	305.0	305.0	305.0	305.1	305.0	305.1	.
Net bills payable-domestic	399.6	479.5	409.6	509.6	543.1	566.5	579.3	529.3	409.3	449.4	448.3	478.9	84.3
Other liabilities ⁸	39.3	38.9	42.3	37.9	36.5	38.1	37.4	38.4	39.6	38.3	39.4	39.4	-3.7
Net worth	141.0	114.8	98.5	93.1	75.7	76.4	110.5	128.1	109.6	85.4	93.1	111.0	-18.0
Capital	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	60.0	20.0
Surplus/reserves ⁹	91.0	64.8	48.5	43.1	25.7	26.4	60.5	78.1	59.6	35.4	43.1	51.0	-40.3

¹ Excludes the reserve tranche position with the IMF

² ODCs include universal and commercial banks (U/CBs), specialized government banks (SGBs), thrift banks (TBs), rural and cooperative banks (R/CBs), and non-banks with quasi-banking functions (NBOBs) and digital banks.

³ OFCs include trust units of banks only.

⁴ Starting 3 June 2016, the Reverse Repurchase Agreement and Special Deposit Account have been replaced by the Reverse Repurchase Facility and Overnight Deposit Facility, respectively and the Term Deposit Facility was introduced in line with the implementation of the Interest Rate Corridor (IRC) system. These include accrued interest payables.

⁵ Previously named Treasurer of the Philippines. Includes foreign currency deposits

⁶ Include GOCC deposits

⁷ Previously named Revaluation of International Reserves

⁸ Include Due to Broker and Repurchase Agreement accounts, if there is any

⁹ Consist of 1) Surplus account, which pertains to the unrestricted retained earnings of the BSP; 2) Capital reserves, which pertain to the funds set aside for various contingencies; and 3) Unrealized gains(losses) on investments in government securities, stocks and other securities

^a Audited but subject to reinstatement

^e Growth rates are calculated using levels in billions with 1 decimal place.

. Rounds off to zero

-- Undefined/Indeterminate

Details may not add up to total due to rounding.

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

Table 12 (cont'd)
Balance Sheet of the BSP
as of end-periods indicated; in billion pesos

	2023												Dec 2023
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct ²	Nov ²	Dec ²	Year-on-year percent change ^{3a}
Total assets	7,423.5	7,347.1	7,360.2	7,460.1	7,480.2	7,294.1	7,271.4	7,428.9	7,330.8	7,483.1	7,489.4	7,563.7	4.4
International reserves ¹	5,450.1	5,379.4	5,472.2	5,602.7	5,612.5	5,459.0	5,436.9	5,596.0	5,515.3	5,695.6	5,652.3	5,707.6	7.2
Domestic securities	1,385.1	1,309	1,297.0	1,276.8	1,292.9	1,274.2	1,265.3	1,260.7	1,251.7	1,230.8	1,268.0	1,277.9	-5.3
Loans and advances	83.2	174.7	98.2	83.2	83.2	83.2	83.3	83.3	83.3	83.3	83.3	83.3	0.1
Bank premises and other fixed assets	21.2	21.5	21.7	21.6	21.5	21.4	21.3	21.3	21.2	21.1	21.0	21.0	-1.4
Derivative Instruments in a gain/(loss) position	0.5	1.0	0.0	2.7	3.8	0.0	0.0	4.3	2.7	0.9	0.0	0.4	-33.3
Other assets	483.5	461.3	471.1	473.1	466.3	456.2	464.6	463.2	456.6	451.4	464.8	473.4	0.7
Total liabilities	7,273.7	7,207.0	7,216.5	7,306.7	7,301.7	7,126.7	7,141.1	7,291.4	7,193.8	7,363.3	7,361.0	7,420.9	4.0
Currency in circulation	2,191.1	2,154.7	2,180.1	2,210.5	2,217.8	2,183.5	2,152.7	2,149.3	2,144.0	2,209.2	2,212.4	2,447.0	4.7
Deposits	3,241.5	3,294.8	3,267.2	3,302.0	3,243.7	3,242.5	3,128.6	3,004.3	2,913.4	3,059.0	2,956.0	2,626.3	-13.9
Reserve deposits of other depository corporations (ODCs) ²	1,238.5	1,500.9	1,326.6	1,349.5	1,179.6	1,250.7	1,095.8	1,044.4	1,351.7	1,257.6	1,088.9	1,379.1	6.7
Reserve deposits of other financial corporations (OFCs) ³	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.0
Secured settlement account	137.3	142.1	169.7	154.1	154.1	169.7	144.2	128.0	138.7	160.6	152.7	162.8	8.8
Overnight Deposit Facility ⁴	208.3	66.0	589.8	167.3	327.6	468.9	237.0	265.2	203.2	169.4	267.2	229.2	-60.1
Term Deposit Facility ⁴	449.8	380.7	340.2	395.8	294.4	318.6	350.3	388.7	470.3	458.6	414.9	332.5	-28.7
Bureau of the Treasury ⁵	1,073.2	1,071.0	708.7	1,103.0	1,152.9	899.0	1,165.3	1,041.5	608.2	869.1	889.0	379.8	-12.0
Foreign financial institutions	100.3	100.3	99.5	99.5	102.0	102.2	102.2	102.4	102.6	102.6	102.6	103.9	3.6
Other foreign currency deposits	3.3	2.8	3.5	3.6	3.9	4.2	4.7	4.8	4.3	4.9	4.5	4.8	71.4
Other deposits ⁶	30.6	30.6	28.7	28.7	28.7	28.7	28.7	28.7	33.9	35.8	35.7	33.9	10.8
Net bonds payable	27.5	28.0	27.7	28.6	29.1	27.7	27.6	28.7	28.9	29.2	28.7	27.7	-0.7
Allocation of special drawing rights	207.2	205.6	205.4	210.9	209.4	207.2	207.9	211.4	209.7	210.8	207.4	209.3	.
Derivatives liability	0.1	.	.	.	0.0	.	.	.	.	1.0	0.6	.	--
Derivative instruments in a loss position	0.0	0.0	1.5	0.0	0.0	0.6	2.1	0.0	0.0	0.0	1.8	0.0	--
Revaluation of foreign currency accounts ⁷	659.3	611.4	638.1	765.1	791.8	655.6	635.4	784.0	711.9	756.1	727.9	800.8	16.2
Reverse Repurchase Facility ⁴	305.0	305.0	305.0	305.1	305.0	305.0	407.4	448.4	475.1	320.2	463.9	640.2	109.8
Net bills payable - domestic	602.7	569.4	554.5	448.8	468.5	467.0	543.6	629.9	675.3	704.5	681.5	633.5	32.3
Other liabilities ⁸	39.3	38.1	36.9	35.8	36.4	37.6	35.9	35.3	35.4	73.1	80.8	36.1	-8.4
Net worth	149.8	140.1	143.7	153.3	178.5	167.3	130.3	137.5	137.0	119.8	128.4	142.7	28.6
Capital	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	0.0
Surplus/reserves ⁹	89.8	80.1	83.7	93.3	118.5	107.3	70.3	77.5	77.0	59.8	68.4	82.7	62.2

¹ Excludes the reserve tranche position with the IMF

² ODCs include universal and commercial banks (U/CBs), specialized government banks (SCBs), thrift banks (TBs), rural and cooperative banks (R/CBs), and non-banks with quasi-banking functions (NBOBs) and digital banks.

³ OFCs include trust units of banks only.

⁴ Starting 3 June 2016, the Reverse Repurchase Agreement and Special Deposit Account have been replaced by the Reverse Repurchase Facility and Overnight Deposit Facility, respectively and the Term Deposit Facility was introduced in line with the implementation of the Interest Rate Corridor (IRC) system. These include accrued interest payables.

⁵ Previously named Treasurer of the Philippines. Includes foreign currency deposits

⁶ Include GOCC deposits

⁷ Previously named Revaluation of International Reserves

⁸ Include Due to Broker and Repurchase Agreement accounts, if there is any

⁹ Consist of 1) Surplus account, which pertains to the unrestricted retained earnings of the BSP; 2) Capital reserves, which pertain to the funds set aside for various contingencies; and 3) Unrealized gains(losses) on investments in government securities, stocks and other securities

^a Based on the unaudited preliminary BSP balance sheet as of end-December 2023

^a Growth rates are calculated using levels in billions with 1 decimal place.

. Rounds off to zero

-- Undefined/Indeterminate

Details may not add up to total due to rounding.

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

Table 13
Income Position of the BSP
 for the periods indicated; in billion pesos

	2022												Jan-Dec 2022
	Jan	Jan-Feb	Jan-Mar	Jan-Apr	Jan-May	Jan-Jun	Jan-Jul	Jan-Aug	Jan-Sep	Jan-Oct	Jan-Nov	Jan-Dec ^a	Year-on-year percent change*
Revenues	10.855	22.810	41.618	51.397	73.016	84.960	99.146	114.716	121.212	116.124	128.022	168.120	n.c.
Interest income	10.243	19.005	31.195	43.485	58.593	70.894	86.250	103.571	114.527	125.566	138.865	153.202	32.7
International reserves	5.421	9.801	17.460	25.307	35.824	43.463	54.061	66.649	72.822	78.993	87.298	96.626	50.1
Domestic securities	3.652	7.243	10.869	14.535	18.249	21.999	25.795	29.609	33.490	37.415	41.364	45.373	10.2
Loans and advances	0.390	0.480	0.572	0.595	0.626	0.654	0.697	0.738	0.780	0.817	0.850	0.879	-27.0
Others	0.781	1.481	2.295	3.047	3.895	4.777	5.697	6.575	7.435	8.342	9.353	10.325	18.4
Miscellaneous Income ¹	0.592	3.784	10.393	7.812	14.327	13.956	12.779	11.009	6.607	-9.552	-10.963	14.797	n.c.
Net income from branches	0.020	0.021	0.029	0.100	0.096	0.109	0.117	0.136	0.078	0.109	0.119	0.121	-78.5
Expenses	6.924	14.046	24.160	32.324	47.378	57.533	67.227	78.371	92.243	105.173	121.201	172.172	n.c.
Interest expenses	4.378	8.697	13.821	18.896	24.022	29.509	36.230	44.465	53.288	63.307	73.954	85.634	41.9
National Government deposits	1.253	2.550	4.557	6.688	8.863	10.866	13.110	16.171	20.007	24.246	28.626	32.079	48.9
Reverse Repurchase (RRP) Facility	0.525	1.000	1.525	2.033	2.582	3.166	3.931	4.836	5.818	6.935	8.091	9.468	53.2
Bills Payable - Domestic	0.329	0.899	1.650	2.407	3.278	4.444	5.833	7.638	9.106	10.890	12.683	15.096	125.0
Overnight Deposit Facility (ODF) ²	0.933	1.510	1.944	2.338	2.809	3.232	3.973	4.699	5.621	6.322	7.141	8.479	7.5
Term Deposit Facility (TDF) ²	1.092	2.238	3.363	4.343	5.070	5.983	7.113	8.337	9.341	10.868	12.686	15.051	-1.7
Loans Payable and Other Foreign Currency Deposits	0.244	0.500	0.782	1.087	1.419	1.815	2.267	2.782	3.392	4.042	4.722	5.457	102.0
Other liabilities	0.000	.	.	.	.	0.002	0.003	0.003	0.003	0.004	0.004	0.004	-55.6
Cost of minting/printing of currency	1.098	1.867	3.170	4.325	5.420	6.489	7.165	7.793	8.563	9.516	10.704	12.111	5.2
Other Expenses ³	1.449	3.483	7.169	9.103	17.937	21.536	23.832	26.112	30.392	32.349	36.543	74.427	n.c.
Net Income Before Net Gain/(Loss) on FX Rates Fluctuation and Income Tax Expense/(Benefit) and Capital Reserves	3.931	8.764	17.457	19.073	25.638	27.427	31.918	36.346	28.969	10.951	6.821	-4.051	-107.3
Net Gain/(Loss) on Foreign Exchange Rate Fluctuation ⁴	2.384	3.091	6.106	11.660	15.825	27.209	40.958	42.496	65.638	76.995	82.936	67.656	1976.6
Income Tax (Expense)/Benefit	0.000	0.000	0.000	0.000	-0.020	-0.020	-0.020	-0.027	-0.027	-0.027	-0.055	0.127	-29.1
Capital Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	100.0
Net Income/(Loss) After Tax and Capital Reserves	6.314	11.855	23.563	30.732	41.443	54.617	72.857	78.815	94.581	87.919	89.702	63.731	87.6

¹ Includes fees, penalties, and other operating income, among others. The "Jan" to "Jan-Nov" 2022 data includes trading gains/losses. However, the "Jan-Dec" 2022 data excludes net trading losses, which are reclassified as part of "Other Expenses".

² Starting 3 June 2016, the Reverse Repurchase Agreement and Special Deposit Account have been replaced by the Reverse Repurchase Facility and Overnight Deposit Facility, respectively, and the Term Deposit Facility was introduced in line with the implementation of the Interest Rate Corridor (IRC) system.

³ The "Jan-Dec" 2022 data includes net trading losses.

⁴ Represents realized gains or losses from fluctuations in foreign exchange rates arising from foreign currency-denominated transactions of the BSP

^a Audited but subject to restatement.

* Growth rates are calculated based on the levels in billions with 3 decimal places. For some components/aggregates growth rates were not computed since data are not comparable given the reclassification of "net trading losses".

· Rounds off to zero

n.c. Not computed

Details may not add up to total due to rounding.

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

Table 13 (cont'd)
Income Position of the BSP
for the periods indicated; in billion pesos

	2023												Jan-Dec 2023
	Jan	Jan-Feb	Jan-Mar	Jan-Apr	Jan-May	Jan-Jun	Jan-Jul	Jan-Aug	Jan-Sep	Jan-Oct	Jan-Nov	Jan-Dec ^P	Year-on-year percent change [*]
Revenues	13.354	24.853	43.274	61.395	86.976	104.580	121.288	139.725	156.949	176.596	194.801	212.763	26.6
Interest income	12.844	23.887	41.806	59.439	76.414	93.411	109.587	127.524	144.192	162.983	180.643	197.923	29.2
International reserves	7.636	13.824	26.563	39.107	50.934	62.787	73.706	86.406	97.853	111.421	123.802	135.856	40.6
Domestic securities	4.202	8.273	12.385	16.479	20.587	24.723	28.933	33.165	37.370	41.593	45.794	49.995	10.2
Loans and advances	0.016	0.036	0.102	0.138	0.187	0.235	0.264	0.316	0.360	0.374	0.388	0.414	-52.9
Others	0.991	1.753	2.756	3.716	4.706	5.667	6.684	7.637	8.610	9.594	10.659	11.658	12.9
Miscellaneous Income ¹	0.497	0.968	1.451	1.946	10.563	11.154	11.688	12.168	12.747	13.617	14.132	14.818	0.1
Net income from branches	0.013	-0.002	0.017	0.009	-0.002	0.015	0.013	0.033	0.009	-0.003	0.026	0.022	-81.8
Expenses	18.259	35.166	54.351	73.896	94.174	116.525	137.115	160.470	182.387	205.980	227.017	244.211	41.8
Interest expenses	12.767	25.097	38.894	52.728	66.852	80.149	94.571	109.667	123.948	138.772	153.687	168.286	96.5
National Government deposits	3.909	8.035	12.845	17.773	23.318	28.740	33.949	39.246	43.354	46.923	51.129	54.800	70.8
Reverse Repurchase (RRP) Facility	1.445	2.796	4.386	5.975	7.615	9.134	10.847	12.988	15.300	17.542	19.829	22.408	136.7
Bills Payable - Domestic	2.370	5.245	8.375	10.969	13.969	16.576	19.467	22.931	26.459	30.614	34.549	38.300	153.7
Overnight Deposit Facility (ODF) ²	1.520	2.744	3.893	5.601	6.600	7.713	9.045	9.889	11.004	11.853	12.761	14.010	65.2
Term Deposit Facility (TDF) ²	2.752	4.746	7.013	9.113	11.111	12.849	15.124	17.412	19.676	22.518	24.937	27.159	80.4
Loans Payable and Other Foreign Currency Deposits	0.771	1.531	2.382	3.298	4.239	5.136	6.139	7.197	8.151	9.303	10.448	11.574	112.1
Other liabilities	0.000	0.000	0.000	0.000	.	.	.	0.004	0.004	0.019	0.033	0.035	775.0
Cost of minting/printing of currency	1.210	2.478	3.580	4.648	5.577	6.422	7.211	8.034	9.020	10.138	11.419	13.253	9.4
Other Expenses ³	4.282	7.590	11.877	16.520	21.745	29.954	35.334	42.768	49.418	57.069	61.911	62.671	-15.8
Net Income Before Net Gain/(Loss) on FX Rates Fluctuation and Income Tax Expense/(Benefit) and Capital Reserves	-4.904	-10.313	-11.078	-12.502	-7.198	-11.945	-15.827	-20.744	-25.438	-29.384	-32.216	-31.448	-676.3
Net Gain/(Loss) on Foreign Exchange Rate Fluctuation ⁴	3.781	8.683	9.677	16.411	21.458	31.813	34.286	43.670	47.796	50.995	55.532	57.016	-15.7
Income Tax (Expense)/Benefit	0.000	0.000	0.000	0.000	-0.006	-0.006	-0.006	-0.016	-0.016	-0.016	-0.035	-0.040	-131.5
Capital Reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	--
Net Income/(Loss) After Tax and Capital Reserves	-1.123	-1.630	-1.400	3.909	14.254	19.862	18.453	22.909	22.342	21.595	23.282	25.529	-59.9

¹ Includes fees, penalties, and other operating income, among others.

² Starting 3 June 2016, the Reverse Repurchase Agreement and Special Deposit Account have been replaced by the Reverse Repurchase Facility and Overnight Deposit Facility, respectively, and the Term Deposit Facility was introduced in line with the implementation of the Interest Rate Corridor (IRC) system.

³ Includes net trading losses.

⁴ Represents realized gains or losses from fluctuations in foreign exchange rates arising from foreign currency-denominated transactions of the BSP

^a Audited but subject to restatement.

^P Based on the preliminary and unaudited BSP income statement for the year ended December 2023

^{*} Growth rates are calculated based on the levels in billions with 3 decimal places.

⁻ Rounds off to zero

⁻ Undefined/Indeterminate

Details may not add up to total due to rounding.

Source: BSP

The historical and latest releases are available at: <https://www.bsp.gov.ph/SitePages/Statistics/Statistics.aspx>.

