

# Financial Inclusion in the Philippines

Dashboard

As of Second Quarter 2019

## Access

### Banks and Automated Teller Machines (ATMs)\*

|  | 2018 Q2 | 2019 Q2 | Growth |
|--|---------|---------|--------|
| Banks (head office, branches, and other offices) | 12,018  | 12,494  | ● 4.0% |
| Universal & Commercial Banks                     | 6,521   | 6,627   | ● 1.6% |
| Thrift Banks                                     | 2,525   | 2,720   | ● 7.7% |
| Rural & Cooperative Banks                        | 2,972   | 3,147   | ● 5.9% |
| ATMs   | 20,881  | 21,841  | ● 4.6% |
| On-site ATMs                                     | 11,608  | 12,016  | ● 3.5% |
| Off-site ATMs                                    | 9,273   | 9,825   | ● 6.0% |

\*Nationwide count only (i.e., excludes offices/ATMs of Philippine banks abroad)

### Branch-lite

|   | 2018 Q2 | 2019 Q2 | Growth  |
|---|---------|---------|---------|
| Number of operating branch-lite units   | 1,751   | 1,997   | ● 14.0% |
| Number of cities and municipalities with branch-lite                                | 738     | 818     | ● 10.8% |
| Number of cities and municipalities without head office/branch but with branch-lite | 151     | 181     | ● 19.9% |

"Branch-lite" gives banks the flexibility to determine the appropriate size and model of a banking office for a specific area or locality based on market needs (BSP Circular No. 987).

### Other Financial Service Access Points

|   | 2018 Q2 | 2019 Q2 | Growth   |
|---|---------|---------|----------|
| NSSLAs  | 198     | 200     | ● 1.0%   |
| Pawnshops   | 6,834   | 13,190  | ● 93.0%  |
| Money Service Businesses (MSBs)                     | 3,744   | 5,813   | ● 55.3%  |
| Other NBFIs <sup>[1]</sup>                          | 218     | 237     | ● 8.7%   |
|   | 2017    | 2018    | Growth   |
| Cash agents <sup>[2] p/</sup><br>(baseline)         | ---     | 7,816   | ---      |
| E-Money Agents <sup>[3] r/</sup>                    | 41,990  | 27,993  | ● -33.3% |
| Point of Sale (POS) Terminals <sup>r/</sup>         | 119,559 | 103,852 | ● -13.1% |
| Credit Cooperatives <sup>[4]</sup>                  | 3,664   | 3,881   | ● 5.9%   |
| Microfinance NGOs <sup>[5]</sup><br>(2016 vs. 2017) | 2,603   | 2,861   | ● 9.9%   |

### Insurance Providers

|                              | Insurers | Microinsurance Providers |
|------------------------------|----------|--------------------------|
| Mutual Benefit Associations  | 35       | 23                       |
| Life Insurance Companies     | 33       | 11                       |
| Non-Life Insurance Companies | 65       | 10                       |
| Total                        | 133      | 44                       |

Source: Insurance Commission (2018)

### Overall Access Situation

|   | 2018 Q2                             |            | 2019 Q2                             |            |
|---|-------------------------------------|------------|-------------------------------------|------------|
|   | Number of cities and municipalities | % to Total | Number of cities and municipalities | % to Total |
| 1. With banking presence                                  | 1,083                               | 66.3%      | 1,108                               | ● 67.8%    |
| 2. Without banking presence                               | 551                                 | 33.7%      | 526                                 | ● 32.2%    |
| 2.1 Without banking presence but with other access points | 440                                 | 26.9%      | 458                                 | ● 28.0%    |
| 2.2 Without any access point                              | 111                                 | 6.8%       | 68                                  | ● 4.2%     |
| With at least one access point (1 + 2.1) <sup>[6]</sup>   | 1,523                               | 93.2%      | 1,566                               | ● 95.8%    |

[1] Other NBFIs include lending investors and financing companies (that are affiliated with BSP-supervised banks), credit card companies, investment companies, securities dealers/brokers, government NBFIs and credit granting entities (excluding MF NGOs) which are supervised by the BSP.

[2] Preliminary data based on banks implementing/piloting the cash agent model (BSP Circular No. 940).

[3] Total number of registered e-money agents, of which 26,455 are considered active in 2018 based on preliminary data. This count includes agents that are pawnshops, MSBs, and cooperatives.

[4] Sourced from the Cooperative Development Authority (CDA). In 2018, there were 28,784 coops in the registry.

[5] Based only from a sample of MF NGOs that responded to the BSP data request.

[6] In the Core Set of Financial Inclusion Indicators developed by the Alliance for Financial Inclusion (AFI), access points are defined as regulated entities where both cash-in and cash-out transactions can be performed. Following this definition, "other access points" include NSSLAs, cooperatives offering financial services, microfinance NGOs, pawnshops, FXDs/MCs/RTCs, other NBFIs, e-money agents and cash agents; and exclude ATMs (no data on the number of ATMs that can perform both cash-in and cash-out).

p/ Preliminary; r/ Revised

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## Usage

### Deposits and Loans in the Banking System

|  | 2018 Q2 | 2019 Q2 | Growth  |
|--|---------|---------|---------|
| Number of deposit accounts (in millions) | 59.6    | 67.8    | ● 13.8% |
| Number of depositors (in millions)       | 47.5    | 63.8    | ● 34.2% |
| Amount of deposits (in trillion pesos)   | 12.2    | 12.9    | ● 5.8%  |
| Amount of loans (in trillion pesos)      | 8.6     | 9.4     | ● 9.4%  |

### Basic Deposit Accounts (preliminary)

|                                       | 2019 Q2   |
|---------------------------------------|-----------|
| Number of depositors                  | 2,196,445 |
| Amount of deposits (in million pesos) | 2,136.7   |

### Electronic Money

|   | 2017  | 2018  | Growth   |
|---|-------|-------|----------|
| <b>Number of Transactions (in millions)</b>                   |       |       |          |
| Inflow  | 73    | 119   | ● 62.1%  |
| Outflow   | 317   | 406   | ● 28.0%  |
| <b>Amount of Transactions (in billion pesos)</b>              |       |       |          |
| Inflow  | 481.7 | 546.4 | ● 13.4%  |
| Outflow   | 481.0 | 543.7 | ● 13.0%  |
| <b>Number of E-Money Accounts (in millions) <sup>p/</sup></b> |       |       |          |
| Active e-money wallets  | 2.2   | 5.0   | ● 132.7% |
| Prepaid cards (linked to e-money) <sup>r/</sup>               | 24.9  | 28.0  | ● 12.5%  |
| <b>Cards (in millions)</b>                                    |       |       |          |
| ATM debit cards <sup>r/</sup>                                 | 38.7  | 39.5  | ● 2.0%   |
| Credit cards <sup>r/</sup>                                    | 8.0   | 9.4   | ● 18.0%  |

### Microfinance in the Banking System

|                            |                           | 2018 Q2   | 2019 Q2   | Growth  |
|----------------------------|---------------------------|-----------|-----------|---------|
| Microfinance               | Banks                     | 164       | 157       | ● -4.3% |
|                            | Borrowers                 | 1,786,584 | 2,003,461 | ● 12.1% |
|                            | Amount (in million pesos) | 18,504.8  | 23,910.5  | ● 29.2% |
| Microenterprise Loans      | Banks                     | 151       | 144       | ● -4.6% |
|                            | Borrowers                 | 1,507,064 | 1,685,985 | ● 11.9% |
|                            | Amount (in million pesos) | 15,404.6  | 19,950.4  | ● 29.5% |
| Microfinance Plus          | Banks                     | 39        | 38        | ● -2.6% |
|                            | Borrowers                 | 8,736     | 9,744     | ● 11.5% |
|                            | Amount (in million pesos) | 817.4     | 1,032.6   | ● 26.3% |
| Micro-Agri Loans           | Banks                     | 25        | 23        | ● -8.0% |
|                            | Borrowers                 | 73,934    | 96,761    | ● 30.9% |
|                            | Amount (in million pesos) | 780.1     | 1,101.9   | ● 41.3% |
| Housing Microfinance Loans | Banks                     | 17        | 16        | ● -5.9% |
|                            | Borrowers                 | 122,712   | 136,618   | ● 11.3% |
|                            | Amount (in million pesos) | 1,168.9   | 1,411.2   | ● 20.7% |

### Microfinance Outside the Banking System

|   | 2016  | 2017  | Growth  |
|---|-------|-------|---------|
| <b>Cooperatives<sup>[4]</sup></b>         |       |       |         |
| Number of member-depositors (in millions) | 8.2   | 8.0   | ● -2.4% |
| Deposit liabilities (in billion pesos)    | 98.8  | 109.2 | ● 10.5% |
| Outstanding loans (in billion pesos)      | 167.4 | 194.1 | ● 15.9% |
| <b>Microfinance NGOs<sup>[5]</sup></b>    |       |       |         |
| Number of clients (in millions)           | 3.9   | 4.3   | ● 10.6% |
| Outstanding loans (in billion pesos)      | 20.6  | 28.6  | ● 38.6% |

### Insurance/Microinsurance

|                       | 2018  | Q1 2019 | Change  |
|-----------------------|-------|---------|---------|
| Insurance Penetration | 1.96% | 1.68%   | ● -0.28 |

| Number of Policyowners, including dependents (in millions) | Insurers | Microinsurance Providers | % Share of Microinsurance |
|--|----------|--------------------------|---------------------------|
| Mutual Benefit Associations                                | 23.9     | 22.8                     | 95.0%                     |
| Life Insurance Companies                                   | 39.1     | 11.8                     | 30.3%                     |
| Non-Life Insurance Companies                               | 9.8      | 4.3                      | 43.6%                     |
| Total  | 72.9     | 38.9                     | 53.4%                     |

| Amount of Premiums (in million pesos) | Insurers | Microinsurance Providers | % Share of Microinsurance |
|---------------------------------------|----------|--------------------------|---------------------------|
| Mutual Benefit Associations           | 10,704   | 2,583                    | 24.1%                     |
| Life Insurance Companies              | 228,612  | 4,560                    | 2.0%                      |
| Non-Life Insurance Companies          | 50,834   | 999                      | 2.0%                      |
| Total                                 | 290,149  | 8,142                    | 2.8%                      |

Source: Insurance Commission (2018)

## Other financial inclusion data

### Alliance for Financial Inclusion Core Set/ Philippine Development Plan Indicator

|   | 2018 Q2 | 2019 Q2 | Growth |
|---|---------|---------|--------|
| Total number of access points             | 81,466  | 88,896  | 9.1%   |
| Number of access points per 10,000 adults | 10.9    | 11.8    | 8.7%   |

### Indicators from Demand-side Surveys

#### FORMAL ACCOUNT AND SAVINGS

| World Bank Findex (Respondents: Adults - individuals aged 15+) | 2014  | 2017  | Change |
|--|-------|-------|--------|
| Formal account*  | 31.3% | 34.5% | 3.2    |
| Financial institution account                                  | 28.1% | 31.8% | 3.7    |
| Mobile money account   | 4.2%  | 4.5%  | 0.3    |

#### By individual characteristics

|                             |        |        |      |
|-----------------------------|--------|--------|------|
| Male                        | 24.4%  | 30.0%  | 5.6  |
| Female                      | 37.9%  | 38.9%  | 1.0  |
| Young adults (15-24)        | 19.0%  | 23.5%  | 4.5  |
| Older adults (25+)          | 35.9%  | 38.8%  | 3.0  |
| Poorest 40% <sup>1/</sup>   | 18.04% | 18.03% | 0.0  |
| Richest 60%                 | 40.6%  | 45.4%  | 4.8  |
| Primary education or less   | 18.1%  | 18.0%  | -0.1 |
| Secondary education or more | 36.8%  | 41.4%  | 4.5  |
| Rural                       | 27.5%  | 27.4%  | -0.1 |

#### Savings

|  |       |       |      |
|--|-------|-------|------|
| Saved any money in the past year                   | 67.3% | 58.7% | -8.6 |
| Saved at a financial institution                   | 14.8% | 11.9% | -2.9 |
| Saved using a savings club or a person outside the | 9.3%  | 8.0%  | -1.3 |

\*Formal account includes account at a formal financial institution as well as mobile money account.

| BSP Financial Inclusion Survey (Respondents: Adults - individuals aged 15+)        | 2015  | 2017  | Change |
|--|-------|-------|--------|
| Percentage of adults with savings  | 43.2% | 47.9% | 4.7    |
| Percentage of adults with savings in a bank<br>(base: adults with savings)         | 32.7% | 17.9% | -14.8  |
| Percentage of adults who keep their savings at home<br>(base: adults with savings) | 68.3% | 68.3% | 0.0    |

| BSP Consumer Finance Survey (Respondents: Households) | 2009  | 2014  | Change |
|---|-------|-------|--------|
| Percentage of households with deposit account         | 21.5% | 14.0% | -7.5   |

| BSP Consumer Expectations Survey (Respondents: Households)                 | 2018 Q2 | 2019 Q2 | Change |
|--|---------|---------|--------|
| Percentage of households with savings                                      | 37.4%   | 35.2%   | -2.2   |
| Percentage of OFW households who allot a portion of remittances to savings | 33.9%   | 33.9%   | 0.0    |

Percentage of adults with a formal account



#### CREDIT

| World Bank Findex (Respondents: Adults - individuals aged 15+)                         | 2014  | 2017  | Change |
|--|-------|-------|--------|
| Percentage of adults who borrowed any money  | 70.1% | 58.6% | -11.5  |
| Percentage of adults who borrowed from a formal financial institution in the past year | 11.8% | 9.7%  | -2.1   |
| Percentage of adults who borrowed from family and friends                              | 48.7% | 41.2% | -7.5   |

| BSP Financial Inclusion Survey (Respondents: Adults - individuals aged 15+)                    | 2015  | 2017  | Change |
|--|-------|-------|--------|
| Percentage of adults with outstanding loans  | 47.1% | 22.3% | -24.8  |
| Percentage of adults who borrowed from a bank<br>(base: adults with outstanding loans)         | 4.4%  | 2.6%  | -1.8   |
| Percentage of adults who borrow from informal sources<br>(base: adults with outstanding loans) | 72.3% | 38.9% | -33.4  |

#### OTHER FINANCIAL SERVICES

| World Bank Findex (Respondents: Adults - individuals aged 15+) | 2014  | 2017  | Change |
|--|-------|-------|--------|
| Percentage of adults with debit card                           | 20.5% | 21.0% | 0.5    |
| Percentage of adults with credit card                          | 3.2%  | 1.9%  | -1.3   |
| Percentage of adults who made or received digital payments     | 19.5% | 25.1% | 5.6    |

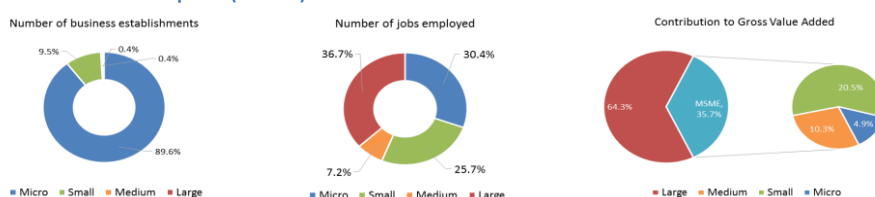
| BSP Consumer Expectations Survey (Respondents: Households)                       | 2018 Q2 | 2019 Q2 | Change |
|--|---------|---------|--------|
| Percentage of OFW households who allot a portion of remittances to debt payments | 22.9%   | 23.1%   | 0.2    |
| Percentage of OFW households who allot a portion of remittances to investment    | 5.2%    | 7.6%    | 2.4    |

### Indicators on the Quality Dimension of Financial Inclusion

|   |     |
|---|-----|
| Financial literacy - Fin-Q Score (CPI, 2012)  | 53% |
| Satisfaction - Percentage of account holders who are satisfied with their account (FIS, 2017)   | 98% |
| Fair treatment - Percentage of adults who experienced a conflict with a financial service provider in the past 3 years (World Bank Financial Capability Survey, 2015) | 17% |

## Sectoral data

### Micro, Small and Medium Enterprises (MSMEs)



Source: Philippine Statistics Authority and Department of Trade and Industry (2016)

### MSME Compliance

|  | 2018 Q2   | 2019 Q2   | Growth/ Change |
|--|-----------|-----------|----------------|
| Total compliance for MSEs (in billion pesos)     | 219.5     | 214.0     | -2.5%          |
| Total compliance for MEs (in billion pesos)      | 330.4     | 338.1     | 2.3%           |
| Percentage of compliance for MSEs (required: 8%) | 3.2%      | 2.8%      | -0.4%          |
| Percentage of compliance for MEs (required: 2%)  | 4.8%      | 4.4%      | -0.4%          |
| Number of MSME Borrowers                         | 1,408,158 | 1,559,504 | 10.7%          |
| Number of BMBE Borrowers                         | 5,816     | 4,549     | -21.8%         |

### Percent Share of MSME Loans to Total Loans

|                            | 2017 Q4 | 2018 Q4 | Change |
|----------------------------|---------|---------|--------|
| Total business loans       | 9.8%    | 9.2%    | -5.8%  |
| Total banking system loans | 6.6%    | 6.2%    | -5.3%  |

### Enterprise Access to Finance

|  | 2009  | 2015  | Change |
|--|-------|-------|--------|
| Percentage of enterprises with a checking or savings account | 97.8% | 93.2% | -4.6%  |
| Small  | 97.2% | 90.9% | -6.3%  |
| Medium   | 98.5% | 96.2% | -2.3%  |
| Large  | 98.3% | 98.0% | -0.3%  |
| Percentage of enterprises with bank loans/line of credit     | 33.2% | 29.9% | -3.3%  |
| Small  | 21.1% | 22.6% | 1.5%   |
| Medium   | 39.9% | 38.9% | -1.0%  |
| Large  | 61.4% | 48.1% | -13.3% |

Source: World Bank Enterprise Survey (among small, medium, and large enterprises)

### Percentage of Enterprises Identifying Access to Finance as Major Constraint

|   | 2009  | 2015 <sup>1/</sup> | Change |
|---|-------|--------------------|--------|
| Percentage of Enterprises Identifying Access to Finance as Major Constraint | 13.0% | 10.4%              | 2.6%   |
| Small   | 15.0% | 9.3%               | 5.7%   |
| Medium  | 17.0% | 14.4%              | 2.6%   |
| Large   | 7.0%  | 5.4%               | 1.6%   |

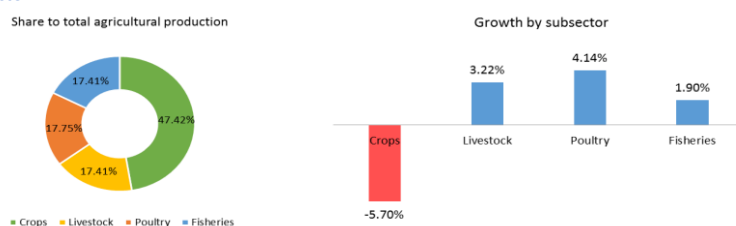
Source: World Bank Enterprise Survey (among small, medium, and large enterprises)

### Proportion of Investments Financed by Source

|                       | 2009  | 2015  | Change |
|-----------------------|-------|-------|--------|
| Internal finance      | 75.9% | 81.2% | 5.3%   |
| Bank finance          | 12.2% | 10.1% | -2.1%  |
| Trade/Supplier credit | 6.5%  | 2.6%  | -3.9%  |
| Equity/Sale of stock  | 3.7%  | 5.5%  | 1.8%   |

Source: World Bank Enterprise Survey (among small, medium, and large enterprises)

### Agricultural Sector



Source: Philippine Statistics Authority (Fourth Quarter 2018)

### Agri-Agra Compliance

|   | 2018 Q2 | 2019 Q2 | Growth/ Change |
|---|---------|---------|----------------|
| Total compliance for AGRA (in billion pesos)      | 45.1    | 59.5    | 32.1%          |
| Total compliance for AGRI (in billion pesos)      | 584.9   | 666.6   | 14.0%          |
| Percentage of compliance for AGRA (required: 10%) | 0.98%   | 1.12%   | 0.14%          |
| Percentage of compliance for AGRI (required: 15%) | 12.70%  | 12.60%  | -0.10%         |

## Other relevant data

### Geography

|                                 |         |
|---------------------------------|---------|
| Land area (in km <sup>2</sup> ) | 300,000 |
| Regions                         | 18      |
| Provinces                       | 81      |
| Cities                          | 145     |
| Municipalities                  | 1,489   |

Source: Philippine Statistics Authority

### Population

|   | 2010 | 2015  | 2019   |
|---|------|-------|--------|
| Population, in millions                                 | 92.3 | 101.0 | 108.9* |
| Adult population (aged 15 +), in millions <sup>1/</sup> | 61.8 | 69.3  | 75.2   |
| Number of households, in millions                       | 20.2 | 23.0  | ---    |

Source: Philippine Statistics Authority Census of Population and Housing

<sup>1/</sup>Commission on Population

### Economy

|   |      |
|---|------|
| GDP Y-o-Y growth <sup>(Second Quarter 2018 vs. Second Quarter 2019)</sup> | 5.5% |
| GDP full year growth <sup>(2018)</sup>                                    | 6.2% |
| Inflation rate <sup>(Sep 2019)</sup>                                      | 0.9% |
| Unemployment rate <sup>(April 2019) <sup>1/</sup></sup>                   | 5.1% |

Source: Philippine Statistics Authority

### Income and Poverty

|   |         |
|---|---------|
| Average annual family income, in PhP <sup>(Oct 2016)</sup>            | 267,000 |
| Minimum wage in NCR for non-agriculture, in PhP <sup>(Sep 2019)</sup> | 455.08  |
| Poverty incidence among population <sup>(2018)</sup>                  | 21.0%   |
| Poverty threshold, average monthly estimate, in PhP <sup>(2018)</sup> | 12,577  |

Source: Philippine Statistics Authority

### Overseas Filipinos

|  | 2017 | 2018 |
|--|------|------|
| Amount of cash remittances, in billion USD                   | 28.1 | 28.9 |
| Number of Overseas Filipinos, in millions* <sup>(2013)</sup> | 10.2 |      |

\*Source: Commission on Filipino Overseas

### Mobile Market

|   |      |
|---|------|
| SIM penetration <sup>(Q4 2018) <sup>1/</sup></sup>              | 126% |
| Unique mobile user penetration <sup>(2018) <sup>2/</sup></sup>  | 58%  |
| Mobile broadband penetration <sup>(Q4 2018) <sup>1/</sup></sup> | 86%  |
| Smartphone penetration <sup>(2017) <sup>1/</sup></sup>          | 63%  |

Sources:

1/ Groupe Speciale Mobile (GSM) Association/ GSMA

2/ We Are Social

### Internet

|   | 2016             | 2017  |
|---|------------------|-------|
| Percentage of individuals using the internet <sup>(ITU)</sup>               | 55.5%            | 60.1% |
| Average time spent on the internet per day <sup>(We Are Social, 2018)</sup> | 9 hours, 29 mins |       |

### Social Media

|  | 2017           | 2018           |
|--|----------------|----------------|
| Social media penetration                   | 58%            | 63%            |
| Number of Facebook users                   | 60 million     | 67 million     |
| Average time spent on social media per day | 4 hrs, 17 mins | 3 hrs, 57 mins |

Source: We Are Social

### E-Commerce and Mobile Banking

|  |     |
|--|-----|
| E-commerce penetration <sup>(2018)</sup>     | 39% |
| Mobile banking penetration <sup>(2018)</sup> | 28% |

Source: We Are Social

Compiled by:



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