



# WHAT WE DID IN 2021:

**Operations, Advocacies,  
Initiatives, and Financial Results**

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## ***An Inclusive Finance System (Financial Inclusion)***

The second year of the COVID-19 crisis continues to highlight the importance of financial inclusion as a national development agenda. From transaction accounts that enabled the government to send much-needed financial aid to those affected by the pandemic, to the surge in electronic transactions brought about by mobility and safety concerns, the BSP's efforts to develop an inclusive financial system in the last few years have indeed born fruit.

As the BSP looks forward to a stronger, more technologically advanced, and more inclusive post-COVID-19 economy, it will continue to utilize lessons from the pandemic in galvanizing broad-based support and harness collective efforts to accelerate financial inclusion in the years to come.

## **Increasing Uptake of Transaction Accounts**

The number of Basic Deposit Account (BDA) holders has reached 7.6 million, with an aggregate amount of ₱4.8 billion deposits in 137 banks as of Q3 2021. This is an increase from 6.2 million depositors with ₱4.5 billion deposits in 130 banks offering BDAs the year before. The BDA

policy enhancement work was done in 2021, which led to the issuance of Memorandum No. M-2022-003 dated 12 January 2022. The policy issuance provides additional guidance and further clarifications on the implementation of the BDA Framework (Circular No. 992). The BSP provided support to the co-location strategy of the Philippine Statistics Authority and the Land Bank of the Philippines to onboard unbanked Philippine Identification System (PhilSys) registrants and maximize mobilization efforts for financial inclusion.<sup>84</sup>

To boost transaction account ownership and usage among the unbanked, the BSP is promoting the digital distribution mode for the various cash assistance programs of the government. Under this approach, cash assistance is disbursed directly into the accounts of beneficiaries. To address the apprehension of certain agencies and local government units (LGUs) in adopting digital disbursements, the BSP sought guidance and clarification from pertinent agencies such as the Department of Budget and Management, the Commission on Audit (COA) and the Department of Interior and Local Government (DILG). It also sought the support of the DILG to facilitate stronger collaboration with LGUs on financial inclusion initiatives. On 18 November 2021, the BSP secured

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<sup>84</sup> As of end-2021, 7.2 million previously unbanked Filipinos were onboarded to Landbank accounts during PhilSys registration.

COA's clarification that disbursement payments through electronic fund transfers is a form of Advice to Debit Account, making it an acceptable mode of disbursement by government entities. The COA also issued Circular No. 2021-014 on 22 December 2021 on the guidelines on electronic collections and payments for government transactions, which further established the acceptability of digital payments in the government.

Following these developments and in line with the PhilSys co-location strategy with the Land Bank of the Philippines, the DILG issued an advisory on 26 January 2022 enjoining LGUs to use digital disbursements for the local and national cash assistance programs, among others.

## **Enhancing the Digital Finance Infrastructure**

Together with key stakeholders, the BSP continues to provide strong support for the development of digital finance infrastructure crucial for financial inclusion. The BSP is actively involved in the implementation of the PhilSys, as partner of the PSA in the production of the Philippine Identification (PhilID) cards. As chair of the IAC on use case, the BSP is supporting the drafting of necessary policies, guidelines, and standards to promote PhilID card use cases, particularly toward its broad adoption in the financial sector to promote inclusion.

Recognizing the critical importance of internet connectivity in broad-based adoption of digital financial services, the BSP, together with Financial Inclusion Steering Committee members, actively supported Executive Order (EO) No. 127 titled "Expanding the Provision of

Internet Services through Inclusive Access to Satellite Services," which was signed on 10 March 2021 by President Rodrigo Duterte. EO 127 can bridge the massive internet infrastructure gaps in rural and remote communities within a short time as satellite technology represents an instant and readily deployable broadband infrastructure suitable for areas that remain largely unserved. To raise awareness on the order, the BSP co-organized a webinar with The Asia Foundation last 29 June 2021.

In September 2021, the BSP and the Agence Française de Développement signed a grant facility agreement aimed at strengthening regulatory capacity for digital finance. The grant facility is expected to be completed by 2026.

In November 2021, the BSP and the Alliance for Financial Inclusion signed an agreement to develop an agent registry in the Philippines. It is a web portal of agents that are retail outlets such as small shops, convenience stores, supermarkets, pharmacies, and pawnshops where clients can perform basic financial transactions such as cashing in and cashing out. This regulatory technology tool is targeted to be completed in 2022.

## **Promoting Access to Finance for the MSME and Agriculture Sectors**

The BSP continues to promote innovative financing approaches to increase access to finance for the micro, small and medium enterprises (MSMEs) and agriculture sectors, which are effective pathways to drive inclusive economic growth.

The BSP, in partnership with the Japan International Cooperation Agency, continues to implement the Credit Risk Database (CRD) project with the assistance of the expert team from CRD Japan. Through the sustained engagement with newly invited banks, the number of pioneer participating banks increased from 17 in 2020 to 26 as of end-2021. Furthermore, the construction of the initial credit scoring model has commenced using data collected as of October 2021. The project is targeted to be completed—and the CRD scoring service launched—by Q1 2023.

In partnership with the Asian Development Bank (ADB), the BSP continued to engage with six participating pilot banks in implementing the Agriculture Value Chain Financing (AVCF) pilot project. This project aims to demonstrate the viability of the AVCF approach in meeting the financing requirements of the agriculture sector. The BSP also supported a Supply Chain Finance (SCF) Market Development Study to promote SCF as an innovative approach in MSME financing by leveraging the businesses' receivables, inventory flows and supply chain relationships. The study, currently in the finalization stage, will highlight the gaps and possible interventions to grow the SCF market in the country.

To gain better understanding on the needs and unique challenges of MSMEs, the BSP coordinated with ADB in conducting a national MSME demand-side survey, with particular focus on women entrepreneurs. This initiative will generate new insights and more granular data on MSME's access to finance, which could support evidence-based policymaking. To date, all project

activities have been completed, and the study is targeted to be finalized by Q1 2022.

The BSP established a technical working group (TWG) with industry associations and government institutions to develop a standard business loan application form to make the loan application process more streamlined and borrower-friendly for MSMEs. The TWG has already developed the standard form, which has been piloted by 11 banks for three months ending 15 January 2021. The next step is to formalize the adoption mechanism through a regulatory issuance by the BSP targeted for release in 2022.

In line with Republic Act No. 10744 series 2015, the BSP continues to provide capacity building for Credit Surety Funds (CSFs). Fifteen webinars were conducted by the BSP in 2021 for the surety funds, which were attended by 1,985 participants. A total of 55 CSFs have been established nationwide since the launch of the program in 2008, 26 of which have already been registered as CSF Cooperatives with the Cooperative Development Authority (CDA). To ensure successful collaboration and effective implementation of RA 10744, the BSP also signed a Memorandum of Agreement with CDA in March 2021 to formalize cooperation arrangements.

The BSP also continues to monitor microfinance, which remains an important source of credit for the entrepreneurial poor. Microfinance in the banking sector has grown significantly over the years. From 119 banks offering microfinance to over 360,000 borrowers with total microfinance loans amounting to ₱2.6 billion in 2002, there are now 144 banks serving two million borrowers with

a total microfinance loan portfolio of ₱25.9 billion as of Q3 2021.

## Consumer Protection

In support of its financial inclusion and financial stability objectives, the BSP implements consumer protection policies and assists financial consumers in the resolution of their complaints. In January 2021, the BSP reorganized its Consumer Empowerment Group into the Consumer Protection and Market Conduct Office to enhance its consumer protection and market conduct oversight functions.

### BSP Online Buddy and Consumer Assistance Mechanism

The BSP Online Buddy (BOB) is an automated, AI-powered<sup>85</sup> channel that allows financial consumers to escalate complaints against BSP-supervised financial institutions (BSFIs). Amid the COVID-19 pandemic, BOB provides an accessible, fast and efficient channel for bringing the BSP closer to Filipino consumers through three different platforms: the BSP website, BSP Facebook Messenger and text messaging.<sup>86</sup> Capable of natural language processing, BOB can converse with complainants in English, Filipino, and Taglish. It is available 24/7, responds in real time, and immediately refers the complaints it receives to concerned BSFIs, consistent with the BSP Consumer Assistance Mechanism (CAM) parameters.

Alongside BOB, the BSP continues to maintain and manage the original CAM channels through its consumer affairs email and telephone hotlines. Through CAM, the BSP facilitates communication between consumers and the BSFIs, with the regulatory expectation that BSFIs are in the best position to address concerns about the products and services they offer. As a second level recourse, the BSP's CAM and BOB ensure that the complaints of consumers are heard and acted upon, as mandated under the BSP Financial Consumer Protection (FCP) Framework (Circular No. 1048).

In 2021, the BSP received a total of 19,181 complaints, 46 percent of which were processed via BOB. This is a significant increase in the utilization of the online channel; in 2020, only 12.8 percent of the 23,275 complaints went through BOB. In both 2020 and 2021, 60–65 percent of BOB users who responded to the customer survey said that they are satisfied with the system's responses.

Y-o-y data show a 152-percent increase in complaints received from 2019<sup>87</sup> to 2020, and an 18-percent decrease from 2020 to 2021. The high volume of complaints in 2020 can be attributed to increased concerns about the implementation of the financial assistance packages for vulnerable households under Bayanihan Acts I and II, which slightly tapered off in 2021. The BSP also introduced a streamlined complaints form in 2021, which ensured that only valid and complete complaints are lodged under CAM and BOB.

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<sup>85</sup> Artificial Intelligence

<sup>86</sup> Currently available only for Globe subscribers.

<sup>87</sup> The BSP received 9,250 complaints in 2019.

As part of continuing efforts to improve the CAM and BOB processes, the BSP engaged the Innovations for Poverty Action (IPA) to undertake a comprehensive study of BOB data and complaints information gathered from social media. This study forms part of IPA's technical assistance (TA) grant to the BSP. The results of this study will inform the development of templates and a guidebook on complaints data analytics and related capacity-building activities for BSP personnel. Study results and other TA activities are targeted for completion in 2022.

## Policy Making and Supervisory Support

The FCP Framework requires BSFIs to make consumer protection an integral element of their corporate governance, culture and risk management systems. It encourages BSFIs to implement the universal consumer protection tenet "do no harm," and to protect consumer rights by observing client-centric standards of business conduct. These include:

- **Transparency and disclosure.** BSFIs must be transparent and disclose all information relevant to the products and services offered to clients.
- **Protection of client information.** In line with data privacy laws, BSFIs must protect clients' account and personal information. They must employ robust systems and procedures to mitigate risks that affect clients across all phases of their relationship.
- **Fair treatment.** BSFIs must treat clients—including those belonging to vulnerable groups such as low-income earners or persons with disability—fairly, honestly and professionally at all stages of their relationship.

- **Effective recourse.** BSFIs are required to have an accessible, fair, and timely avenue for resolving clients' concerns or complaints.
- **Financial education and awareness.** BSFIs should provide consumer education apart from giving information on the features of their products and services.

Through the issuance of Memorandum No. 2021-069, the BSP reiterates the regulatory expectation that BSFIs must employ a high degree of diligence and utmost care to ensure that their practices duly mitigate risks arising from digitalization and emerging threats to their operations. The memo specifies that the terms and conditions of BSFI products and services must not result in significant imbalance in the rights and obligations of the contracting parties making them disadvantageous to clients. It emphasizes that any broad, all-encompassing disclaimer of legal liability by a BSFI for any loss incurred by its customers in the course of their contractual relationship is a violation of the FCP Framework and will be subject to appropriate enforcement sanctions.

The BSP secured a TA grant from the World Bank to support the development of the Market Conduct Framework (MCF) to complement and reinforce existing prudential regulations. The MCF is envisioned to define the BSP's overarching approach to regulating and supervising the manner by which BSFIs are designing and delivering their products and services and managing relationships with their clients. To date, the World Bank has facilitated workshops and discussions with concerned BSP departments on the conceptual and operational differentiations of prudential regulation versus market conduct oversight. The MCF and related issuances

are targeted for completion in the first half of 2022.

## Support for the Passage of the Financial Consumer Protection Act

The BSP contributes to various legislative measures that are being deliberated in the Philippine Congress. It has provided support for the passage of the proposed Financial Consumer Protection Act (FCPA) in the House of Representatives and the Senate.

The FCPA is among the BSP's priority legislative agenda. In 2021, the BSP, the Securities and Exchange Commission (SEC), Insurance Commission (IC) and Cooperative Development Authority (CDA) lobbied for the FCPA as a comprehensive and clear legal mandate for financial consumer protection that fully safeguards consumer assets, rights, and welfare. Existing laws, such as the Consumer Act of the Philippines, Credit Card Law, and Truth in Lending Act, have not been enough to cover the increasing array of financial products offered by Financial Service Providers (FSPs) through digital and traditional means. The proposed FCPA has been approved<sup>88</sup> by both the Senate and the House of Representatives. It will then be transmitted to the President for his signature. The salient features of the proposed FCPA are the following:

- **Scope and coverage.** The FCPA applies to all financial products and services offered by any FSP under the jurisdiction of the BSP, SEC, IC and CDA, including those delivered or accessed through digital channels. These include savings, credit, insurance, pre-need and products of health

maintenance organizations, investments, payments and remittances, and securities. It also covers investment advisers and their activities to prevent investment scam and fraud.

- **FSP compliance with CP Standards of Conduct.** The FCP requires that all FSPs adhere to consumer protection standards of fair and respectful treatment of clients, disclosure and transparency, privacy and protection of client data, and access to a redress mechanism.
- **Stronger consumer rights on use of their data.** Under the FCP standard on privacy and protection of client data, consumers may refuse to share their information to a third party and request the removal of their data from the service provider's system if they no longer wish to use the provider's services.
- **Effective consumer redress.** The FCPA directs FSPs to establish an effective consumer assistance mechanism. A notable provision of the FCPA states that in cases of alleged unauthorized transactions, the FSP, pending the result of its investigation, shall suspend the imposition of interest, fees, or charges on the disputed amount, or provide similar reasonable accommodations to the financial consumer.
- **Liability of FSPs.** The FCPA makes FSPs liable and responsible for the acts or omissions of its directors, trustees, officers, employees or agents in marketing and transacting

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<sup>88</sup> Approved on 2 February 2022.

with financial consumers for their products and services.

- **Responsible pricing and product suitability.** The FSPs shall be required to practice responsible pricing and must provide written procedures for evaluating the affordability and suitability of their products and services for their clients. The FSPs shall adopt a clear cooling-off policy, providing clients with enough time to consider costs and risks of the financial product that is being offered. The FCPA also allows borrowers to prepay a loan before its maturity date.
- **Rulemaking, market surveillance, and examination.** Financial regulators are given authority to exercise rule-making, market surveillance and examination, and market monitoring, including the power to determine reasonableness of interests, fees, and charges. They can take necessary actions against FSPs performing acts that may undermine consumer welfare.
- **Adjudication.** Financial regulators (namely, the BSP and the SEC) can conduct summary hearings on claims for payment or reimbursement of sums of money. Adjudication decisions shall be final and executory and may not be set aside by the courts except on petition for *certiorari* on grounds of grave abuse of discretion or lack or excess of jurisdiction by the financial regulator. These adjudication functions, which are purely civil in nature, provide vulnerable and aggrieved consumers with the opportunity to quickly recover justified losses from financial transactions.

- **Sanctions and penalties.** Financial regulators can restrict the imposition or collection of excessive or unreasonable interests, fees or charges. They can disqualify or suspend erring directors, officers or employees. They can also impose fines or penalties, issue cease and desist orders, or suspend operations in relation to a particular financial product or service, as may be warranted and subject to objective due process. The FCPA also provides administrative and criminal penalties for violations of the law, which are intended to instill discipline among all FSPs and market players.

## **Strategic Communication and Advocacy**

As the Philippine economy started to recover in 2021, the BSP proactively communicated key messages on the green shoots and its continued support for the economy—particularly through accommodative monetary policy and regulatory relief measures for banks.

Consistent delivery of such messages helped maintain confidence of investors and other stakeholders in the Philippines.

At the same time, the BSP implemented economic and financial literacy programs to broaden Filipinos' awareness of basic economic concepts as well as crucial information on savings and investments.



## Engagements with Investors and Credit Rating Agencies

The BSP conducted meetings and conferences with various foreign and local investors, analysts from credit rating agencies (CRAs), private-sector economists, and bank analysts, among other stakeholders, to impress upon them the prospects of full recovery of the Philippine economy in the near term. This helped build investor confidence, which is important in boosting economic activities.

The BSP co-organized with the Department of Finance virtual economic conferences in 2021. First was the Pre-State of the Nation Address on economic and infrastructure development in April, which gathered around 1,000 Zoom attendees and around one million livestream viewers. Second was the Philippine Economic Briefing for Foreign Chambers in November, which was attended by about 200 officers and members of foreign business chambers and other private-sector representatives.

The BSP also conducted 49 other investor engagement activities, ranging from small groups of 20-30 participants to big groups of 250-350 participants. Most of these meetings were online conferences and briefings co-organized with foreign banks for their investors in Asia, North America, and Europe. The co-organizing banks included Credit Suisse, J.P. Morgan, HSBC, UBS, SMBC Nikko Securities, Nomura, and MUFG, among others. In these activities, officials from the BSP and other government economic agencies updated investors with the latest developments in the Philippine economy to guide their investment plans.

The BSP also arranged meetings between CRA analysts and officials from the BSP and other government economic agencies. The meetings helped guide the analysts in their assessment of the strength of the country's macroeconomic fundamentals and creditworthiness.

On the back of proactive economic communication, all major international and regional CRAs affirmed the investment-grade credit ratings of the Philippines. This was despite the credit rating downgrades suffered by other economies due to the impact of the COVID-19 crisis on their macroeconomic fundamentals.

Fitch Ratings affirmed the Philippines' "BBB" rating with a "stable" outlook in January, S&P Global affirmed the country's BBB+ rating with a "stable" outlook in May, and Moody's Investors Service affirmed the country's Baa2 rating with a "stable" outlook in July. However, Fitch revised its outlook on the rating to "negative" to take into account uncertainties caused by the pandemic but affirmed the "BBB" rating.

## Media Engagements

The BSP also continued to proactively engage traditional media even as the pandemic persisted. Given that the print and broadcast media run platforms that can quickly deliver the central bank's messages to the public, traditional media engagements were consistent with the BSP's goal of bringing itself closer to the Filipino people.

Based on third-party media monitoring analyst Media Meter, the BSP was able to generate an estimated ₱10.7 billion worth of public relations values for 2021 out of

the news reports published and aired by media organizations that carried press releases and messages of the BSP. Through open and clear messaging, which it executed by translating technical central banking jargon into easily understandable and relatable content, the BSP consistently conveyed confidence and trust in the BSP's actions through various communication materials produced by the BSP.

The BSP issued 443 press releases and conducted 81 press briefings during the year, some of which were held even during lockdowns. It also conducted press briefings on various topics such as the monetary policy stance, inflation and balance of payment updates via Facebook Live, and even institutionalized weekly press chats with the BSP Press Corps through the Governor's "GBED Talks."<sup>89</sup> It also organized media lectures for members of the media, academe, and students in Luzon and the Visayas.

## Social Media

The BSP saw the number of followers of its social media accounts increase in 2021 by posting various materials carrying its messages.

With a total of 1,223 posts in 2021, the BSP Facebook page attracted 728,081 followers and had an average engagement rate of 4 percent during the year. The post with the highest engagement was the BSP's Youth Summit, which garnered a 46 percent engagement rate.

The BSP Twitter account attained 50,897 as total tweets reached 1,111 tweets while the average engagement rate was placed at 3 percent. The post with the highest engagement for the year of

<sup>89</sup> "GBED" stands for Governor Benjamin E. Diokno

42 percent was on the BSP public advisory on online sellers advertising brilliant uncirculated 20-piso coins for sale.

As of end-December 2021, the BSP attracted 6,990 subscribers and posted 243 videos on Youtube. The BSP's most viewed video on the platform featured the benefits of having a transaction account, with 5,544 views.

The BSP Instagram account accumulated 8,001 followers and had 320 total posts as of end-December 2021. The most engaging post during the year was the invitation to the BSP Youth Summit which had an engagement rate of 18 percent.

The "EconomyPH" Facebook page, designed to communicate messages on the Philippine economy, had 10,778 followers as of end-2021, up by 10.96 percent from the previous year. Also, the "EconomyPH" Twitter account had 1,771 followers as of end-2021, a y-o-y rise of 9.2 percent. Moreover, timely economic information was made available through the IRO website, [www.iro.ph](http://www.iro.ph), which gained 43,357 unique visits in 2021.

By leveraging the latest technology and digital platforms, the BSP has brought its corporate affairs closer to more Filipinos. The BSP facilitated a total of 268 virtual corporate events, 217 hybrid events and 352 face-to-face events in 2021. The 837 events represent a 34-percent increase from the 623 events facilitated in 2020. Furthermore, with 314 livestreams, the BSP gained a historic mark in 2021 with a total virtual attendance of 140,668 in central bank events.

## Corporate Affairs

The BSP successfully mounted marketing campaigns in 2021 for its coffee table book, *Yaman: History and Heritage in Philippine Money*, various commemorative banknotes and coins, and other corporate products primarily using electronic platforms. Total sales in 2021 amounted to ₱1.5 million.

The BSP's promotional collaterals have also been accessible online with design services for six web pages and four microsites. This includes the 2021 BSP anniversary virtual exhibit and microsite that complemented the 2022 BSP calendar set. A total of 122 multimedia production projects such as audio-visual presentations and promotional videos were also completed, which reflected a 35-percent increase from the 90 multimedia projects in 2020.

### Key Highlights:

- Attained a score of 4.99, (with 5 being highest) in a customer satisfaction survey of 184 respondents regarding its event and venue services
- Mounted successful marketing campaigns for publication *Yaman: History and Heritage in Philippine Money*, Lapulapu commemorative banknote, and other commemorative coins
- Successfully spearheaded the 2021 Outstanding Stakeholders Appreciation Awards
- Successfully launched the BSP museum web pages
- Successfully spearheaded the first BSP Numismatic Event

## Economic Education

The BSP continued to promote awareness of key economic and financial concepts and issues, as well as a better understanding of the role of the BSP in the economy. Anchored on the principle that a well-informed public—literate in basic economic and financial concepts—could make better savings and investments decisions, these initiatives help strengthen the public's trust in BSP's policies and promote long-term price stability through well-anchored inflation expectations.

The Bank's economic education is wide ranging and includes the following: BSP-initiated learning sessions for different audience types in different localities; on-demand requests for lectures from various schools, government agencies, private institutions, and other interested parties; and developing, producing and disseminating learning materials in various formats (e.g., primers, brochures, infographics, short videos, electronic learning tools) and released through different communication channels (e.g., print, website, social media).

The following events were conducted with 14,975 high-multiplier participants:

- 26 stand-alone online learning sessions (with 4,732 participants)
- Four virtual sessions on "Economic and Financial Learning Program on the Role of the BSP and other relevant Central Banking Topics" (with 9,699 participants)
- Two learning sessions with PHINMA Education on requested topics (with 544 participants)

The BSP also developed relevant and understandable learning materials focusing on its role in the economy. The learning materials produced covered various topics such as key policy rates, virtual assets, gross international reserves, inflation, foreign direct investments, foreign portfolio investments, domestic liquidity, external debt, and balance of payments.

### Strategic Partnerships

On 3 June 2021, the BSP's partnership with the Department of Education (DepEd) reached a crucial milestone with the issuance of the Financial Education Policy (DepEd Order 22 s. 2021), which intensified the integration of financial literacy lessons in the K to 12 basic education curriculum in select subjects across all grade levels.

The BSP likewise continued to work with the Commission on Higher Education in crafting a Personal Finance 101 course module for inclusion in the curriculum for secondary education in collaboration with the National Economic and Development Authority, Insurance Commission, Philippine Deposit Insurance Corporation, Securities and Exchange Commission, and BPI Foundation.

To improve the financial literacy and capability of fisherfolk, the BSP collaborated with several agencies<sup>90</sup> in February 2021 to officially launch the partnership and financial education (fin-ed) game called *"Fish N' Learn,"* which

embeds key messages on personal financial management and sustainable fishing. The BSP conducted the virtual Master Training of Trainers, which was participated by Bureau of Fisheries and Aquatic Resources and USAID-Fish Right Program trainers. A partnership with Department of Agriculture's Agricultural Credit Policy Council is also in the pipeline to further reach the small farmers and fisherfolk nationwide. Meanwhile, the delivery of online learning sessions continued throughout the year, expanding the reach of education webinars for various target audiences. Sixteen standalone sessions<sup>91</sup> and 11 Personal Equity & Retirement Account (PERA) webinars were also conducted last year, attracting more than 18,000 participants from various public and private institutions, schools, and universities. Capacity-building sessions were also held in 16 provinces for 225 Comprehensive Social Benefits Program beneficiaries.

Personal financial management and PERA webinars were organized for Department of Trade and Industry employees and Negosyo Center business counselors in September 2021. A 10-part webinar series on financial literacy and entrepreneurship titled *#UsapangNegosyoatPinansyal* ran from August to September 2021, gathering close to 36,000 combined views as of end-December 2021<sup>92</sup>.

Financial wellness webinars tagged *#StrongerFromHome* were likewise delivered for DepEd personnel and


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<sup>90</sup> DA-BFAR, BDO Foundation, United States Agency for International Development's (USAID) Fish Right Program, Silliman University, and Path Foundation Inc.

<sup>91</sup> DA-BFAR, BDO Foundation, United States Agency for International Development's (USAID) Fish Right

Program, Silliman University, and Path Foundation Inc.

<sup>92</sup> Organized and conducted together with Bayan Academy and Facebook Philippines.



stakeholders. The webinars included timely topics such as online payments, cybersecurity and cyberhygiene, digital thumbprint, and cryptocurrencies, reaching more than 73,000 views as of end-December 2021.

The customized fin-ed webinar designed for Overseas Filipino Workers (OFWs) and their families called PiTaKa or Pinansyal na Talino at Kaalaman was held in February 2021. The event was organized in partnership with the Overseas Workers Welfare Administration, and was viewed more than 123,000 times as of end-December 2021. Moreover, 70 accredited providers of the Pre-Departure Orientation Seminar have undergone the training of trainers in May 2021, which expanded the pool of trainers who can deliver PiTaKa sessions to OFWs.

To empower the beneficiaries of the government's Pantawid Pamilyang Pilipino Program (4Ps), the BSP actively supported the Department of Social Welfare and Development (DSWD) in the development and publication of its Financial Literacy Manual in February 2021 as well as a pilot launch of the Online Family Development Seminar in May 2021. The initial episode, which was livestreamed on the official 4Ps Facebook page, gathered 85,000 views as of end-December 2021. The BSP also continues to provide resource speakers in DSWD trainers' trainings which started in October 2021 as part of the preparation for the national rollout of the financial literacy program for all cash aid beneficiaries.

By the end of 2021, six new learning videos were added to the toolkit of fin-ed materials that can be used in the capacity-building activities for civil

servants as well as uniformed and civilian personnel of the Philippine Air Force, Army, and Navy. Training manuals were likewise co-developed in 2021 in partnership with the Armed Forces of the Philippines, the Bureau of Fire Protection, and the Civil Service Commission. These manuals are to be published in 2022.

## Box Article 12

### Communicating in the New Normal

In 2021, as the Philippine economy started to recover from the COVID-19 crisis, the BSP maintained a stakeholder-centric approach that places the Filipino people at the front and center of its operations. To bring itself closer to the Filipino people, the BSP adopted innovative means to communicate with stakeholders in the context of a growing digital economy.

The BSP employed a mix of digital and physical formats for its corporate events, 268 of which were virtual, 217 hybrid, and 352 face-to-face. Events were livestreamed to expand audience reach. Virtual attendance in various BSP events during the year reached a record high of 140,668.

The BSP's financial education advocacy turned largely digital as the central bank disseminated learning materials through the web and social media. Digitalization significantly expanded the reach of its learning materials in terms of audience size and geographic coverage. For instance, 4,732 participants took part in 26 stand-alone online learning sessions while a virtual audience reaching 9,699 viewed four virtual webinars on the BSP and related topics.

Technology was instrumental in facilitating dialogue between the BSP and its partners and key stakeholders in the international community. Economic briefings, non-deal roadshows, conferences, and meetings with credit rating agencies (CRAs) and investors were organized and conducted virtually. In 2021, the BSP arranged 94 CRA meetings and co-organized three economic briefings and 49 online investor engagements with foreign banks and participants from Asia, North America and Europe. These proactive engagements with CRAs and investors helped affirm the Philippines' investment grade credit ratings amid a wave of downgrades experienced globally.

The BSP also used digital channels for its media engagements, which reached an estimated ₱10.7 billion worth of public relations value for the year.

Indeed, digitalization of communication initiatives helped the BSP bring itself closer to the Filipino people and the rest of the world in 2021 and will continue to do so in years to come.

## Digital Transformation

The BSP executed its Information Systems Strategic Plan (ISSP) 2020-2023 in line with the updated 2020-2023 BSP Strategy. Among its major accomplishments in 2021 are the following:

### Governance

**Issuance of Bank-wide Frameworks Policies, and Guidelines.** The BSP formulated several issuances to improve IT governance and ensure that IT use is aligned with its strategy and objectives.

**Approval of the Information Systems Strategic Plan 2020-2023 Version 2 (ISSP V.2).** The second version of the ISSP was approved by the Governor on 17 December 2021. The ISSP V.2 serves as the master plan for IT projects and initiatives in the covered period, updated in light of the pandemic and the revised BSP Strategy.

**Approval of the Data Governance Manual.** The Monetary Board (MB) ratified the BSP Data Governance Manual (DGM) on 20 May 2021 under MB Resolution No. 614. The DGM provides guidance on the implementation of inclusive data governance in the BSP. It was developed in partnership with the different BSP sectors and its operating units, giving them the flexibility to establish local guidelines and policies as part of their adoption processes.

## Strategic Objectives

**Completion of key projects that directly support the BSP Strategy.**

The following IT-related projects completed in 2021 significantly advanced the realization of selected BSP strategic objectives:

Strategic Objective 2 - Safe, efficient, and inclusive payments and settlements system

- *Philippine Payments and Settlements System (PhilPaSS) Plus* - PhilPaSS Plus was developed to address the various pain points and limitations of the old PhilPaSS while introducing new features that considerably enhanced the BSP's Real-Time Gross Settlement (RTGS) capabilities. This included the establishment of the Rulebook PH-ISO 20022 Standard on Payment Messages, a project of the ISO 20022 Task Force composed of representatives from the BSP, the banking sector, and third-party RTGS service providers.
- *Cash Service Alliance (CSA) System* - This system ensures that the CSA members' cash servicing operations are uninterrupted amid restrictions during the pandemic. It won international recognition as the "Best Currency Initiative Implemented in Response to the COVID-19 Pandemic (Central Banks Category)" by

the International Association of Currency Affairs.

Strategic Objective 3 - Sound, stable, and resilient financial system

- *Fit and Proper (FitPro) System*  
- The FitPro facility offers an efficient and flexible search engine tool that helps users identify whether or not an individual is qualified to hold a position in the BSP or in BSP-supervised financial institutions.

## Strategic Programs

[\(On Strategic Communication\)](#)

[New BSP Website.](#) The BSP website was updated, benchmarked against the best websites of other central banks. It was designed to have a more current, professional, and user-friendly look and feel that communicates the BSP's advocacies and programs to the Filipino people. The new BSP website won the Best Central Bank Website Award by Central Banking Awards 2021.

[\(On Strategic Communication\)](#)

[BSP Short Message Service.](#) The BSP's Short Message Service is a facility for public notification. The BSP coordinates with the National Telecommunications Commission to send out nationwide text blasts using telecommunication service messaging platforms to keep citizens informed of BSP services and other pertinent information.

[\(On Digital Transformation\) Adoption scale for cloud services and platforms.](#)

The extent of adoption of IT services or platforms shows how the BSP is becoming a digitally transformed workplace. This is exemplified in 2021 by the launch of BSP EDGE as the organization's online learning experience platform. The BSP uploaded e-learning and other interactive content on cybersecurity in BSP EDGE to make cybersecurity awareness more accessible to targeted users. It also promoted the adoption of additional Microsoft 365 applications and services in the day-to-day activities of BSP personnel.

[\(On Digital Transformation\) Expanded issuance of BSP digital certificates.](#)

In support of the ongoing adoption of electronic documents, the BSP has issued 392 digital certificates to BSP officers, enabling the greater use of digital signatures that are efficient, fast, and secure means of generating authenticated electronic documents



## Cybersecurity and ICT Infrastructure

**Full Compliance with the v2021 SWIFT Customer Security Controls Framework (CSCF).** The BSP reported a 100- percent<sup>93</sup> compliance with the CSCF requirements. The requirements are a set of security controls for the operating environment of SWIFT users. Formal attestation of the BSP's compliance was approved under MB Resolution No. 1809 dated 23 December 2021.

**Interagency collaboration and information sharing on cybersecurity.** The BSP strengthened its collaborative engagements with various agencies such as the CyberCom (formerly National Cybersecurity Interagency Committee) NCIAC-Technical Working Group (TWG) Banking and Finance, TWG-PhilSys, Department of Information and Communications Technology–National Computer Emergency Response Team, and the Department of Trade and Industry– Bureau of Philippine Standards.

**Cybersecurity infrastructure upgrades.** In keeping the BSP's cybersecurity posture, which is maintained at acceptable levels, several key digital platforms were subject to upgrades and enhancements.

**IT infrastructure upgrades.** The BSP upgraded and enhanced several IT infrastructure systems and

platforms to improve the quality of user experience when accessing BSP online services. It aimed to sustain optimal levels of availability, capacity, resiliency and performance of the BSP IT infrastructure while addressing the operational requirements of new application systems.

## Business Process Management

**Process reviews and improvements.** Twenty-three process improvement initiatives were completed in 2021 in line with the BSP's efforts to comply with the Ease of Doing Business Act and Efficient Government Service Delivery Act of 2018. These included the evaluation of two completed IT-related projects that assessed the effects of automation on the business processes and activities augmented by the new application systems.

**Quality Management System (QMS).** The BSP designed, developed or updated 23 QMS manuals of various business units, all of which conform to Business Process Model and Notation<sup>94</sup> 2.0. It also carried out five Independent Quality Assessment<sup>95</sup> activities and 35 internal customer satisfaction measurement surveys.

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<sup>93</sup> All 31 controls (22 mandatory and 9 advisory)

<sup>94</sup> An internationally accepted standard process modeling notation that aims to facilitate understandability by all business users and to

bridge the gap between business process design and process implementation

<sup>95</sup> Subsequently transferred to the Risk and Compliance Office under the Bank-wide reorganization

### Box Article 13

## Cybersecurity Challenges, Actions, and Solutions

As the COVID-19 pandemic magnified people's reliance on technology and digital platforms, cybersecurity is no longer confined to an institution's technology infrastructure. Consequently, it now extends beyond homes and offices as more Filipinos take advantage of online payments, remittances, and other technology-enabled financial services.

At the height of the lockdown, cybersecurity threats continued to increase, predominantly in the form of phishing emails, smishing and malicious websites. To manage these risks, the BSP intensified its digital surveillance efforts through daily monitoring of major cybersecurity incidents and disruptions. Further, the BSP reinforced its collaboration and active engagement with key stakeholders, including law enforcement agencies. Anchored on a risk-based and targeted approach, the BSP has also maintained its multi-layered cybersecurity controls to ward off evolving threats, supplemented by awareness campaigns to alert and warn financial consumers on emerging online threats and scams.

The BSP commits to provide a secure and enabling information and communications technology environment to effectively support digital transformation. The BSP's financial services must be safeguarded against cyberattacks while searching for new opportunities in this rapidly evolving digital landscape.

## Box Article 14

### BSP's Journey to Cloud Adoption

The BSP's first major step toward cloud adoption commenced with the jump to Microsoft 365<sup>96</sup> (M365) in the second half of 2019 to replace IBM (Lotus) Notes as the organization's email and instant messaging platform. This also switched the sourcing of basic Microsoft Office applications from stand-alone licenses bundled with BSP-acquired computers to a subscription model.<sup>97</sup> The pandemic accelerated the BSP's initiative of reshaping its workplace with cloud adoption as a business continuity measure to ensure that office functions and tasks are performed amid nationwide lockdowns and mobility restrictions.

Amid these "new normal" working arrangements, the use of Microsoft (MS) Teams as a cloud-based virtual meeting platform has been an indispensable channel. There were 9,555 online meetings held on the platform with 3,795 active users attending these meetings. In addition, the following statistics<sup>98</sup> show the degree of the BSP's adoption of M365 as communication and collaboration platform in 2021:

#### *Volume of files on the cloud:*

- **11.9 million** in OneDrive (personal storage for users)
- **1.0 million** in SharePoint (shared storage for groups)

#### *Cloud storage utilization:*

- **75.8 Terabytes (TB)** for emails
- **31.4 TB** for OneDrive
- **3.1 TB** for SharePoint

#### *BSP user mobility (in terms of active users):*

- **4,984** users monitored on Outlook mobile app or about 90 percent of BSP employees
- **4,901** users monitored on Teams mobile app or about 88.6 percent of BSP employees

#### *Overall activity on the following M365 apps or services (2021 monthly average):*

- **6.4 million** emails sent, received, and read
- **3.4 million** chats, calls, and online meetings in MS Teams
- **1.4 million** files shared, synched, viewed or modified in OneDrive
- **101,000** files shared, synched, viewed or modified in SharePoint

<sup>96</sup> Based on the assessment that switching to subscription is more cost-effective for MS Office licensing; this also addressed the long-standing issue of inconsistent Office app versions on different computers.

<sup>97</sup> These statistics came from the **Microsoft 365 Usage Analytics** tool.

<sup>98</sup> This is an add-on paid license per user on the BSP's M365 subscription and is subject to controlled allocation to manage overall subscription costs.

Other areas that benefited from M365 are as follows:

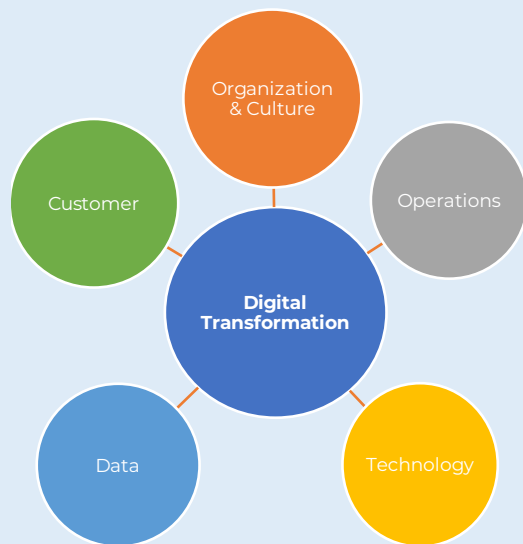
- I. **Blended Examination** The Financial Supervision Sector adopted blended examinations of BSP-supervised financial institutions (BSFI) at the height of the pandemic. Previously, bank examiners conducted examinations on-site<sup>99</sup> at the financial institutions. MS Teams also proved to be a usable platform for collaborative engagements with external stakeholders. As a major milestone in support of the BSP's strategic objective of a sound, stable and resilient financial system, blended examinations for enhanced banking supervision support the organization's strategy of bringing the BSP closer to the people,
- II. **Business Intelligence and Data Analytics (BIDA)** The BSP undertook a BIDA learning program aimed at enhancing the skills and competencies of staff on business intelligence and data analytics. This produced the capstone projects from the program participants that made use of Power BI<sup>100</sup> as the cloud service platform to publish online reports for easy and secured access.
- III. **Empowered use of online forms and surveys** With M365, user requests for online forms and surveys got simpler and easier. MS Forms proved to be an empowering tool for non-IT personnel because of its user-friendly features. Its use was significantly expanded among various BSP personnel authorized to use MS Forms for their utilitarian data or response collection requirements. An example was the central bank-wide deployment of a Daily Health Declaration across BSP employees.

<sup>99</sup> Wilson, J., Little, B., & Bratskeir, K. (2021, July 13). **What is an innovation lab? examples and how to start one.** Ideas. Retrieved February 16, 2022, from <https://www.wework.com/ideas/professional-development/management-leadership/innovation-labs>

<sup>100</sup> Wiles, J. (2019, May 6). **Act now to fund innovation and Growth.** Gartner. Retrieved February 16, 2022, from <https://www.gartner.com/smarterwithgartner/act-now-to-fund-innovation-and-growth>

## Box Article 15 BSP Digital Transformation

By 2023, the BSP envisions itself as “a digitally transformed organization that is driven by a strong digital leadership, innovative and collaborative culture, secured and efficient technology ecosystem, and optimized work processes that support data-driven decisions.” To reach this vision, the BSP has crafted a framework that will serve as a guide for its digital transformation journey. The said framework is based on the Digital Maturity Model formulated by Deloitte (2018). The framework has five core dimensions shown in Figure 1.



**Figure 1. Dimensions of BSP's Digital Transformation**

The dimensions include the key focus areas of competence that lay down the foundation for the future characterization of the BSP's digital maturity level. The framework's dimensions are defined in Table 1.

| Dimension                         | Definition  |
|-----------------------------------|---|
| <b>Organization &amp; Culture</b> | Defining and developing an organizational culture with governance and talent processes to support progress in the digital transformation program, as well as the flexibility to achieve growth and innovation objectives. |
| <b>Operations</b>                 | Executing and evolving processes and tasks by utilizing digital technologies to drive strategic management and enhance business efficiency and effectiveness.   |
| <b>Data</b>                       | Evaluating the organization's ability both strategically and operationally to ethically and effectively use data and information assets to maximize business value.   |
| <b>Technology</b>                 | Providing technologies and infrastructure that are scalable, reliable, and resilient amidst a changing business landscape.  |
| <b>Customer</b>                   | Delivering an experience where internal and external stakeholders view the BSP as their digital partner when using the available channels for interaction.  |

*Table 1. Dimension Definition*

The BSP has also identified key performance indicators (KPIs) to track the institution's progress in its journey to carry out each dimension. The computation results of the KPIs will then be used to gauge the BSP's Digital Maturity Level for a specified period. The BSP has defined five levels of Digital Maturity (Table 2).

| Digital Maturity Level | Definition  |
|------------------------|---|
| Early                  | Few and scattered indications of digitalization, with uncoordinated and disorganized experimentations driving digital literacy.   |
| Defined                | Experimentation is intentional while executing at more promising and capable levels, though still poorly organized. The digital transformation strategy is still immature and requires more effort to produce material results.   |
| Formalized             | Individual groups recognize the strength in collaboration as their shared insights contribute to strategic roadmaps that plan for digital transformation ownership, efforts and investments, supported by the appropriate documentation. However, digital leadership is not a priority. |
| Managed                | A dedicated digital transformation team guides strategy and operations based on business- and customer-centric goals. Roles, expertise, models, processes and systems to support the transformation are solidified, with digital leadership at the forefront.                           |
| Maturing               | Digital transformation becomes a way of business as executives and strategists recognize that change is constant. A new ecosystem is established to identify and act upon technology and market trends in pilot, and eventually, at scale.  |

The BSP has started the baseline KPI computations in the third quarter of 2021. According to the calculations, the BSP had an overall Digital Maturity Level of 3 or "Formalized". Majority of the dimensions scored a 3 as well, as seen in Figure 2. The BSP is targeting a Digital Maturity Level of 4 or "Managed" in 2022.

Reference: Deloitte Digital (2018, August). Digital Maturity Model. Retrieved from the TM Forum website: <https://www.tmforum.org/wp-content/uploads/2018/08/Deloitte-DMM.pdf>



Figure 2. BSP Digital Maturity Level, Third Quarter 2021

## Box Article 16

### Creating the BSP Digital Innovation Laboratory

Innovation labs—also called as hubs, incubators, or accelerators—are business units that use the methods of agile startups to develop novel ideas that can either disrupt or complement the overall organization or industry.<sup>101</sup> They are gaining traction as enterprises that have set up one report higher revenue growth and customer satisfaction.<sup>102</sup> The leading global companies in the industry and technology sectors have developed their innovation labs as part of their company's research and development.<sup>103</sup>

It has also become a practice among central banks to rely on innovation labs to develop technologies and practices to harness their potential to ensure financial stability, while at the same time taking note of the risks that come with digital transformation. Leading laboratories among central banks include the *Le Lab* of Banque de France, *Laboratório de Inovações Financeiras e Tecnológicas* lab of Banco Central do Brasil, and *Innowerk* of Deutsche Bundesbank.

Boosting its digitalization efforts, the BSP created the Digital Innovation Laboratory. This groundbreaking initiative, part of the central bank's Governance System for Information Technology,<sup>101</sup> aims to:<sup>101</sup>

- **ENGAGE** BSP employees to use existing and new technologies in generating new ideas and solutions to business needs such as the automation of business processes that shall promote operational efficiency and reduce operating cost;
- **EQUIP** BSP employees with tools to turn ideas into operational solutions, and carry out cost-effective market research on available technology that may be used to improve systems and methods in pursuing the central bank's goals; and
- **ESTABLISH** a community of innovators and industry partners that fosters a pioneering and collaborative culture.

The BSP Digital Innovation Laboratory is headed by an executive director supported by a core team. The guidance and approval of innovation activities rely on the lab steering committee chaired by the BSP's chief information officer. Innovation teams composed of BSP employees and external participants are formed on an *ad hoc* basis depending on the approved innovation activities. A pool of subject matter experts may be commissioned to help guide the innovation teams. This organizational structure is shown in Figure 1.

<sup>101</sup> Katuwal, A. (2019, November 19). *The innovators toolkits: World best innovation labs from A to Z*. Medium. Retrieved February 16, 2022, from <https://www.wework.com/ideas/professional-development/management-leadership/innovation-labs>

<sup>102</sup>

<https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=6174>

<sup>103</sup> <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=6019>

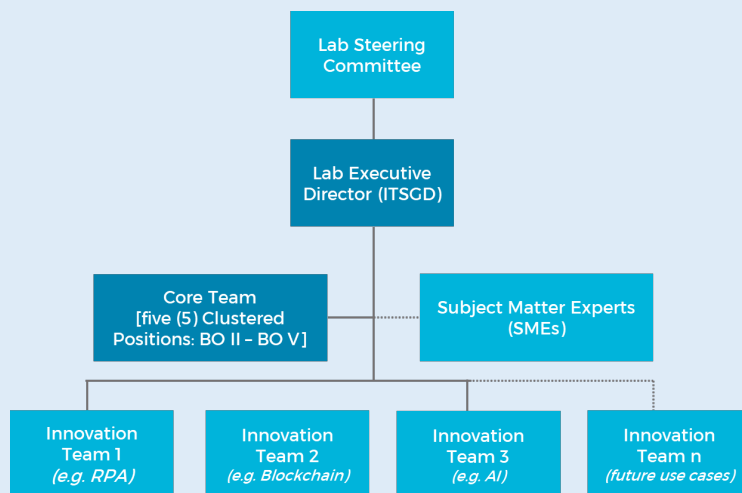


Figure 3. The Digital Innovation Lab Organizational Structure

To cultivate an innovative and collaborative culture, BSP employees shall be encouraged to submit proposals for use cases that will improve the operations in their departments and will help achieve the Bank's strategic objectives. These will be evaluated and go through approval by the Lab steering committee. The laboratory will equip the teams with the tools to help them execute their ideas. At the end of an innovation cycle, the teams will pitch a minimum viable product to the steering committee, which will decide whether or not to turn the proposed product into a production-grade application system.

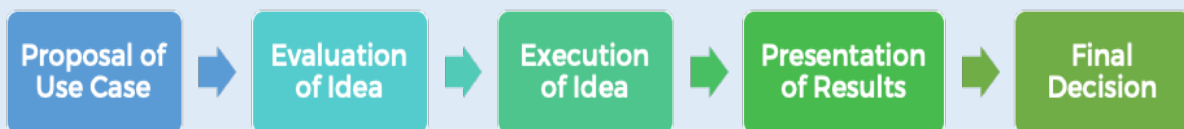


Figure 2. The Innovation Process

Likewise, exploration of and research on emerging technologies, particularly robotic process automation, blockchain as well as artificial intelligence and machine learning, have already started. Small-scale but big-impact initiatives are being evaluated as possible use cases to apply these emerging technologies. Furthermore, dialogues with other central banks, other government institutions, BSP-supervised financial institutions, and startups are ongoing to learn from their experiences and to explore possible partnerships. These meetings aim to build a community of innovators working with the BSP to develop solutions to challenges.

The BSP Digital Innovation Lab has taken small steps so far but is poised to make big leaps in the next few months. It is envisioned to serve as a catalyst of a more effective digital transformation in the BSP as it helps build the central bank's capacity to identify and try out emerging technologies and practices to improve its services. In the future, the BSP shall become an incubator of a large pool of innovators who will help bring the organization and its services even closer to the Filipino people.



## Box Article 17

### BSP Sustainable Central Banking Program

The New Central Bank Act or Republic Act No. 11211 mandates the BSP to maintain price stability conducive to a balanced and sustainable growth of the economy and employment, promote financial stability, and oversee the payments and settlements system in the Philippines, including critical market infrastructures. Cognizant of the potential significant impact of climate and environment-related risks on financial stability and the economy, the BSP committed to champion the sustainability agenda in the financial system through the roll out of various initiatives under the Sustainable Central Banking (SCB) Program.

#### **BSP as an Enabler, Mobilizer, and Doer**

Guided by its mandate, the BSP has launched the SCB Program in 2019 as part of its strategic programs for 2020–2023. The program aims to foster environmentally responsible and sustainable policies and work practices as well as integrate environmental, social and governance (ESG) aspects in its key functions and operations.

The SCB Program embodies the BSP’s role as an enabler, mobilizer and doer with respect to advocating sustainability in the financial system.

As an enabler, the BSP aims to foster a conducive policy and regulatory environment that allows BSP-supervised financial institutions to take a balanced and proportionate approach on the adoption of the sustainability agenda.

In this respect, the BSP has released two sets of regulations, namely, the Sustainable Finance Framework in April 2020 and the Environmental and Social Risk Management Framework in October 2021. The first provides broad supervisory expectations on the integration of sustainability principles, including ESG considerations in the corporate and risk governance frameworks as well as in the business strategies and operations of banks. The second sets out granular expectations on the management of environmental and social risks in relation to credit and operational risk exposures of banks.

These issuances will be followed by the third set of regulations covering the management of and social risks in relation to investment activities and expectations on the conduct of climate stress testing.



As a mobilizer, the BSP aims to lead by example and shape financial institutions' behavior and response toward making sustainable investment decisions. The BSP has invested in the BIS Green Bond Fund and the Asian Green Bond Fund. The latter is a US dollar-denominated and open-ended fund that supports environmentally responsible projects in the Asia-Pacific region and provides a platform for central banks to invest their reserves in high-quality green bonds that meet internationally accepted standards.<sup>104</sup>

As a doer, the BSP will adhere to the same standards for environmental preservation and protection and adopt sustainability principles or ESG criteria in the BSP's key functions and operations. It has adopted green initiatives across the organization that display its commitment to pursue the sustainability agenda. In 2021, the BSP announced the use of polymer banknotes for a sustainable, economical and cost-effective currency production. Moreover, the BSP will move its currency printing and minting production to New Clark City in Tarlac province, which is envisioned to become a global benchmark for a smart, green and modern facility that promotes environmental sustainability and efficiency.

### **BSP as a Partner of Local and Global Regulators and Supervisors**

The BSP recognizes the importance of collaboration and cooperation with other government agencies and counterpart regulators in the local, regional and global arena. Wearing its hat as monetary authority and supervisor, the BSP actively participates in regional and global conversations on sustainable finance. The BSP has been a member of the Sustainable Banking and Finance Network since 2013 and Network for Greening the Financial System (NGFS) since July 2020.


As a member of the NGFS, the BSP has expressed support for achieving the global climate goals under the Paris Climate Agreement during the 26th United Nations Climate Change Conference of Parties summit in Glasgow, Scotland in November 2021.<sup>105</sup> The BSP likewise actively participates in the ongoing efforts of the Association of Southeast Asian Nations in promoting sustainable finance.

On the local stage, the BSP, together with the Department of Finance, co-chairs the Interagency Technical Working Group on Sustainable Finance or the Green Force. The interagency group aims to harmonize all government policies concerning green and sustainable projects, establish a cohesive action plan to institutionalize and accelerate the growth of sustainable finance, and develop a pipeline of sustainable investments. On 20 October 2021, the Green Force completed and launched two important documents: the Philippine Sustainable Finance Roadmap and the Sustainable Finance Guiding Principles.<sup>106</sup>

<sup>104</sup> <https://www.bsp.gov.ph/Regulations/Issuances/2022/CL-2022-011.pdf>

<sup>105</sup> <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=6019>

<sup>106</sup> <https://www.bsp.gov.ph/Regulations/Issuances/2022/CL-2022-011.pdf>



The roadmap has three pillars focusing on policy, financing and investments. The BSP, together with the other financial sector regulators, play an important role in operationalizing the policy pillar and implementing the principles-based taxonomy. Under the auspices of the Financial Sector Forum (FSF), the principals agreed in November 2021 on the creation of a technical working group within the FSF to handle the policy review and development of common regulations or standards on sustainable finance covering the areas of corporate governance, risk management, disclosure requirement, products, and taxonomy. This output will serve as reference guidelines for the financial sector.

Indeed, facing the impact of climate change is everybody's business led by the government. The BSP will continue to provide support by ensuring that existing policies are aligned with the sustainability agenda and by embedding sustainability principles in carrying out its mandates.

## Enhancing the BSP's Organizational Capability

The BSP continued to boost its organizational capability in 2021 as it pursued its mandates of price and financial stability as well as a safe and efficient payments and settlements system.

It leveraged collective physical, human, financial and intellectual resources, and managed these resources across various initiatives to provide unhampered public service efficiently and effectively to the Filipino people.

### Human Resources and Organizational Development Management

As part of its strategic recruitment efforts, the BSP continued its Young Professionals Program (YPP), which aims to attract highly qualified young professionals with master's degrees in priority fields to train with the central bank for 18 months and apply their knowledge in various facets of the Bank's operations. The BSP expedited the processing for permanent appointments of the first batch of the YPP consisting of 30 Central Bank Associates. The second batch of the YPP was also launched in 2021 while initial coordination for the third batch of the program has begun.

In response to the needs of stakeholders and employees during the period of enhanced community quarantine (ECQ) and modified ECQ, the BSP also implemented the following initiatives: (1) BSP COVID-19-free workplace policy; (2) alternative work arrangements, including the release of advisories as

necessary; (3) vaccination program for BSP employees and dependents; and (4) weekly submission of reports on COVID-19 testing and vaccination status of outsourced personnel to the BSP COVID-19 Task Force.

On data management and analytics, the BSP carried out projects such as an enterprise document management system, which aims to digitalize paper-based human resource (HR) records; and an enhanced HR system, which aims to implement a new automated solution that is more responsive to the needs of employees. The BSP Data Governance Manual on Personnel Information was also developed in 2021 along with dashboards for monthly BSP personnel statistics and demographics and various HR metrics. These databases are for the use of the Human Resource and Organizational Development team and the BSP management in facilitating the generation of *ad hoc* reports for HR top management and other BSP departments on personnel statistics, diversity profile, and intergenerational data, among others. The data aim to aid stakeholders in their respective operations and decision-making.

To safeguard its employees' health and wellness amid the pandemic, the BSP facilitated 1,006 shots of flu vaccines as well as anti-COVID-19 vaccinations that consisted of 1,926 shots for the first dose, 1,867 shots for the second dose, and 112 booster shots in coordination with the Manila and Quezon City governments. The Bank also conducted various health education programs and physical fitness activities.

## Project Development and Management

The BSP's project initiatives in 2021 included the following new and existing projects with the following corresponding percentages of completion:\*

|   |       |
|---|-------|
| BSP Baguio Branch Building, Additional Access Road, and Slope Protection  | 96.0% |
| BSP Puerto Princesa Palawan Branch Building   | 87.1% |
| BSP Cotabato Branch Building  | 50.7% |
| SSD Offices and Command Operations Center for Contingency and Oversight   | 75.5% |
| Renovation and Conversion of the Metropolitan Museum of Manila to a One-Stop Shop Building to be known as the BSP Hub | 0.8%  |
| Proposed Phase 3 Project of the BSP Wellness and Training Center in Silang, Cavite                                    | 19.4% |

\*as of 29 December 2021

In addition, the BSP is undertaking procurement processes for the proposed new office and commercial building with parking at the Philippine International Convention Center complex. It is also in the process of designing and developing contracts to construct or upgrade buildings for its branches in Iloilo, Bacolod, Cebu and Davao, as well as its two convention centers in Manila and Davao. It is also planning to renovate and

modernize the BSP Main Complex, which was built back in the 1970s.

## Risk Management and Compliance

In the area of risk and compliance management, some achievements included the reporting of the results of the COVID-19 Early Warning Indicator Dashboard to manage risks arising from the pandemic. The BSP also developed and implemented the methodology for assessment of the vulnerability of its sites to various environmental and climate-related hazards. It conducted surveys and a hazard assessment on the proposed establishment of an alternate site for the BSP in New Clark City in Tarlac province, which served as input to the Project Development and Management Department's project study.

A joint process review of the quality assurance and control procedures for outsourced and in-house produced banknotes in collaboration with the Banknotes and Securities Production Management Department and Banknotes and Securities Printing Department was also conducted in 2021. It aimed to minimize, if not prevent, the recurrence of incidents involving the release of defective banknotes to the public and defects in the packaging of banknotes released for issuance, whether these banknotes are produced in-house or outsourced.

Independent assessments, technical consultations, and second-line management were carried out to enhance the effectiveness of information security and data privacy controls supporting the objectives of several BSP departments and offices. This resulted in

the issuance of advisories and facilitated approval of agreements, projects, and internal policies on privacy within the BSP.

## **Legal Services**

The BSP prepared the draft executive order (EO) integrating the Philippine Identification System (PhilSys), also known as the national ID system, into all government systems and databases. Under the draft EO, all government agencies, instrumentalities, departments, bureaus, offices, local government units, government-owned or -controlled corporations, government financial institutions, state universities and colleges, and other chartered institutions are directed to incorporate in their identification systems and databases the PhilSys Number (PSN), or PSN derivative, of covered individuals.

The BSP was also involved in drafting opinions and related documentary requirements on the abolition of the Credit Information Corporation and the transfer of its functions to the central bank. Upon assumption of the company's functions through an executive issuance, the BSP will be authorized to receive and consolidate basic credit data, to act as a central registry of credit information, and to provide access to reliable, standardized information on credit history, and the financial condition of borrowers, among others.

Likewise, the BSP continued to actively participate in the drafting and review of legislation, such as the Agri-Agra Bill, Financial Products and Services Consumer Protection Bill, Philippine Deposit Insurance Corporation Charter Amendments, Bank Deposits Secrecy

Bill, Digital Payments Bill, Bill on the Proposed Reorganization of the Insurance Commission, Bank Account, E-Wallet, and Other Financial Accounts Regulation Bill, and One Filipino, One Bank Account Bill, among others. Many of these bills are geared toward building an efficient, inclusive, safe, and secure digital finance ecosystem.


## **Monetary Board Operations Management**

The Monetary Board (MB), the policy-making body of the BSP, held a total of 52 regular and policy stance meetings, including the off-site meeting held in Malay, Aklan in November 2021. It released 52 Minutes of MB meetings, 52 transcripts of deliberations of the board, and 1,902 MB Resolutions. The minutes of board's meetings, excerpts of resolutions, and supporting documents, including delegated authorities, were converted into electronic files and stored in the MB e-Library system.

Also, during ECQ, modified ECQ and Alert Level 4 quarantine restrictions, the MB embraced the challenge of the pandemic and allowed the sending of urgent board resolutions through the MB Secretariat group mail. This extraordinary measure was approved by the board in 2021 to address limitations on the staff of other departments who were working from home.

## **Comptrollership Management**

Under its initiative to digitalize collections and disbursements, the BSP onboarded additional payment channels in the New Order of Payment System (NOPS), a secure web-based system easily accessible for the public through



the internet. With NOPS, the BSP's clients can pay their obligations to the BSP through various payment channels. Payments can be made to the BSP's depository banks through over-the-counter, mobile or online banking, and other payment gateways (e.g., debit or credit cards issued by Visa or Mastercard). The BSP onboarded additional payment channels, namely, GCash and 7-Eleven convenience stores nationwide, and converted all collecting departments to NOPS users.

## Box Article 18

### BSP New Clark City

A new BSP Complex will rise on a 31.3-hectare development in New Clark City (NCC). Through the project, the BSP will help enhance the operational resilience of the national government while contributing to the decongestion of the country's main metropolis.

NCC is intended to be the new site of the BSP currency production and distribution facility. It will be a bigger and better-designed currency production plant at par with the standards followed by the most modern central banks in the world. It will also house other BSP units and will serve as an alternate site for the operation of its mission-critical departments. The project is in line with Executive Order No. 119 Series of 2020, the BSP's Business Continuity Program, and Monetary Board Resolution No. 619 dated 20 May 2021.

On 13 September 2019, the BSP and the Bases Conversion and Development Authority signed a Memorandum of Understanding signifying their commitment to work together to facilitate the relocation of the BSP Security Plant Complex (SPC). SPC, the BSP's currency production facility, not only produces banknotes and coins but also refines gold, prints land titles for the Land Registration Authority, the National ID cards for the Philippine Statistics Authority, and crafts presidential medals and commemorative coins.

The new BSP complex will be a global benchmark for a smart, green, and modern facility, promoting environmental sustainability and efficiency. It will be built with extensive and robust security features to safeguard the BSP's currency production, data center, and information technology systems. It will also house a cutting-edge research academy, a museum for the preservation and promotion of culture and heritage, and facilities for sports and employee wellness. It is seen to support sustainable banking and spread economic growth in one of the fastest-growing regions of the country.

The entire complex is divided into three zones based on security level: restricted, semi-restricted, and non-restricted zones.

The restricted zone, having the highest security level, will be the new home of the BSP's currency production and distribution facilities.

The semi-restricted zone will host the command and data centers, as well as auxiliary maintenance buildings such as the power substation, pump room, waste material recycling, sewage treatment plant, rainwater processing and office building.

The non-restricted zone, accessible to the public, will include the museum, academic building, health and wellness center and commercial establishments. The main gateway to the complex is the museum, which will house the BSP's extensive art collections, consisting of paintings, sculpture, gold, the numismatic collection, and antique furniture. This zone will feature open green spaces, a lagoon, and sustainable features to promote health and well-being.




## Box Article 19

### The BSP Young Professionals Program Thrives Amid the Pandemic



The first batch of the BSP Young Professionals Program (YPP), an 18-month training program launched in May 2020 with the aim of developing future central bankers, is nearing its culmination. Though rolled out at the height of the pandemic, it attracted 30 bright and eager participants from a diverse range of disciplines including communications, economics, finance, statistics and mathematics, data science, information technology, and industrial engineering. The program aims to hone 30 central bank associates into future public servants and central bank leaders through immersion in different central banking operations, online training, performance coaching, and mentoring. They took part in the operations of departments, performing functions in economic research and statistics, supervisory policy, financial market operations, financial stability, financial technology, financial inclusion, corporate communication, and information technology.

Despite the challenges of the alternative work arrangements, asynchronous coaching, and the health and safety risks due to the pandemic, the central bank associates (CBAs) were able to complete their assigned research and other projects. Some of their contributions involved improvements of manual processes through technology, assessment of supervisory initiatives and frameworks, proposals on building up capacities on strategic communication, digital transformation and cybersecurity awareness, and various research that served as valuable inputs to supervisory or regulatory policies.



A number of factors ensured the successful launch of the BSP YPP during the pandemic: the dedicated coaches and mentors assigned to the CBAs, the regular one-on-one check-in with their HR partners, the support of the BSP's top management, and the enabling culture and work environment at the BSP. These ingrained in the CBAs the value of collaboration, professionalism, innovation, and drive to serve the nation. Not surprisingly, 30 of the CBAs decided to join the BSP.

In a testament to the success of the program, participants recounted how the YPP turned them into passionate public servants imbued with a commitment to serve the nation. Speaking during a get-together with BSP Governor Benjamin E. Diokno in November 2021, Angela Luz Pereras, said: "I can say that this has been the biggest twist in my life. I have always been sure that I will not leave the private sector. Looking back, I was just an aspiring public servant and now, I am one. I am and will forever be grateful to the BSP for opening its doors to me, even—and especially—in these trying times."

Another participant, John Jerry Jaspio, remarked: "During the short time that we have been working here, I have come to realize that we are privileged in two ways because of our jobs in the BSP. First, we are privileged to enjoy a good life: we have stable jobs and we're working for an organization that values our health, safety, and welfare. Second—which I believe is more important—is that we are privileged to be in a position to empower others to have a good life too. We are in a unique position to be agents of change so that eventually, our marginalized fellow Filipinos will become included as well."

The BSP continues to seek out high-potential individuals, especially Filipino graduates abroad, with the heart for public service to join the country's central monetary authority through the YPP and other recruitment programs.

## Box Article 20

### Build, Build, Build, BSP

Rather than be disheartened as the rest of the world grappled with the pandemic and hurled into alternative work-from-home arrangements, the BSP rose above the difficulties. Serving as an example of strength and dedication to serve the Filipino people despite the health emergency, the BSP turned the challenge into an opportunity to build new structures and fortify its existing facilities.

The BSP's Project Development and Management Department (PDMD) currently runs 13 infrastructure projects in various sites. Of these, eight have reached the implementation and construction stage, and include the following:

#### **Proposed Security Services Department (SSD) Offices and Command Operations Center for Contingency and Oversight**

The project will convert the former Money Museum Building at the BSP Head Office to office spaces for the SSD and its operations center. Upon completion, part of the existing SSD office areas at the ground floor of the five-storey building shall relocate to this new facility. The project, which cost ₱37.2 million, is expected to be completed by March 2022.

#### **Proposed conversion of the Metropolitan Museum of Manila to the BSP Hub**

The project will convert the existing Metropolitan Museum of Manila (MMM) building to a one-stop-shop facility that will house all of the BSP's transactions with external parties following the museum's transfer to a new site in 2021. As part of the health and safety measures of the BSP in the wake of the pandemic and the New Normal Economy, the MMM Building will now be occupied by the following units: the Money Museum at the basement; One-Stop-Shop at the ground floor; the Economic and Financial Learning Office at the second floor; and canteen and dining areas at the roof deck. The contract cost is ₱269.8 million for general construction works, which started on 8 October 2021 and is scheduled for completion in December 2022.

#### **Proposed office and commercial building with parking at the PICC**

The project involves the construction of an office and commercial building with parking instead of the discontinued BSP Museum at the Philippine International Convention Center (PICC). The original project was discontinued in 2008 after the central bank terminated the contract with the builder due to delays. In 2021, the BSP decided to turn the unfinished structure into an office and commercial building instead since a new museum is being planned at the BSP New Clark City. Besides some of the BSP collections to be housed in the proposed BSP Museum are already displayed at the PICC buildings. The general contractor for the repurposed project mobilized on 4 March 2022 and the target date for completion is 30 October 2022. The contract amount for construction is ₱197.32 million.

### **Proposed BSP Wellness and Training Center**

The BSP property in scenic Silang, Cavite will soon house the proposed BSP Wellness and Training Center that will include camping grounds, bonfire place, playground and activity area, trail course, fishpond area and cottages. Costing ₱12.4 million, the project was started in November 2021 and is to be completed by March 2022. Occupying a land area of 123,401 square meters, BSP's Silang property is already the site of a training facility for the BSP security force that is also being used by other central bank units.

### **Construction of the BSP Baguio Regional Office and additional access road**

This project involves the construction of the main office building, support structures (e.g., security, maintenance, etc.), and a staff house. The staff house is a two-storey structure with 25 staff rooms, with two beds each, that can accommodate a total of 50 guests. Common or shared areas include a pantry, kitchen area, dining area, conference room, common toilets, and an open parking area at the front of the building. The contract cost for the construction works is ₱398.7 million. The project started on 22 September 2016 and is substantially completed. While the North Luzon Regional Office had partially occupied the main office building since December 2021, full completion is expected by June 2022 because of ongoing slope protection works undertaken by the Department of Public Works and Highways within the BSP Baguio complex.

### **BSP Baguio slope protection**

Due to existing site conditions found during the building of the BSP Baguio Regional Office, the construction of additional slope protection works is currently being undertaken by the DPWH through an agency-to-agency agreement with the BSP. The latter is funding the project at a cost of ₱14.9 million and the contract is being administered by the PDMD. The construction, which started last 9 September 2021, is being implemented by DPWH's general contractor. These are projected to be completed by April 2022.

### **BSP Palawan Branch Building**

A new building for the BSP Puerto Princesa branch is on the rise in Palawan province's capital city. Costing ₱273.0 million, the structure is being built in accordance with the "new generation" design concept introduced in 2016 that includes provisions for adequate security and ample spaces. The project started in 2017 and encountered delays but is now 91 percent complete. It is expected to be finished by April 2022.

### **BSP Cotabato Branch Building**

Housed in a four-storey structure acquired in the 1980s, the BSP's Cotabato branch office will soon move to a new and modern office building with support facilities. Located close to the Bangsamoro Government Center and People's Center, the new building, constructed at the cost of ₱176.3 million, complies with current security and operational standards for BSP branches. It is scheduled for completion by April 2022 after more than two years of construction that began in November 2019.

### **Proposed construction of the BSP Bacolod Branch Building**

The proposed BSP Bacolod Branch Building intends to provide a new building complex complete with support facilities and perimeter fence where the BSP Bacolod branch shall relocate from its existing three-storey building. The new site for the branch shall be around 500 meters away from the Port of Bacolod and shall be closer to the more recently developed commercial district in the area. It is estimated to cost ₱200.0 million.

In addition, the BSP plans to build five other infrastructure projects that are currently in the planning and design phase. These include:

### **Proposed Workplace Modernization Project (WMP) at the BSP Main Complex (Phase 1)**

The proposed WMP aims to upgrade and rehabilitate the existing facilities and utilities of the BSP Main Complex to comply with current engineering standards since the buildings were originally constructed in the 1970s and no major rehabilitation works have been undertaken to date. The initial cost estimate amounts to ₱2.1 billion.

### **Proposed construction of the BSP Iloilo Branch Building**

The proposed BSP Iloilo branch building shall serve as the relocation site for the central bank's unit in the city which currently uses an old three-storey building located along the crowded Solis St. at the Iloilo City Proper. Costing around ₱220.0 million, the new office building will be located at the Megaworld Iloilo Business Park.

**Proposed rehabilitation of the BSP Davao Convention Center and related works** The project involves the rehabilitation of the existing Davao Convention Center to revive the use of the main auditorium, which had not been in use since the early 2000s. It also aims to upgrade the rest of the leasable spaces at the convention center such as the smaller event and function rooms. The project is estimated to cost ₱700.0 million and is scheduled to start in June 2022 for completion by May 2023.

### **Structural audit and retrofitting design for the BSP Cebu and BSP Davao Regional Offices**

The project involves the engineering audit of the existing buildings of the BSP Cebu and BSP Davao Regional Offices to check compliance with the latest provisions of the National Structural Code of the Philippines. The buildings are more than 30 years old, during which there had been several updates in the building code, particularly provisions that aim to reduce damage risks from earthquakes. The project is estimated to cost ₱4.0 million. Implementation is expected to start in June 2022 and completed by May 2022.

## Box Article 21

### **Strengthening the BSP's Governance with the Stakeholder Centric Corporate Strategy**

In 2021, the BSP carried out a number of organizational activities and initiatives toward strengthening institutional governance and its capacity to serve stakeholders. Among these are the following:

#### **Leading a sound institutional strategy and project management**

The Revised 2020-2023 BSP Strategy Map was approved by the Monetary Board on 17 June 2021 (Resolution No. 779) while the Revised BSP Strategy Scorecard (i.e., measures, targets and initiatives) was approved by the Governor on 30 July 2021 (Office Order No. 0957).

The strategy map is the BSP's blueprint toward achieving its vision of being a globally recognized institution that serves as a bastion of a strong economy and promoter of a high quality of life for all Filipinos. Accordingly, the strategy map design is anchored on three strategic objectives and five strategic programs that all contribute toward bringing BSP closer to the Filipino people.

Last year, the BSP attained a milestone in project management (PM) in the central bank with the establishment of the Enterprise Project Management Group under the Office of Strategy Management (OSM) to oversee organizational PM governance. Interim guidelines on monitoring and reporting on status of projects were issued to strengthen project governance as well as to support quality and timely decision-making. As part of the quarterly Project Status Report, the OSM provides insights and recommendations to improve project delivery and strengthen PM capabilities of the BSP. Preparations were made for a PM maturity assessment and roadmap development project to determine the current organizational maturity level of the BSP and to identify areas for improvement. These aim to contribute to the development of the BSP's enterprise PM framework.

#### **Promoting operational efficiency and process improvement**

The BSP began assessing its operations and processes as part of a continuing effort toward service excellence and efficiency. This includes the review of the current strategy management framework to ensure that the bank's operations remain relevant and appropriate. In addition, the BSP has conducted a benchmarking dialogue with the Government Service Insurance System toward the sharing of best practices on strategy management. It also intends to reach out to other government agencies and institutions in the Philippines and other countries to learn from their experiences in governance.

#### **Advocating sustainable central banking**

The BSP also advocates sustainable central banking (SCB) as it embeds green and sustainable principles and practices in the BSP's key functions and operations. It is fully aware that sustainability issues such as climate change and other environmental and social risks pose significant challenges to price and financial stability.

## BSP Financial Results

**The BSP's Balance Sheet.** The BSP's total assets as of end-December 2021 was ₱7,576.4 billion, higher by 7.1 percent than the ₱7,075.1 billion posted in the previous year (Table 14). This was attributed to higher international reserves, domestic securities and other assets which increased y-o-y by 4.9 percent, 6.5 percent and 57.2 percent, respectively. In terms of composition, the BSP's assets were composed mainly of international reserves amounting to ₱5,505.4 billion, and domestic securities amounting to ₱1,470.6 billion.

**Table 1. Balance Sheet of the BSP**  
in billion pesos

|                    | 2021 <sup>P</sup><br>Dec | 2020 <sup>a</sup><br>Dec |
|--------------------|--------------------------|--------------------------|
| <b>Assets</b>      | 7,576.4                  | 7,075.1                  |
| <b>Liabilities</b> | 7,440.3                  | 6,904.0                  |
| <b>Net Worth</b>   | 136.1                    | 171.1                    |

Note: <sup>a</sup> Details may not add up to total due to rounding.  
<sup>b</sup> Audited but subject to restatement.  
<sup>P</sup> Based on the preliminary and unaudited BSP balance sheet as of end-December 2021.

The expansion in the BSP's assets was accompanied by an increase in liabilities which reached a total of ₱7,440.3 billion as of end-December 2021, higher by 7.8 percent than the previous year's level of ₱6,904.0 billion. The increase was driven by the combined growth in allocation of special drawing rights (SDRs), revaluation of foreign currency accounts, currency issues, and deposit liabilities. Meanwhile, the total share of deposits and currency issued stood at 80.5 percent, accounting for the bulk of the BSP's liabilities.

Meanwhile, the BSP's net worth in 2021 declined by 20.5 percent to ₱136.1 billion from the previous year's balance of ₱171.1 billion amid lower surplus/reserves.

<sup>107</sup> This represents realized gains or losses from fluctuations in foreign exchange rates arising from foreign currency-denominated transactions of the BSP.

**Operating Profit.** Based on preliminary and unaudited data for the year 2021, the BSP registered a net income of ₱42.1 billion, up by 32.8 percent as compared to the previous year's level of ₱31.7 billion. The improvement in net income was largely due to higher revenues combined with the resulting net gain on foreign exchange rate fluctuations<sup>107</sup> (Table 15).

**Table 2. Income Statement of the BSP**  
in billion pesos

|  | 2021 <sup>P</sup><br>Dec | 2020 <sup>a</sup><br>Dec |
|--|--------------------------|--------------------------|
| <b>Revenues</b>  | 166.980                  | 118.149                  |
| <b>Less: Expenses</b>  | 136.007                  | 80.582                   |
| <b>Net Income/(Loss) Before Net Gain/(Loss) on FX Rate Fluctuations and Income Tax Expense/(Benefit)</b> | 30.973                   | 37.567                   |
| Net Gain/(Loss) on Foreign Exchange Rate Fluctuations  | 10.861                   | (5.779)                  |
| Income Tax Expense/(Benefit)   | (0.280)                  | 0.076                    |
| <b>Net Income/(Loss) After Tax</b>   | 42.114                   | 31.712                   |

Note: <sup>a</sup> Details may not add up to total due to rounding.  
<sup>b</sup> Audited but subject to restatement.  
<sup>P</sup> Based on the preliminary and unaudited BSP income statement for the year ended December 2021.

Total revenues for 2021 amounted to ₱167.0 billion, rising by 41.3 percent from the ₱118.1 billion posted in the previous year. The upswing in total revenues was mainly due to the increase in interest income on domestic securities, and miscellaneous income<sup>108</sup>. Meanwhile, total expenditures amounted to ₱136.0 billion, higher by 68.8 percent than the ₱80.6 billion posted last year. The y-o-y increase in expenditures was due primarily to the rise in interest expenses on NG deposits and domestic bills payable, and other expenses.

<sup>108</sup> This includes trading gains/losses, fees, penalties, and other operating income, among others.