

# Report on the State of Financial Inclusion in the Philippines



**BANGKO SENTRAL NG PILIPINAS**

Inclusive Finance Advocacy Staff  
Supervision and Examination Sector

## Background

The Bangko Sentral ng Pilipinas (BSP) continues to develop a financial inclusion data framework that will allow it to monitor progress, identify gaps and craft evidence-based financial inclusion policies. Initial work has been done to assess the state of financial inclusion in the Philippines, leveraging on datasets derived from regulatory reports provided by supervised institutions to the BSP, and on readily available information as of end-year 2011. Said report provided baseline information on the levels and trends of financial inclusion in the country.

Through the Inclusive Finance Advocacy Staff (IFAS)<sup>1</sup>, several initiatives were undertaken to improve data collection and continuously monitor information related to financial inclusion. One of these initiatives is the institutionalized information sharing with other departments within the BSP as well as with other agencies that are handling inclusion-relevant data. This facilitated the gathering of information on other major financial service providers such as non-bank financial institutions (NBFIs), e-money agents and credit cooperatives.

As one of the key components in its financial inclusion strategy, the BSP created a Data and Measurement Working Group (DMG) within the Inclusive Finance Steering Committee (IFSC), a bank-wide committee that was constituted to ensure a coordinated focus in pursuing programs supportive of finance inclusion. The DMG assists in the data requirements of the IFSC and ascertains the proper measurement of the effectiveness of financial inclusion programs.

Other key data initiatives include: (i) creation of a financial inclusion database and e-library; (ii) spatial mapping and geo-coding of access points; and (iii) preparatory work for product catalogue and national baseline survey.

The end-year 2012 data updates leverage on the key data elements presented in the maiden report and serve as an inventory of the progress made from 2011 to 2012. These updates also form part of the stocktaking process in the envisioned data framework.

---

<sup>1</sup> IFAS is the dedicated unit that implements, coordinates and advocates the microfinance and financial inclusion initiatives of the BSP.

## Data Highlights

### Access

- The Philippine banking system's overall physical network continued to expand. The number of domestic banking offices and automated teller machines (ATMs) increased by 4% and 15%, respectively.
- While the percentage of unbanked cities and municipalities in the country remained at 37% (611 out of 1,634), our micro-banking office (MBO) policy has enabled banking presence in areas that were previously unserved. The number of municipalities without regular banking offices but have MBOs increased by 35% to 50 in 2012 from 37 in 2011.
- The number of alternative financial service providers (FSPs)<sup>2</sup> increased by 20% to 46,218 in 2012 from 38,397 in 2011. While the increase is partly due to additional data on access points which were not captured in the maiden report<sup>3</sup>, the numbers suggest a significant area of opportunity. It shows the potential of expanding the reach of financial services especially in areas with no banks.
- One new feature of the 2012 status report is the analysis of the geographic distribution of banks and alternative FSPs in relation to population and poverty incidence. Results of geocoding and spatial mapping validated the expected correlations, specifically for banking distribution. The maps confirmed that the geographic distribution of banks is skewed toward areas with large population and/or low poverty incidence. Alternative FSPs, on the other hand, seem to prove otherwise. They are available even in areas with small population and/or high poverty incidence. Because of their presence in areas that are not served by banks, there will be a significant reduction in the percentage of unserved municipalities. Of the 611 unbanked municipalities, 395 municipalities (65%) have access to alternative FSPs. This indicates that only 216 municipalities (equivalent to 13% of 1,634 cities and municipalities and 4% of the total Philippine population) are left unserved.
- As to the access indicators, bank density remains at 6 banking offices per city/municipality. On the average, there is one bank and 2 ATMs for every 10,000 Filipino adults. Similar to the observation noted in the maiden report, there are some marked regional disparities where concentration is at NCR, CALABARZON and Central Luzon while regions such as Eastern Visayas and ARMM are often mentioned for consistently belonging in the bottom group for most of the indicators.

<sup>2</sup> Alternative FSPs include NSSLAs, credit cooperatives, pawnshops and other nonbank financial institutions (NBFIs), ATMs, remittance agents, e-money agents, and money changers/ foreign exchange dealers.

<sup>3</sup> Data on cooperatives, NSSLAs and other NBFIs, and more complete information on e-money agents were collected starting 2012.

### **Usage**

- The total number of deposit accounts decreased by 4% to 41.8 million in 2012 from 43.7 million in 2011. This was driven mainly by the decline in the number of deposit accounts in NCR, which comprised 43% of the total number of deposit accounts in the banking system. Despite the decrease in NCR and in five other regions, growth was observed in 11 regions.
- In terms of the peso value of bank deposits, the total amount increased by 7% to P5.7 trillion in 2012 from P5.4 trillion in 2011. The amount of bank deposits grew in all the 17 regions. NCR accounted for 68% of the total amount of deposits in the banking system.
- The total amount of bank loans increased by 5% to P3.34 trillion in 2012 from P3.19 trillion in 2011. On a regional basis, growth was observed in 9 regions while there was a decline in the remaining 8 regions. NCR accounted for 87% of the total amount of loans outstanding in the banking system.
- Using the usual deposit indicator, in 2012, there were 6,346 deposit accounts for every 10,000 adults or equivalently, 6 out of 10 adult Filipinos had a deposit account in banks. The estimate however is subject to upward bias because it does not account for the unique number of depositors. This underscores the need for a demand-driven data gathering exercise in order to adequately measure usage of deposits as well as other financial products. A well-designed demand-side survey is also important to obtain a meaningful insight into the quality and welfare dimensions of financial inclusion.

### **Microfinance**

- Another new feature in the 2012 status report is the discussion on the performance of microfinance in the banking sector. It is worth noting that since 2002, microfinance in the banking system has grown dramatically. The number of microfinance borrowers increased by 191% to 1,137,813 in 2012 from 390,635 borrowers in 2002. The microfinance loan portfolio expanded to P8.4 billion in 2012 from P2.6 billion in 2002, which is equivalent to a remarkable growth of 223%. From 2011 to 2012, there was sustained increase in the number of microfinance borrowers, amount of microfinance loans outstanding and savings of microfinance clients.
- While regional distribution still exhibits the trend where concentration is at regions such as Central Luzon and CALABARZON, it is interesting to note that there is an active and thriving market for microfinance for some regions where there is relatively low usage of regular banking products and services. For example, Caraga is next to CALABARZON in terms of amount of microfinance loans outstanding and number of borrowers, and consistently belongs in the top 3 for the different microfinance loan products such as microenterprise loans, micro-agri loans and housing microfinance.

## ACCESS

## Number of Banking Offices and ATMs

- All regions except Northern Mindanao experienced increase in number of banking offices.
  - The largest percentage increase was observed in the Bicol Region, followed by MIMAROPA and then Central Visayas.
  - The increase in regions with the least number of banks (CAR and Eastern Visayas) appeared modest.
- ATM presence increased in all regions. ATM growth is significantly higher than bank growth, both at the regional and national level.
  - MIMAROPA and ARMM had the lowest ATM count but these regions achieved the highest growth in the number of ATMs from 2011 to 2012.
- The lowest growth in the number of banks and ATMs was observed in Eastern Visayas, Northern Mindanao and Caraga.

Region		Banks <sup>1/, 2/</sup>			ATMs <sup>2/</sup>		
		2011	2012	Growth	2011	2012	Growth
	NCR	2,892	2,993	3% ▲	4,725	5,324	13% ▲
	CAR	146	148	1% ▲	142	162	14% ▲
I	Ilocos Region	401	413	3% ▲	307	356	16% ▲
II	Cagayan Valley	272	286	5% ▲	149	165	11% ▲
III	Central Luzon	940	975	4% ▲	879	1,066	21% ▲
IV-A	CALABARZON	1,350	1,406	4% ▲	1,535	1,748	14% ▲
IV-B	MIMAROPA	189	206	9% ▲	102	140	37% ▲
V	Bicol Region	281	315	12% ▲	215	261	21% ▲
VI	Western Visayas	531	543	2% ▲	471	518	10% ▲
VII	Central Visayas	584	627	7% ▲	781	921	18% ▲
VIII	Eastern Visayas	172	174	1% ▲	164	181	10% ▲
IX	Zamboanga Peninsula	181	190	5% ▲	159	176	11% ▲
X	Northern Mindanao	328	328	0%	296	327	10% ▲
XI	Davao Region	338	355	5% ▲	400	480	20% ▲
XII	SOCCSKSARGEN	192	195	2% ▲	207	259	25% ▲
XIII	Caraga	199	201	1% ▲	106	115	8% ▲
	ARMM	19	20	5% ▲	20	25	25% ▲
Philippines		9,015	9,375	4% ▲	10,658	12,224	15% ▲

Legend:  Top 3  Bottom 3

▲ Increase ▼ Decrease

<sup>1/</sup>Head offices, regular branches, microfinance-oriented branches, extension offices, OBOs, and MBOs

<sup>2/</sup>Domestic banks and ATMs

## Number and % Share of Unbanked Cities and Municipalities

- At the national level, the number of unbanked cities and municipalities increased to 611 in 2012 from 609 in 2011 although the percentage remained at 37%. On the positive side, it can be observed that most regions (11 out of 17) have banking coverage that is better than the national coverage.
- Four regions experienced improvement in terms of reduction in the number of unbanked cities and municipalities. Greatest improvement was observed in the Bicol Region where two municipalities gained banking presence.
- Seven regions showed no improvement. This excludes NCR which is already 100% banked.
- Five regions experienced reduced banking presence. In Eastern Visayas, 3 additional municipalities became unbanked. This seemed unfortunate considering that Eastern Visayas is one of the regions with the smallest bank count.

Region	Total number of cities & municipalities (a)	No. of unbanked cities/municipalities (b)		% Share (b/a)		Remarks
		2011	2012	2011	2012	
NCR	17	0	0	0%	0%	100% coverage
CAR	77	50	51	65%	66%	▼
I Ilocos Region	125	34	35	27%	28%	▼
II Cagayan Valley	93	25	24	27%	26%	▲
III Central Luzon	130	10	10	8%	8%	No improvement
IV-A CALABARZON	142	9	9	6%	6%	No improvement
IV-B MIMAROPA	73	27	27	37%	37%	No improvement
V Bicol Region	114	41	39	36%	34%	▲
VI Western Visayas	133	28	29	21%	22%	▼
VII Central Visayas	132	49	48	37%	36%	▲
VIII Eastern Visayas	143	100	103	70%	72%	▼
IX Zamboanga Peninsula	72	45	45	63%	63%	No improvement
X Northern Mindanao	93	33	34	35%	37%	▼
XI Davao Region	49	10	10	20%	20%	No improvement
XII SOCCSKSARGEN	50	17	17	34%	34%	No improvement
XIII Caraga	73	21	21	29%	29%	No improvement
ARMM	118	110	109	93%	92%	▲
Philippines	1,634	609	611	37%	37%	▼

Legend:  Top 3  Bottom 3

▲ Improvement ▼ Number of unbanked cities/municipalities increased

**With Bank in 2011, Unbanked in 2012**

- Twelve municipalities lost banking presence in 2012.

	Province	Municipality	Population
1	AKLAN	BALETE	27,197
2	APAYAO	FLORA	16,743
3	EASTERN SAMAR	TAFT	17,183
4	ILOCOS NORTE	PIDDIG	20,606
5	ILOCOS SUR	BANAYOYO	7,694
6	ILOILO	BADIANGAN	26,218
7	LA UNION	SAN JUAN	35,098
8	LEYTE	JAVIER (BUGHO)	23,878
9	MISAMIS ORIENTAL	BALINGOAN	10,175
10	MISAMIS ORIENTAL	LUGAIT	18,639
11	SOUTHERN LEYTE	SAINT BERNARD	25,169
12	SURIGAO DEL NORTE	TUBOD	12,569

**Access Situation in Municipalities<sup>4</sup> that Became Unbanked in 2012**

- In 11 out of 12 municipalities, there were alternative providers of financial services.

	Province	Municipality	Savings & Credit <sup>a/</sup>	Credit <sup>b/</sup>	Remittance <sup>c/</sup>	Others <sup>d/</sup>	Total
1	AKLAN	BALETE	1	2	0	0	3
2	APAYAO	FLORA	0	0	0	0	0
3	EASTERN SAMAR	TAFT	0	4	3	0	7
4	ILOCOS NORTE	PIDDIG	1	1	0	0	2
5	ILOCOS SUR	BANAYOYO	1	0	0	0	1
6	ILOILO	BADIANGAN	0	1	0	0	1
7	LA UNION	SAN JUAN	1	3	1	1	6
8	LEYTE	JAVIER (BUGHO)	0	0	1	0	1
9	MISAMIS ORIENTAL	BALINGOAN	0	2	1	0	3
10	MISAMIS ORIENTAL	LUGAIT	2	1	1	1	5
11	SOUTHERN LEYTE	SAINT BERNARD	0	3	4	0	7
12	SURIGAO DEL NORTE	TUBOD	1	0	0	0	1

<sup>a/</sup> NSSLAs, credit cooperatives

<sup>b/</sup> NBFIs, pawnshops

<sup>c/</sup> Remittance agents, cash-in/cash-out (e-money) agents

<sup>d/</sup> Offsite ATMs, money changers/FX dealers

<sup>4</sup> See Annex 1 for the access situation in the 40 poorest municipalities in the Philippines.

**Unbanked in 2011, With Bank in 2012**

- Banking presence was established in 10 municipalities that used to be unbanked. In 2 of these municipalities, the establishment of MBOs was the reason for the banking presence.

	Province	Municipality	Population	No. of bank(s)	Remarks
1	ANTIQUE	LAWA-AN	25,211	1	MBO
2	CAMARINES SUR	LAGONROY	51,814	2	Regular branch, MBO
3	CAMARINES SUR	TINAMBAC	62,435	2	2 MBOs
4	CEBU	RONDA	18,582	1	Head Office
5	ILOCOS SUR	SANTA LUCIA	24,981	1	Regular branch
6	LANAO DEL NORTE	BACOLOD	21,818	1	Extension Office
7	MAGUINDANAO	BULUAN	38,106	1	Regular branch
8	PANGASINAN	DASOL	26,991	1	Regular branch
9	QUIRINO	NAGTIPUNAN	22,473	1	Regular Branch
10	SURIGAO DEL NORTE	ALEGRIA	14,539	1	Regular branch

**Monitoring of Micro-Banking Offices (MBOs)**

- MBOs continued to increase in number. Highest growth rate was noted for the period from March to June 2012, when growth spiked at 18%.
- The number of cities and municipalities with MBOs likewise increased, indicating wider reach. There is also an upward trend in the number of municipalities without regular bank offices but with MBOs. This suggests that banks are increasingly establishing presence in municipalities where it is not economically viable to set up a full-blown branch thereby promoting access to financial services for people living in remote areas.

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Number of MBOs	251	272	320	344	370
% Increase		8%	18%	8%	8%
Number of cities and municipalities with MBOs	138	157	192	217	232
Number of cities and municipalities without head office/branches but with MBOs	37	37	46	49	50



### Alternative Financial Service Providers (FSPs)

- Aside from banks, the number of alternative access points also increased.<sup>5</sup>
- It should be noted though that the large increase in the total number of access points is because of the inclusion of credit cooperatives and more complete data on e-money agents which were initially not included in the 2011 Status Report due to data unavailability.

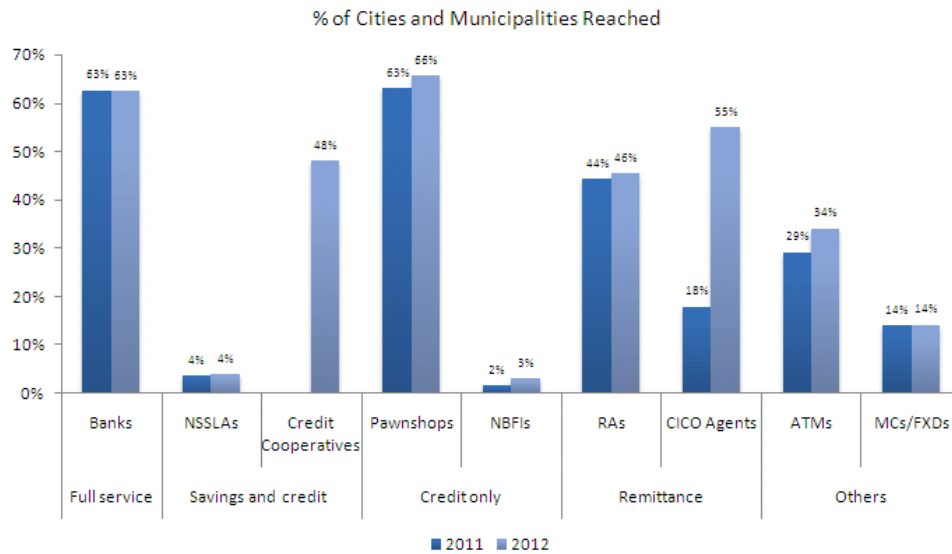
Financial Service	Provider	2011	2012	Growth
Savings and credit	NSSLAs, Credit Cooperatives	174	2,834 <sup>a/</sup>	▲
Credit only	NBFIs, Pawnshops,	16,828	17,458	▲
Remittance	RAs, E-money agents	9,073	11,874 <sup>b/</sup>	▲
Others	ATMs, MCs/FXDs	12,322	14,052	▲
<b>TOTAL</b>		<b>38,397</b>	<b>46,218</b>	<b>▲</b>

Legend: ▲ Increase ▼ Decrease

<sup>a/</sup>The number of NSSLAs increased to 195 in 2012. Data on cooperatives were collected starting 2012, through data sharing arrangement with the Cooperative Development Authority (CDA).

<sup>b/</sup>2011 count was based on BankO agents only. 2012 count was based on BankO and GCash agents. Both counts exclude agents that are pawnshops, RAs, MCs/FXD.

- The figure below shows the percentage of cities and municipalities reached by the different access points. It can be seen that these access points have also increased their presence. The municipal reach of pawnshops, for instance, was similar with that of banks in 2011 and became the most prominent in 2012.

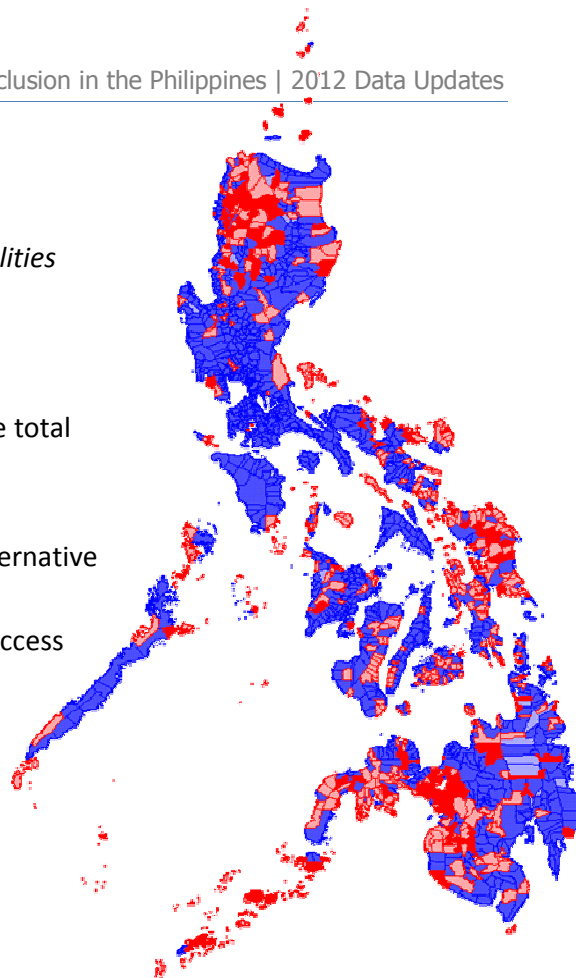
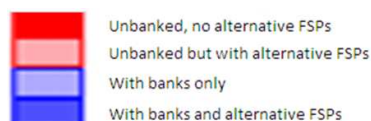


<sup>5</sup> See Annex 2 for the regional distribution of the different types of access points.

## City/Municipal-Level Statistics

While 611 out of 1,634 (37%) of cities and municipalities do not have a banking office<sup>6</sup>...

- The percentage of population living in these municipalities accounted only for 15% of the total Philippine population.
- Of the 611 unbanked,
  - 395 municipalities have access to alternative FSPs
  - 216 municipalities do not have any access points



	2011		2012	
	Number of cities and municipalities	% to Total	Number of cities and municipalities	% to Total
With banks	1,025	62.7%	1,023	62.6%
Without banks	609	37.3%	611	37.4%
Without banks but with other access points	237	14.5%	395*	24.2%
Without any access points	372	22.8%	216*	13.2%

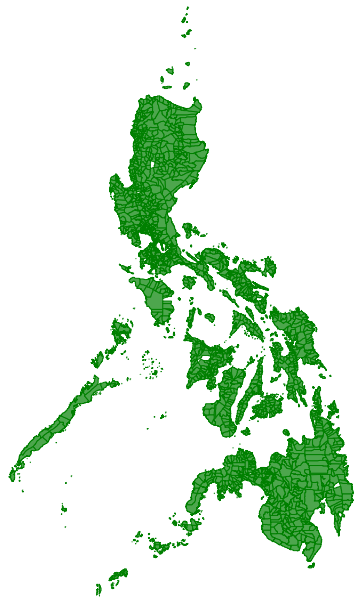
### Population living in banked/unbanked cities and municipalities

	2011		2012	
	Population	% to Total	Population	% to Total
With banks	78,331,407	84.8%	78,397,188	84.9%
Without banks	14,003,706	15.2%	13,937,925	15.1%
Without banks but with other access points	6,988,638	7.6%	10,253,721*	11.1%
Without any access points	7,015,068	7.6%	3,684,204*	4.0%

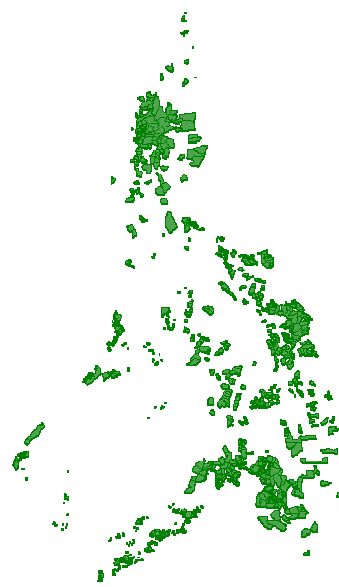
\*The significant change from 2011 to 2012 is because of the inclusion of credit cooperatives and more complete data on e-money agents which were not included in 2011 due to data unavailability.

<sup>6</sup> The 611 unbanked consist of 1 city (Canlaon City, Negros Oriental) and 610 municipalities.

## Geospatial Mapping



Philippines  
1,634 cities and municipalities  
92 million Filipinos



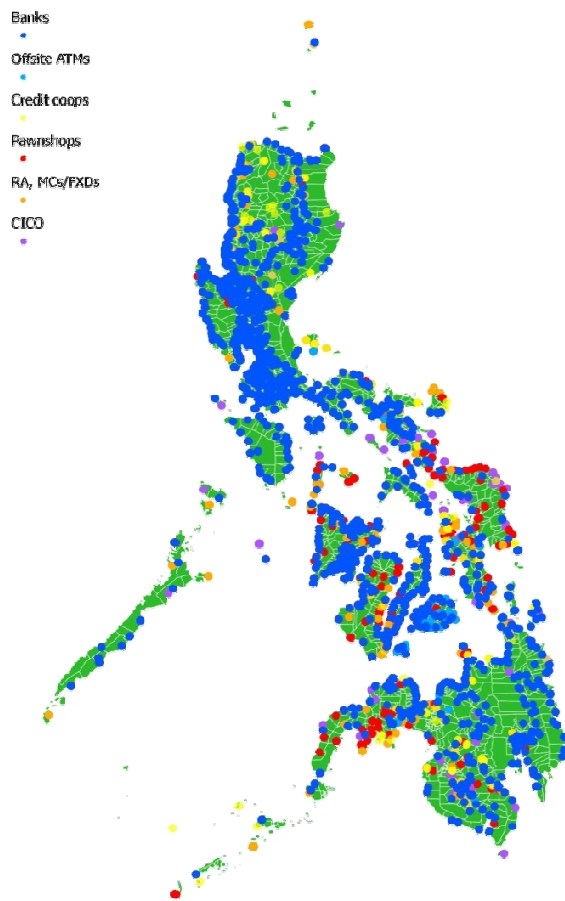
With 9,375 banking offices,  
37% of the cities and municipalities  
(15% of the population)  
are unbanked



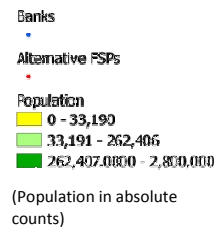
With the addition of over 46,000 access points  
(NSSLAs, NBFIs, credit cooperatives, pawnshops,  
remittance agents, e-money agents, ATMs, money  
changers/FX dealers)  
only 13% of the cities and municipalities  
(4% of the population)  
remain unserved

### Notes:

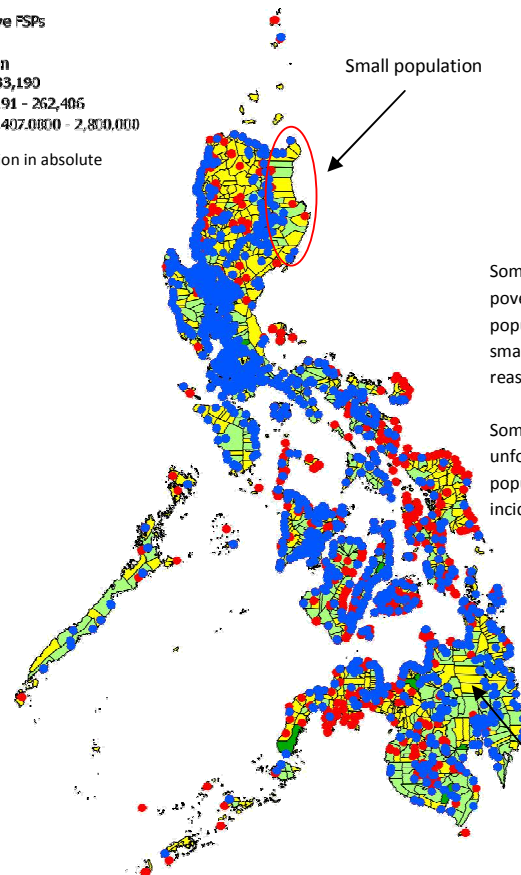
1. Population data were sourced from the 2010 NSO Census of Population and Housing. At present, the Philippine population is estimated to be 97 million.
2. The large increase in the total number of alternative access points from 2011 to 2012 is because of the inclusion of credit cooperatives and more complete data on e-money agents which were not included in 2011 due to data unavailability.



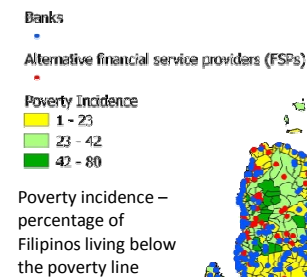
This map displays the highest level of financial service available in the area. NSSLAs and other NBFIs are not shown because they are all located in cities and municipalities with banking presence already. Notice the concentration of banks (blue dots) in Luzon (particularly in Central Luzon, CALABARZON and NCR) and the noticeable presence of many non-blue dots (alternative FSPs) in Visayas and Mindanao.



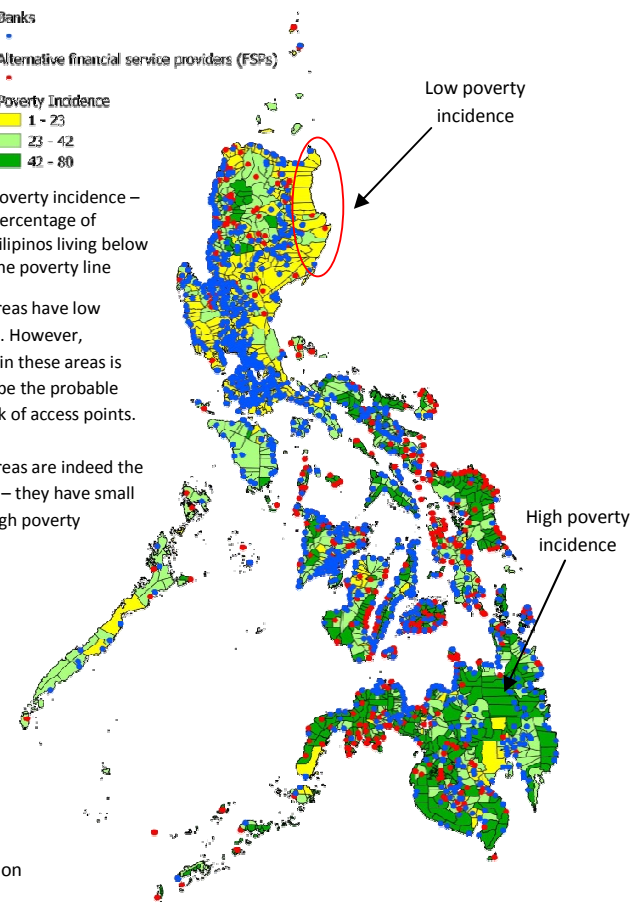
(Population in absolute counts)



This map depicts the distribution of access points with population distribution as backdrop. Yellow areas represent cities and municipalities with relatively small population. Notice that banks (blue dots) concentrate on green areas. This confirms quantitative data indicating that the distribution of banks is skewed toward highly populous (and urbanized) areas. For areas where establishment of banks is less economically attractive because of small population, alternative FSPs (red dots) can be found.



Poverty incidence - percentage of Filipinos living below the poverty line



This map shows the distribution of access points vis-à-vis distribution of poor population. Notice the relatively low poverty incidence in most areas of Luzon while moderate to high poverty incidence in several parts of Visayas and most areas in Mindanao. It can be observed that banks (blue dots) are concentrated in areas with low poverty incidence (yellow) while other access points (red dots) are available in most areas where poverty incidence is considered high (green).

Some unserved areas have low poverty incidence. However, population count in these areas is small. This might be the probable reason for the lack of access points.

Some unserved areas are indeed the unfortunate ones - they have small population and high poverty incidence.

## Access Indicators

Indicator	2011	2012	Growth
Average number of banking offices per city/municipality	5.5	5.7	4% ▲
Number of banks per 10,000 adults	1.4	1.4	No improvement
Number of ATMs per 10,000 adults	1.7	1.9	12% ▲
Number of banks per 1,000 sq. km*	64	66	3% ▲
Number of ATMs per 1,000 sq. km*	75	86	15% ▲

\*Based on habitable land area

Legend: ▲ Increase ▼ Decrease

- Bank density remained at 6 banks per city/municipality, on the average. Only 4 regions were above the national indicator.
  - NCR – 176 (extreme outlier)
  - CALABARZON – 10
  - Central Luzon – 8
  - Davao Region – 7
  
- The number of banks per 10,000 adults did not change from 2011 to 2012. On the average, there is one bank for every 10,000 adults. Same is true for most regions. Only 2 regions exceeded the national indicator.
  - NCR – 4
  - CALABARZON – 2
  
- On the average, there are 2 ATMs for every 10,000 adults. Only 3 regions were equal to/greater than the national indicator.
  - NCR – 6
  - CALABARZON and Central Visayas – 2
  
- In 2012, there were 66 banks and 86 ATMs per 1,000 sq. km. The indicators for the following regions exceeded the national average:
  - NCR – 6,205 banks and 11,038 ATMs (extreme outlier)
  - CALABARZON – 134 banks and 166 ATMs
  - Central Luzon – 81 banks and 89 ATMs
  - Central Visayas – 65 banks and 96 ATMs
  
- ARMM and Eastern Visayas consistently belong to the bottom group in all the access indicators.

## USAGE

### Deposits

#### Regional Distribution of Bank Deposits (Number of Accounts)

- There was a slight decrease in the total number of deposit accounts. At the regional level, the number of deposit accounts increased in 11 regions and decreased in the remaining 6 regions.
- The share of NCR also declined, although it still accounted for the bulk of deposit accounts.

Region		Number of accounts			% share to total deposits	
		2011	2012	Growth	2011	2012
	NCR	20,760,746	18,034,013	-13% ▼	47.5%	43.2%
	CAR	691,921	703,202	2% ▲	1.6%	1.7%
I	Ilocos Region	1,535,986	1,465,862	-5% ▼	3.5%	3.5%
II	Cagayan Valley	833,007	864,716	4% ▲	1.9%	2.1%
III	Central Luzon	3,118,398	3,225,754	3% ▲	7.1%	7.7%
IV-A	CALABARZON	5,011,404	5,410,282	8% ▲	11.5%	13.0%
IV-B	MIMAROPA	622,751	611,971	-2% ▼	1.4%	1.5%
V	Bicol Region	1,069,547	1,136,831	6% ▲	2.4%	2.7%
VI	Western Visayas	2,004,831	2,069,560	3% ▲	4.6%	5.0%
VII	Central Visayas	2,366,588	2,491,121	5% ▲	5.4%	6.0%
VIII	Eastern Visayas	694,297	673,685	-3% ▼	1.6%	1.6%
IX	Zamboanga Peninsula	713,548	729,634	2% ▲	1.6%	1.7%
X	Northern Mindanao	1,217,503	1,206,832	-1% ▼	2.8%	2.9%
XI	Davao Region	1,404,229	1,475,493	5% ▲	3.2%	3.5%
XII	SOCCSKSARGEN	839,501	891,432	6% ▲	1.9%	2.1%
XIII	Caraga	687,830	677,398	-2% ▼	1.6%	1.6%
	ARMM	94,733	108,529	15% ▲	0.2%	0.3%
Philippines		43,666,820	41,776,315	-4% ▼	100.0%	100.0%

Legend: Top 3 Bottom 3

▲ Increase ▼ Decrease

#### Regional Distribution of Bank Deposits (Amount)

- The total amount of bank deposits increased by 7%. The top three regions in terms of largest percent increase were Caraga (27%), ARMM (24%) and SOCCSKSARGEN (17%). Growth rate ranged from 2% to 9% for the other regions.
- The large percentage increase in Caraga and ARMM is notable considering that peso volume of deposits is smallest in these regions.
- NCR still held the biggest chunk for it accounted for about 68% of the total amount of deposits.

Region		Amount of deposits (in billion pesos)			% share to total deposits	
		2011	2012	Growth	2011	2012
	NCR	3,639.7	3,890.9	7% ▲	67.8%	67.7%
	CAR	51.0	54.9	8% ▲	0.9%	1.0%
I	Ilocos Region	102.6	107.4	5% ▲	1.9%	1.9%
II	Cagayan Valley	58.7	62.7	7% ▲	1.1%	1.1%
III	Central Luzon	269.2	282.2	5% ▲	5.0%	4.9%
IV-A	CALABARZON	365.6	396.7	8% ▲	6.8%	6.9%
IV-B	MIMAROPA	29.1	31.8	9% ▲	0.5%	0.6%
V	Bicol Region	63.1	68.2	8% ▲	1.2%	1.2%
VI	Western Visayas	155.3	160.9	4% ▲	2.9%	2.8%
VII	Central Visayas	261.8	281.6	8% ▲	4.9%	4.9%
VIII	Eastern Visayas	44.8	48.8	9% ▲	0.8%	0.8%
IX	Zamboanga Peninsula	48.5	52.3	8% ▲	0.9%	0.9%
X	Northern Mindanao	80.1	85.8	7% ▲	1.5%	1.5%
XI	Davao Region	113.5	116.0	2% ▲	2.1%	2.0%
XII	SOCCSKSARGEN	53.6	62.7	17% ▲	1.0%	1.1%
XIII	Caraga	29.9	38.0	27% ▲	0.6%	0.7%
	ARMM	4.4	5.5	24% ▲	0.1%	0.1%
Philippines		5,371.0	5,746.3	7% ▲	100.0%	100.0%

Legend:  Top 3  Bottom 3  
▲ Increase ▼ Decrease

### Sizing of Bank Deposits

- More than three-fourths of deposit accounts were below P15,000. In terms of amount, these comprised only for about 1% of the total amount of bank deposits.

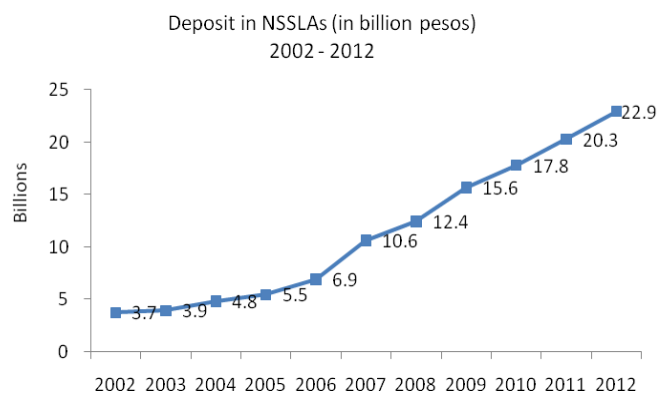
Deposit Size	No. of accounts	% share to total	Amount (in billions)	% share to total
₱ 15,000 & Below	31,638,319	75.7%	62.2	1.1%
₱ 15,000.01 - ₱ 40,000	3,501,798	8.4%	89.6	1.6%
₱ 40,000.01 - ₱ 60,000	1,253,598	3.0%	61.3	1.1%
₱ 60,000.01 - ₱ 80,000	700,542	1.7%	48.3	0.8%
₱ 80,000.01 - ₱ 100,000	527,462	1.3%	47.3	0.8%
₱ 100,000.01 - ₱ 150,000	971,737	2.3%	115.9	2.0%
₱ 150,000.01 - ₱ 200,000	506,426	1.2%	87.5	1.5%
₱ 200,000.01 - ₱ 250,000	428,420	1.0%	94.7	1.6%
₱ 250,000.01 - ₱ 300,000	299,065	0.7%	82.1	1.4%
₱ 300,000.01 - ₱ 400,000	368,842	0.9%	126.4	2.2%
₱ 400,000.01 - ₱ 500,000	343,944	0.8%	156.0	2.7%
₱ 500,000.01 - ₱ 750,000	376,294	0.9%	222.1	3.9%
₱ 750,000.01 - ₱ 1,000,000	201,412	0.5%	178.0	3.1%

Deposit Size	No. of accounts	% share to total	Amount (in billions)	% share to total
₱ 1,000,000.01 - ₱ 1,500,000	207,276	0.5%	244.9	4.3%
₱ 1,500,000.01 - ₱ 2,000,000	91,061	0.2%	158.6	2.8%
Over ₱ 2,000,000	370,847	0.9%	3,971.4	69.1%
Total	41,787,043	100.0%	5,746.4	100.0%

Legend: ■ Top 3 ■ Bottom 3

### Deposits in Non-Banks

- Deposits in non-bank financial institutions authorized to have deposit-taking activities (i.e., Non-Stock Savings and Loans Associations or NSSLAs) experienced remarkable growth since 2002. In 2012, deposits in NSSLAs amounted to P22.9 billion.



### Deposits of Microfinance Clients of Banks with Microfinance Operations

- Deposits of microfinance clients amounted to P6.3 billion of which P2.3 billion (37%) were microdeposits. A significant portion (66%) of microdeposits came from rural banks with microfinance operations.

	Total	Regular Deposits	Microdeposits
Microfinance Oriented Thrift Banks	99,901,404	10,909,618	88,991,786
Microfinance Engaged Thrift Banks	295,519,727	48,265,327	247,254,401
Microfinance Oriented Rural Banks	1,579,875,549	54,829,859	1,525,045,690
Microfinance Engaged Cooperative Banks	139,294,547	108,092,547	31,201,999
Microfinance Engaged Rural Banks	4,159,652,631	3,742,356,091	417,296,540
Microfinance Engaged Universal Bank	16,988	16,988	0
Microfinance Engaged Regular Commercial Bank	24,677,864	0	24,677,864
Total	6,298,938,710	3,964,470,430	2,334,468,280



## Loans

### Regional Distribution of Bank Loans<sup>7</sup> (Amount)

- The aggregate amount of bank loans increased by 5%. The top three regions in terms of largest percent increase were Zamboanga Peninsula, Western Visayas and Northern Mindanao. However, there was a reduction in the total amount of loans outstanding in 8 regions.
- NCR accounted for 87% of the total amount of loans outstanding in the banking system.
- It was observed that even though MIMAROPA was not in the bottom group in terms of access, it belonged in the bottom three when it comes to usage (number of deposit accounts, amount of deposits, amount of loans). This indicates that there is a need to translate available access in MIMAROPA into actual usage of financial products and services.

Region		Amount (in billions)			% share	
		2011	2012	Growth	2011	2012
	NCR	2,765.76	2,908.34	5%▲	86.7%	87.0%
	CAR	10.46	7.07	-32%▼	0.3%	0.2%
I	Ilocos Region	21.81	20.69	-5%▼	0.7%	0.6%
II	Cagayan Valley	18.27	20.09	10%▲	0.6%	0.6%
III	Central Luzon	71.82	71.77	-0.1%▼	2.3%	2.1%
IV-A	CALABARZON	70.53	67.11	-5%▼	2.2%	2.0%
IV-B	MIMAROPA	8.74	8.78	1%▲	0.3%	0.3%
V	Bicol Region	21.72	19.82	-9%▼	0.7%	0.6%
VI	Western Visayas	31.08	38.60	24%▲	1.0%	1.2%
VII	Central Visayas	62.06	69.03	11%▲	1.9%	2.1%
VIII	Eastern Visayas	11.14	12.27	10%▲	0.3%	0.4%
IX	Zamboanga Peninsula	11.11	14.55	31%▲	0.3%	0.4%
X	Northern Mindanao	20.06	23.34	16%▲	0.6%	0.7%
XI	Davao Region	32.26	33.78	5%▲	1.0%	1.0%
XII	SOCCKSARGEN	20.39	17.27	-15%▼	0.6%	0.5%
XIII	Caraga	12.59	9.70	-23%▼	0.4%	0.3%
	ARMM	0.72	0.44	-39%▼	0.0%	0.0%
Philippines		3,190.52	3,342.64	5%▲	100.0%	100.0%

Legend:  Top 3  Bottom 3

▲ Increase ▼ Decrease

<sup>7</sup> Exclusive of interbank loans and RRP with BSP and other banks. Existing data on the amount of loans include all loans granted by banks, except to the BSP and other banks and NBFIs with quasi-banking authority.

## Regional Distribution of Microfinance Loans of Banks

- As of end-year 2012, there were 187 banks with microfinance operations reaching more than 1 million clients with loans outstanding amounting to P8.4 billion.
- It can be observed that the regional trend characterized by biasedness toward NCR, CALABARZON and Central Luzon, and having ARMM, Eastern Visayas and CAR in the bottom group is still evident in microfinance data. Microfinance lacks presence in the ARMM banking system and this seems to be an untapped opportunity considering that ARMM is the most underserved region in the Philippines.
- Aside from CAR and Eastern Visayas, the level of microfinance activity in MIMAROPA was also small relative to other regions.
- While access and usage of bank deposits and loans are relatively low in regions such as Caraga, it is interesting to note that microfinance is thriving in this region. Caraga belonged to the top 3 regions with the largest amount of microfinance loans outstanding, savings component and number of borrowers.

		<b>No. of Banks</b>	<b>Amount (In Million Pesos)</b>	<b>No. of Borrowers</b>	<b>Savings Component (In Million Pesos)</b>
	NCR	19	539.54	17,440	93.61
	CAR	2	19.15	1,565	10.39
I	Ilocos Region	9	113.51	7,659	15.31
II	Cagayan Valley	9	162.37	21,288	54.03
III	Central Luzon	18	575.54	50,250	178.17
IV-A	CALABARZON	34	4,105.43	629,759	2,131.02
IV-B	MIMAROPA	5	34.26	2,735	11.24
V	Bicol Region	15	230.52	36,539	87.62
VI	Western Visayas	10	488.21	72,110	177.04
VII	Central Visayas	11	318.05	32,736	79.31
VIII	Eastern Visayas	5	23.69	2,558	9.84
IX	Zamboanga Peninsula	9	401.45	57,536	195.84
X	Northern Mindanao	12	272.32	35,908	84.01
XI	Davao Region	9	133.53	14,530	109.48
XII	SOCCSKSARGEN	5	74.03	13,369	51.83
XIII	Caraga	15	921.94	141,831	3,143.71
	ARMM	0	0	0	0
Philippines		187	8,413.54	1,137,813	6,432.46

Legend:  Top 3  Bottom 3

### Regional Distribution of Microfinance Loans, Classified as to Purpose

- The following observations are noteworthy to mention:
  - Aside from CALABARZON, microenterprise loans are large in Caraga and Western Visayas.
  - Caraga and Bicol Region belong to the top 3 regions with the largest micro-agri loans.
  - Caraga is with CALABARZON and NCR in the top 3 regions with the largest housing microfinance loans.
  - Microfinance Plus is largest in the Ilocos Region, Northern Mindanao and Davao Region.
- It can be noticed that, except for Microfinance Plus, Caraga consistently belongs in the top 3 for the different types of microfinance loan products.

		Total	Microenterprise Loans	Microfinance Plus	Micro-Agri Loan	Micro-Housing	Others
	NCR	539.54	219.7	3.81	0.43	13.28	302.32
	CAR	19.15	18.16	0	0	0	1
I	Ilocos Region	113.51	83.56	29.13	0	0	0.82
II	Cagayan Valley	162.37	157.11	0	2	0	3.26
III	Central Luzon	575.54	417.4	0.24	15.33	11.37	131.2
IV-A	CALABARZON	4,105.43	3,785.97	9.36	128.14	181.95	0.002
IV-B	MIMAROPA	34.26	29.01	3.73	0.74	0	0.78
V	Bicol Region	230.52	171.73	0	48.14	2.83	7.82
VI	Western Visayas	488.21	437.6	0.44	32.87	4.06	13.24
VII	Central Visayas	318.05	278.87	0	27.52	7.63	4.03
VIII	Eastern Visayas	23.69	23.63	0.06	0	0	0
IX	Zamboanga Peninsula	401.45	338.34	0	23.28	7.4	32.43
X	Northern Mindanao	272.32	236.08	23.39	12.18	0.68	0
XI	Davao Region	133.53	120.82	12.39	0	0	0.32
XII	SOCCSKSARGEN	74.03	63.11	0	7.08	0	3.84
XIII	Caraga	921.94	544.44	0.73	198.45	12.6	165.72
	ARMM	0	0	0	0	0	0
Philippines		8,413.54	6,925.52	83.3	496.16	241.78	666.78

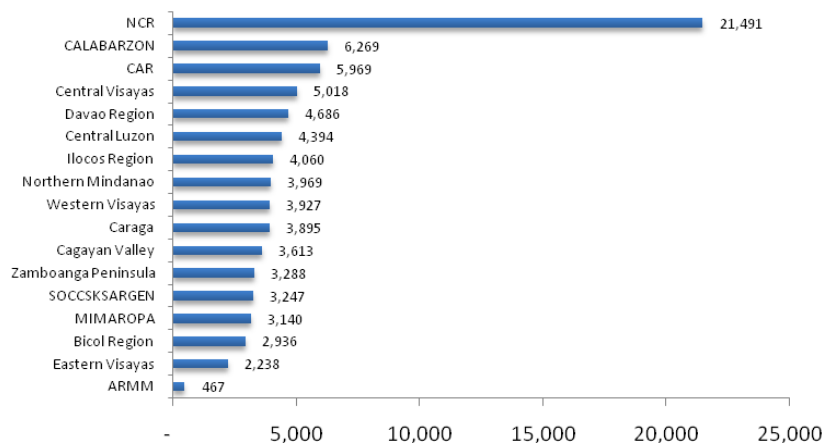
*\*In million pesos*

Legend:  Top 3  Bottom 3 (or 0 value)

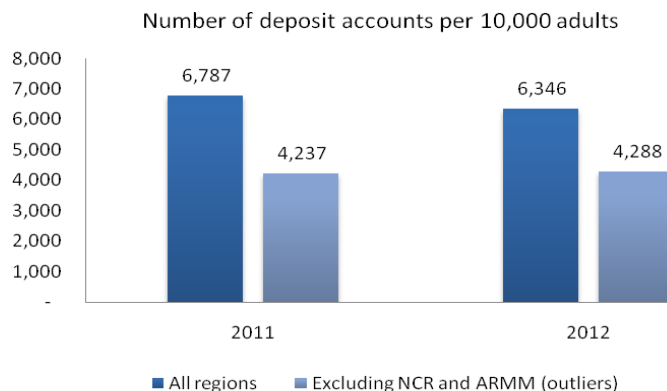
## Usage Indicators

- The availability of more information on usage leaves much to be desired. Most of the data are coming from the supply side and are limited to banks. Deposit figures in NSSLAs are aggregated while there is currently no available information on savings in credit cooperatives. So far, the usage indicator that can be measured using available data is the number of deposit accounts per 10,000 adults.
- In 2012, there were 6,346 deposit accounts for every 10,000 adults or equivalently, 6 out of 10 Filipino adults had a deposit account. As noted in the 2011 maiden report, this seems to be an overestimation because there are individuals with multiple deposit accounts and there are deposits corresponding to non-individuals (e.g., companies and private firms).
- Looking at the regional dynamics, it can be observed that NCR is at one end with an extremely high indicator while ARMM is at the other end with significantly low indicator. In NCR, the indicator suggests that there are 2 deposit accounts for every adult, on the average.

Number of deposit accounts per 10,000 adults, by region



- Adjusting for outlying regions (NCR and ARMM), the estimate would become 4,288 deposit accounts for every 10,000 adults. This is close to the World Bank and International Monetary Fund (IMF) estimates indicating that roughly 40-50% of adult Filipinos have a deposit account.



- At present, there are still varying estimates on access to deposit accounts. The following table shows the estimates from different sources:

Source	Estimate
BSP Consumer Finance Survey (2009)	21.5% of households have a deposit account
Global Findex (2011)	26.6% of adults have an account at a formal financial institution
World Bank Development Indicators (2011) <sup>8</sup>	459 deposit accounts per 1,000 adults
IMF Financial Access Survey (2012) <sup>9</sup>	498 deposit accounts per 1,000 adults
BSP supply-side data (2012)	6,346 deposit accounts for every 10,000 (all regions) 4,288 deposit accounts for every 10,000 adults (excluding NCR and ARMM)

- The above underscores the need for a demand-driven data gathering exercise in order to adequately measure usage of financial products and services. A well-designed demand-side survey will contribute in obtaining a broader and deeper insight not only on usage but also on the quality and welfare dimensions of financial inclusion.

<sup>8</sup> Number of deposit account holders at commercial banks. For many countries data cover the total number of deposit accounts due to lack of information on account holders. The major types of deposits are checking accounts, savings accounts, and time deposits.

<sup>9</sup> Deposit accounts with commercial banks per 1,000 adults

**Annex 1**  
**Access Situation in the Top 40 Poorest Municipalities**

	AREA	REGION	REGION	PROVINCE	CITY/MUNICIPALITY	Population	Poverty Incidence	Banks	Has MBO?	NSSLAs	NBFIs	Pawnshops	Credit Coops	E-money agents	RAs, MCs/FXDs	Offsite ATMs	Total
1	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	SIAYAN	34,989	79.9	0	0	0	0	0	0	1	0	0	1
2	Luzon	CAR	CORDILLERA ADM. REGION	ABRA	BUCLOC	2,176	77.2	0	0	0	0	0	0	0	0	0	0
3	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	BALIGUIAN	21,190	75.3	0	0	0	0	0	0	2	0	0	2
4	Mindanao	11	DAVAO REGION (S-MINDANAO)	DAVAO DEL SUR	JOSE ABAD SANTOS (TRINIDAD)	69,631	72.3	1	0	0	0	0	0	1	0	0	2
5	Mindanao	11	DAVAO REGION (S-MINDANAO)	DAVAO DEL SUR	SARANGANI	23,290	72.1	0	0	0	0	0	0	4	0	0	4
6	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	GODOD	17,788	71.1	0	0	0	0	0	0	0	0	0	0
7	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	GUTALAC	32,153	70.4	0	0	0	0	1	0	1	0	0	2
8	Mindanao	ARMM	AUTO. REG FOR MUSLIM MINDANAO	MAGUINDANAO	PANDAG	13,795	70.1	0	0	0	0	0	0	0	0	0	0
9	Mindanao	10	NORTHERN MINDANAO	LANAO DEL NORTE	TAGOLOAN	11,674	69.4	0	0	0	0	0	0	0	0	0	0
10	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA SIBUGAY	MABUHAY	33,093	68.9	0	0	0	0	2	0	0	0	0	2
11	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	MANUKAN	35,589	68.2	3	0	0	0	3	1	2	1	0	10
12	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	SIBUCO	31,982	68.2	0	0	0	0	1	0	0	0	0	1
13	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	JOSE DALMAN	27,033	68	0	0	0	0	0	0	1	0	0	1
14	Luzon	CAR	CORDILLERA ADM. REGION	BENGUET	KIBUNGAN	16,850	67.9	0	0	0	0	0	0	0	0	0	0
15	Mindanao	10	NORTHERN MINDANAO	LANAO DEL NORTE	NUNANGAN	16,304	67.9	0	0	0	0	0	0	0	0	0	0
16	Mindanao	ARMM	AUTO. REG FOR MUSLIM MINDANAO	MAGUINDANAO	GUINDULUNGAN	16,071	67.7	0	0	0	0	0	0	0	0	0	0
17	Mindanao	10	NORTHERN MINDANAO	LANAO DEL NORTE	MUNAI	27,600	67.5	0	0	0	0	0	0	0	0	0	0
18	Mindanao	10	NORTHERN MINDANAO	LANAO DEL NORTE	TANGCAL	12,588	67.4	0	0	0	0	0	2	0	0	0	2
19	Luzon	CAR	CORDILLERA ADM. REGION	ABRA	LACUB	2,977	67.2	0	0	0	0	0	0	0	0	0	0
20	Mindanao	ARMM	AUTO. REG FOR MUSLIM MINDANAO	MAGUINDANAO	GEN. S.K. PENDATUN	24,004	67.1	0	0	0	0	0	0	0	0	0	0
21	Mindanao	ARMM	AUTO. REG FOR MUSLIM MINDANAO	LANAO DEL SUR	TAGOLOAN	9,843	67.1	0	0	0	0	0	0	0	0	1	1
22	Mindanao	ARMM	AUTO. REG FOR MUSLIM MINDANAO	SULU	NEW PANAMAO (P. ESTINO)	27,724	66.8	0	0	0	0	0	0	0	0	0	0
23	Mindanao	10	NORTHERN MINDANAO	LANAO DEL NORTE	POONA PIAGASO	23,451	66.8	0	0	0	0	0	0	0	0	0	0
24	Mindanao	CARAGA	CARAGA	AGUSAN DEL SUR	LA PAZ	28,562	66.7	1	Yes - 1	0	0	0	0	0	0	0	1
25	Mindanao	11	DAVAO REGION (S-MINDANAO)	DAVAO DEL SUR	DON MARCELINO	41,942	66.5	0	0	0	0	0	0	1	0	0	1
26	Mindanao	ARMM	AUTO. REG FOR MUSLIM MINDANAO	MAGUINDANAO	KABUNTALAN (TUMBAO)	16,794	66.5	0	0	0	0	0	0	0	0	0	0
27	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA SIBUGAY	TALUSAN	25,268	66.5	0	0	0	0	1	0	0	0	0	1
28	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	PRESIDENT MANUEL A. ROXAS	37,611	66.3	1	0	0	0	0	0	1	0	1	3
29	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	LEON B. POSTIGO	24,643	66	0	0	0	0	0	0	0	1	0	1
30	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	KALAWIT	22,157	65.8	0	0	0	0	0	0	0	0	0	0
31	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	SERGIO OSMENA	29,453	65.8	1	0	0	0	0	0	1	0	0	2
32	Mindanao	10	NORTHERN MINDANAO	MISAMIS OCCIDENTAL	DON MARIANO MARCOS	9,774	65.7	0	0	0	0	0	0	0	0	0	0
33	Mindanao	ARMM	AUTO. REG FOR MUSLIM MINDANAO	MAGUINDANAO	PAGLAT	11,207	65.4	0	0	0	0	0	0	0	0	0	0
34	Visayas	8	EASTERN VISAYAS	NORTHERN SAMAR	SILVINO LOBOS	14,303	64.8	0	0	0	0	0	0	0	0	0	0
35	Visayas	7	CENTRAL VISAYAS	BOHOL	SAN ISIDRO	9,125	64	0	0	0	0	0	2	0	0	0	2
36	Mindanao	11	DAVAO REGION (S-MINDANAO)	DAVAO DEL SUR	MALITA	109,568	63.8	5	0	0	0	6	0	1	1	0	13
37	Visayas	7	CENTRAL VISAYAS	BOHOL	BIEN UNIDO	25,796	63.7	0	0	0	0	2	1	0	0	1	4
38	Mindanao	12	SOCOSKARGEN (CENTRL-MINDANAO)	SULTAN KUDARAT	PALIMBANG	83,265	63.7	0	0	0	0	0	0	0	0	0	0
39	Mindanao	9	ZAMBOANGA PENINSULA	ZAMBOANGA DEL NORTE	SIOCON	41,637	63.6	1	0	0	0	5	0	2	2	0	10
40	Visayas	7	CENTRAL VISAYAS	BOHOL	PILAR	26,887	67.1	1	0	0	0	3	0	0	0	0	4

8 of these municipalities have banks (1 has MBO), 3 have offsite ATMs, 9 have pawnshops, 4 have credit coops and RAs/MCs/FXDs, 12 have e-money agents  
18 of these municipalities do not have any access points

*\*Poverty incidence data sourced from the National Statistical Coordination Board*

**Annex 2**  
**Regional Distribution of Access Points**

Region	Banks	Alternative financial service providers								Total
		Savings & Credit		Credit only		Remittance		Others		
		NSSLAs	Credit Cooperatives	NBFIs	Pawnshops	Remittance agents	E-money agents	ATMs	Money Changers/ FX Dealers	
NCR	2993	68	409	2	4238	2,216	1091	5,324	836	17,177
CAR	148	6	134	7	101	73	41	162	17	689
I Ilocos Region	413	9	155	65	831	374	113	356	88	2,404
II Cagayan Valley	286	5	176	9	407	178	145	165	14	1,385
III Central Luzon	975	15	273	9	2344	679	229	1,066	218	5,808
IV-A CALABARZON	1406	19	244	1	2486	1,209	786	1,748	290	8,189
IV-B MIMAROPA	206	7	89	6	363	211	129	140	22	1,173
V Bicol Region	315	9	121	3	652	244	357	261	27	1,989
VI Western Visayas	543	9	96	2	1194	468	125	518	67	3,022
VII Central Visayas	627	11	167	1	1481	482	203	921	116	4,009
VIII Eastern Visayas	174	6	124	7	458	243	323	181	9	1,525
IX Zamboanga Peninsula	190	8	54	0	420	176	123	176	12	1,159
X Northern Mindanao	328	8	187	2	572	271	318	327	21	2,034
XI Davao Region	355	5	161	2	771	234	148	480	64	2,220
XII SOCCSKSARGEN	195	6	117	8	604	212	221	259	21	1,643
XIII Caraga	201	4	103	11	268	131	77	115	6	916
ARMM	20	0	29	2	131	34	10	25	0	251
Philippines	9,375	195	2,639	137	17,321	7,435	4,439	12,224	1,828	55,593

Notes: Count of e-money agents is based on BankO and GCash agents and excludes agents that are pawnshops, RAs, MCs/FXD.  
ATM count includes both on-site and off-site ATMs.