



Financial Inclusion

Initiatives 2013

The year 2013 was characterized by milestones in the financial inclusion agenda within the BSP and at the global level. The G20 Leaders' Declaration (September 2013), under the Russian Presidency, committed support and encouraged continuity of international efforts to further advance financial inclusion through: informed measurement, monitoring and target setting; development of innovative tools to address SME finance challenges; and effective implementation of the G20 High-Level Principles on Consumer Protection. International standard setting bodies (SSBs) have also taken significant steps to consider financial inclusion in their respective areas of work.

The Bangko Sentral ng Pilipinas (BSP) continued to implement its financial inclusion agenda. Building on past gains, the BSP refined regulations; sustained its financial education program; enhanced its consumer protection framework; deepened its work in financial inclusion measurement, and continued its advocacy activities.

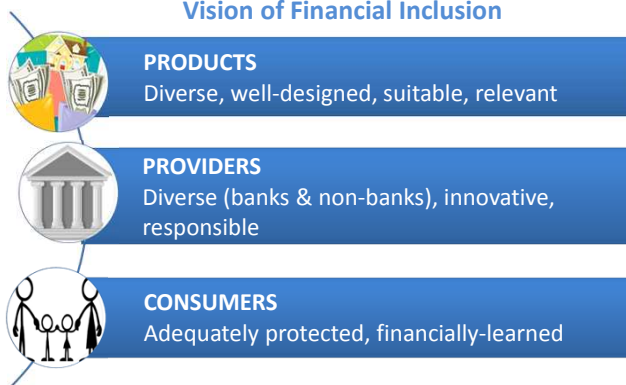
The BSP vision is to establish an inclusive financial system that provides effective access to finance for all Filipinos, regardless of their socio-economic status. The ultimate objective is for this system to support inclusive growth that can provide jobs, reduce mass poverty, and draw majority of the population into the economic and social mainstream (Philippine Development Plan 2011-2016).

Guided by a clear vision, the various BSP units, particularly the members of the Inclusive Finance Steering Committee Working Groups (IFSC WG), steadily pursued and embedded the financial inclusion objective in their own areas of work. The IFSC, headed by BSP Governor Amando M. Tetangco, Jr., provided strategic guidance and oversight on all financial inclusion initiatives.

FINANCIAL INCLUSION

A state wherein there is effective access to a wide range of financial services for all Filipinos

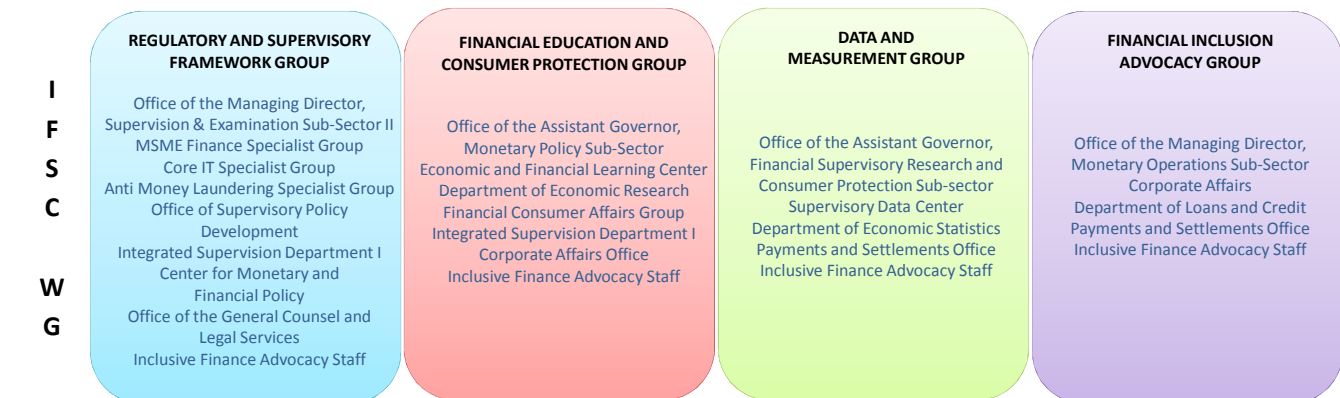
Vision of Financial Inclusion



i Interesting Facts

Ninety percent of 142 countries surveyed have some financial inclusion agenda under the purview of the main financial sector regulator (World Bank, 2010).

The IFSC, created in February 2012, replaced the Microfinance Committee, which was established in 2002 to oversee the BSP microfinance policies and initiatives. IFSC is supported by 4 working groups.



The BSP's role as regulator is to establish a market-based environment that enables the financial sector to serve every Filipino, regardless of socio-economic status, so that they can benefit from having access to formal financial services, build assets and eventually improve their quality of life.

Policy and Regulation

MICROFINANCE REGULATORY FRAMEWORK

In 2013, the Philippines was once again recognized as first in the world in terms of its regulatory framework and practices for microfinance. The Economist Intelligence Unit (EIU), in its annual global survey, noted that the BSP continued to promote an enabling environment for microfinance as a key advocacy to support poverty reduction. It also cited advances in mobile access to bank accounts, the agent relationships for cross-selling of microinsurance products and the geospatial mapping currently being undertaken to account for different types of financial service access points in the country.

Policy Refinements

In the past 10 years, the BSP has issued over 40 regulations related to microfinance and financial inclusion. In light of industry developments and changing markets, the BSP recognizes the need to remain responsive and relevant. In 2013, the BSP refined existing regulations to:

- ✓ Increase the average daily balance of microdeposits (Circular 796), in recognition that microfinance clients have the capacity to build up their savings. The increase was from PhP 15,000 (US\$ 340) to PhP 40,000 (US\$ 910) given the objective of promoting higher savings rate among microfinance clients.

This regulatory refinement will be showcased as a concrete example of evidence-based policymaking by the G20 Global Partnership for Financial Inclusion (GPGFI) in its forthcoming case study on how data can influence the policymaking process. The BSP issued the regulation only after thorough analysis of data gathered from top banks offering microdeposit accounts. The results confirmed that microfinance clients are increasingly saving, and enhancement of the characteristics of microdeposit accounts is needed.



Interesting Fact

From 2009 to 2013, the regulatory environment for microfinance in the Philippines is consistently ranked as one of the best in the world by the EIU Global Microscope on the Microfinance Business Environment.

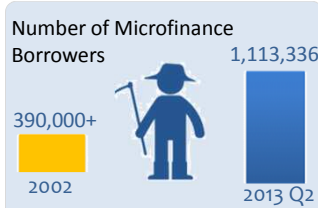


Interesting Fact

In 2013, the aggregate savings of microfinance clients reached a historical peak at PhP 8.9 billion, which is higher than the outstanding loan level of PhP 8.0 billion. The number of microfinance clients with savings accounts is also on the uptrend.

Results also showed that savings is indeed a valued microfinance product that clients access even without a bundled credit facility. This reaffirmed the important role of banks as deposit-taking institutions.

- ✓ Redefine “low-income households” for purposes of providing microinsurance (Circular 782), in order to enable providers to expand coverage to families of microfinance clients.
- ✓ Improve procedures in the product approval of housing microfinance loans and micro-agri loans (Circular 817), to simplify the process by which banks can offer innovative microfinance products.
- ✓ Enhance the reporting of microfinance loans and microdeposits in order to capture the wide range of product offerings of banks with microfinance operations.



391 Microfinance Banking Offices (small, scaled down units of banks) are operating in 249 municipalities

49 of these municipalities are financially served only by MBOs

Policy and Regulation

E-MONEY REGULATORY FRAMEWORK

In 2013, the BSP issued comprehensive guidelines on technology risk management (Circular 808). This was a timely issuance as the market continues to innovate, and technology pervades banking and financial services. The issuance highlighted the importance of an integrated, comprehensive, yet proportionate approach in identifying, measuring, monitoring and addressing technology related risks.

While the guidelines have general application on all BSP-supervised institutions, they have significant impact on Electronic Money Issuers (EMIs). EMI operations primarily depend on technological innovation and leverage on virtual linkages with agent networks. Technology risk management is therefore imperative for EMIs.

The guidelines also include consumer protection rules specific to electronic banking products and services; outsourcing to technology vendors and service providers; and business continuity and recovery.

National Payments System Workshop

In 2013, the BSP, with support from the United States Agency for International Development (USAID), Bankable Frontier Associates (BFA) and the National Payment System Institute (NPSI), conducted the National Payment Systems (NPS) Workshop. The first of its kind, the workshop gathered key public and private sector stakeholders and payment system experts to unravel critical payment system issues, challenges and potential solutions.

An important learning from this workshop is for a regulator to set an appropriate framework (e.g. infrastructure, governance, players and market conduct rules) as foundation for a fully efficient and inclusive retail payments system, where mobile payments can be safely and meaningfully integrated.



Interesting Facts

The BSP licensed the very first EMI-NBFI (Electronic Money Issuer - Non Bank Financial Institution) in September 2013.

There are 3 branchless banking business models in the Philippines: bank-centric or bank-driven e-money issuance; telco-centric; and 'hybrid' or banks providing services primarily through mobile phones.

As early as 2007, The Economist advised other central banks to "follow the Filipinos", in particular the BSP regulatory approach which enables mobile banking innovations to flourish.

Expanded E-Money Uses

The year 2013 showed the market taking advantage of the regulatory environment to proactively respond to customer needs. The following transactions were enabled through important linkages between EMIs, social welfare and social security agencies:

- ✓ Donation to the Department of Social Welfare and Development (DSWD) for the relief and rehabilitation of areas devastated by Typhoon Yolanda.
- ✓ Payment of contributions to Social Security System (SSS), Home Development Mutual Fund (HDMF or PAG-IBIG), and Philippine Health Insurance Corporation (PhilHealth).
- ✓ Payment of real estate taxes to local governments.

The above are on top of existing e-money enabled services like payment of salaries, goods and services; disbursement of loan proceeds; transfers to deposit accounts; and payouts to conditional cash transfer beneficiaries.

The BSP regulatory environment has enabled...

- ✓ Establishment of new banks that rely heavily on mobile-based transactions and virtual operations.
- ✓ Development of products that make savings convenient for bottom-of-the pyramid poor, in particular the beneficiaries of the government's conditional cash transfer program.
- ✓ Forging of non-traditional partnerships across various sectors, for example, among peer EMIs, donors, microfinance institutions, local governments and socio-civic organizations.



Policy and Regulation

More on e-money...

Transactions facilitated through the e-money platform...

- People to Government (P2G)
- Government to People (G2P)
- Business to Government (B2G)
- Government to Business (G2B)
- People to Business (P2B)
- Business to People (B2P)

Benefits of digital transactions...

- Cashless contact minimizes leakages and fraud
- Digital footprint reduces manual errors
- Efficiency in the provision of services is improved
- Transparency of government and business transactions is promoted
- Institutional reputation is enhanced due to better public perception
- An inclusive financial system, powered by technology and innovation, can be achieved



Interesting Fact

In 2013, the Commission on Audit (COA) issued guidelines on use of e-receipts to acknowledge payment of government dues, fees and taxes. This signals the growing adoption of e-payments in government transactions, which necessitates that reliable electronic forms evidencing receipt of payments or collections are deemed acceptable.



“KNOW YOUR CLIENT” REGULATIONS

Another regulatory refinement in 2013 that is significant for financial inclusion was the acceptance of other Identification Documents (ID) to cover populations under government welfare systems and the disabled (Circular 792).

The expansion of acceptable IDs, which is consistent with Financial Action Task Force (FATF) guidance on financial inclusion, addresses one of the major barriers for the poor, low-income, seasonal workers, self-employed individuals, and other traditionally marginalized sectors, to transact with banks.

The 2013 regulation builds upon the anti-money laundering rules that were issued in 2011, which identified a wide array of IDs, including certifications issued by village chiefs, that may be used to open bank accounts. The 2013 regulation now deems the following as valid IDs that may be relied by banks in customer due diligence:

- ✓ Certification from the Department of Social Welfare and Development (DSWD)
- ✓ ID issued by the National Council on Disability Affairs (NCDA)
- ✓ PhilHealth Card ng Bayan

KYC Relaxation for Disaster Victims

In light of the tragic losses caused by Typhoon Yolanda, the BSP temporarily relaxed the know-your-client (KYC) requirement, allowing the non-presentation of valid IDs in processing transactions of typhoon victims (Memo No. M-2013-052).

This relaxation applies to BSP-supervised institutions, provided the transactions are below PHP 50,000 or its equivalent in foreign currency (about US\$ 1,000), and the customer identification documents are updated after 31 December 2013. The BSP issued this regulatory relief immediately after Typhoon Yolanda.

Other IDs accepted in banking transactions...

- Barangay certificate
- Overseas workers ID
- School or student ID
- All other IDs issued by the government of the Philippines, its political subdivisions and instrumentalities, including government-owned and controlled corporations
- All other IDs issued by private institutions or companies registered with, or regulated by, the BSP, the Securities and Exchange Commission (SEC) and the Insurance Commission (IC)

Financial Education

ECONOMIC AND FINANCIAL LEARNING PROGRAM

In 2013, the BSP continued to implement the Economic and Financial Learning Program (EFLP). The EFLP aims to promote greater awareness and understanding of essential economic and financial issues; and help the public acquire knowledge and develop skills to make well-informed economic and financial decisions.

The EFLP is the BSP's umbrella program for economic and financial education. It consists of various learning sessions designed and targeted for specific audiences like schoolchildren, secondary and tertiary students, the employed sectors (even BSP staff themselves), overseas Filipino workers and their beneficiaries, microfinance clients and the unbanked.

These sessions are conducted simultaneously in one target area, or may also be independently implemented when required. Some sessions, like the Financial Learning Campaign for Overseas Filipinos (OF), are conducted abroad particularly in countries where OFs are concentrated.



Interesting Fact

In 2013, the BSP was given the Child and Youth Finance International "Country Award" for having the most outstanding national child and youth finance program that integrates financial education in elementary school curriculum, and encourages cooperation among the banking community in providing child-friendly deposit products.



2013 Milestones

- ✓ Since its consolidated implementation in 2010, 26 EFLP roadshows have been conducted in key cities and municipalities nationwide.
- ✓ A cumulative total of over 38,000 participants have benefitted from various EFLP component sessions.
- ✓ In 2013, five EFLP roadshows - wherein majority of the learning sessions are simultaneously conducted - were completed in Antique, Bukidnon, Catarman, Isabela and Laguna.
- ✓ Also in 2013, the BSP, in coordination with the Overseas Workers Welfare Administration (OWWA), conducted a Trainers Training for lecturers and providers of the Pre-Departure Orientations (PDOs) provided to OFs prior to deployment abroad. The BSP designed a concise module on Savings, which was used in seven training sessions conducted over the fourth quarter of the year.
- ✓ In 2013, the BSP with support from the World Bank, commenced preparatory work for the conduct of a baseline survey to assess Filipinos' financial capability and literacy.

EFLP components include...

- Public Information Campaign "Be Up to Speed with BSP"
- Financial Education Expos
- Financial Learning Campaign for Overseas Filipinos "Paghahanda sa Kinabukasan"
- Financial Learning Seminar for Microfinance Clients and the Unbanked
- Financial Literacy Session for Beneficiaries of the Pantawid Pamilyang Pilipino Program
- Financial Empowerment Course for BSP employees and targeted audiences
- Money Matters for Kids
- Users Forum on BSP-Produced Statistics
- Conference on Gearing-up for External Competitiveness
- Financial learning modules for school children through the formal educational system

Financial Education

Financial Learning Sessions for the Unbanked

In 2013, the financial education for the unbanked focused on selected beneficiaries of the Pantawid Pamilyang Pilipino Program (4Ps). The 4Ps, launched in 2008, is the government's poverty reduction and social development program. It provides conditional cash grants for extremely poor households to improve their health, nutrition and education. The program specifically targets poor families with children aged 0-14.

In coordination with the Department of Social Welfare and Development (DSWD), the BSP conducted eight financial learning sessions in four target areas where beneficiaries about to graduate from the 4Ps reside. The sessions, branded as a component of the BSP EFLP, were intended to complement DSWD's Sustainable Livelihood Program (SLP). They are envisioned to equip beneficiaries with knowledge and tools as they move from survival to financial independence.

The BSP crafted innovative learning modules and tools, appropriately customized to adapt to target participants' proficiencies. The learning modules, focused on basic principles of Savings, Budgeting and Consumer Protection, were delivered in colloquial Tagalog. The primary visual aids were flipcharts depicting main messages – portable and usable even in remote areas where learning equipment may be lacking or limited. Adult learning techniques were employed to draw out active participation from the audience. Simple exercises were administered to facilitate the learning process.

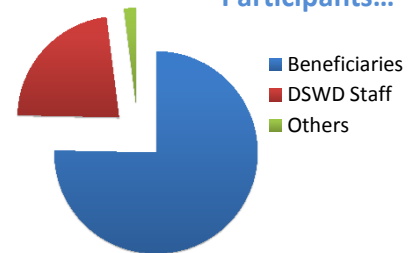
The sessions were also observed by DSWD Project Development Officers (PDOs) in the regions. These provided ideal venue for equipping the PDOs to replicate the delivery of similar financial learning sessions for 4Ps beneficiaries within their areas of responsibility.



Sessions conducted in...

- ✓ Gabaldon, Nueva Ecija
- ✓ Taytay, Palawan
- ✓ Naujan, Oriental Mindoro
- ✓ San Narciso, Quezon

Participants...



Pag-iimpok



Kita – Gastos = Ipon



Kita – Ipon = Gastos

Participants' testimonies...

"Nagpapasalamat po kami sa panahon na inilaan ng BSP para sa pagsasanay na ito."

"Marami po akong natutunan na bagong kaalaman."

"Magagamit ko po ang natutunan upang makamit ang mga pangarap."



Interesting Fact

The Financial Literacy Session for 4Ps Beneficiaries replaced the Financial Learning Seminar for Microfinance Clients and the Unbanked (FLS-MF), which were conducted in various regions of the country from 2009 to 2012. The FLS-MF was found to have achieved its objective of reaching banks with microfinance operations, their clients and prospective clients.

Consumer Protection

ASSESSMENT OF CONSUMER PROTECTION INITIATIVES

With welfare of the financial consumer in mind, the BSP is conscientiously seeking ways to improve consumer protection regulations and activities. In 2013, the BSP has undertaken significant steps to rigorously evaluate the effectiveness of its initiatives, with the end-goal of addressing potential limitations and improve their overall implementation.

With technical assistance from the World Bank, the BSP participated in a diagnostic review of consumer protection in the banking sector. The review assessed whether existing legal, regulatory, and institutional systems and practices pose significant barriers to effective consumer protection. Results of this review may be used to inform the BSP's future actions to further improve its consumer protection policies and programs.

To assess the effectiveness of BSP regulations on transparency and disclosure of the true cost of credit (Circulars 730, 754 and 755), another round of mystery shopping was conducted in 2013, with support from the Consultative Group to Assist the Poor (CGAP). It may be noted that, prior to the effectivity of these regulations, an initial mystery shopping exercise was conducted to establish baseline market practice. Comparative results of these exercises can be useful in improving the enforcement of the BSP's transparency regulations.

While having an array of products and services is necessary, this is also not sufficient. The diversity across constituents calls for consumer protection and customer care to be on top of our agenda. This is the responsible path to take.

*Governor Amando M. Tetangco, Jr.
3rd Annual Asian Banker Philippine International Banking
Convention, 25 October 2013*

i Interesting Fact

The "Pagtugon Award" is given to institutions that are most responsive in addressing inquiries, requests and complaints referred by FCAG. It is conferred annually during the BSP Stakeholder Awards Ceremony.

CONSUMER ASSISTANCE MECHANISM

The BSP vision for an inclusive financial system also focuses on the protection of consumers. Financial inclusion ushers the participation of clients that are less sophisticated and generally more vulnerable to predatory finance. It is therefore necessary to ensure that consumer rights are adequately protected, and mechanisms are set in place to provide consumer redress.

When consumer grievances remain unresolved by concerned financial institutions, consumers can approach the BSP Financial Consumer Affairs Group (FCAG) to lodge their complaints, inquiries or requests (CIRs). FCAG, operating on the mantra "Your concern is our concern", will provide the necessary assistance to facilitate the resolution of CIRs within its mandate.

On a daily basis, FCAG processes a low of 7 to as high as 29 CIRs, 90 percent of which are resolved within three banking weeks depending on complexity. Simple CIRs are processed or resolved within two banking days.

Data from CIRs serve as inputs for amending or proposing regulations to address consumer issues. In 2013 for example, the BSP mandated all supervised institutions to establish a senior citizen lane to facilitate transactions of the elderly. Consumer advisories are also produced out of information from CIRs.



Facilitation meetings conducted by FCAG



Data and Measurement



Interesting Facts

IFAS was re-organized in 2012 to include financial inclusion data and measurement as one of its functions.

IFAS published the first report entitled "State of Financial Inclusion in the Philippines" on the BSP website in December 2012.

STATE OF FINANCIAL INCLUSION IN THE PHILIPPINES

The BSP expanded and deepened its work to develop a financial inclusion data framework robust enough to support evidence-based policymaking, progress monitoring and impact evaluation.

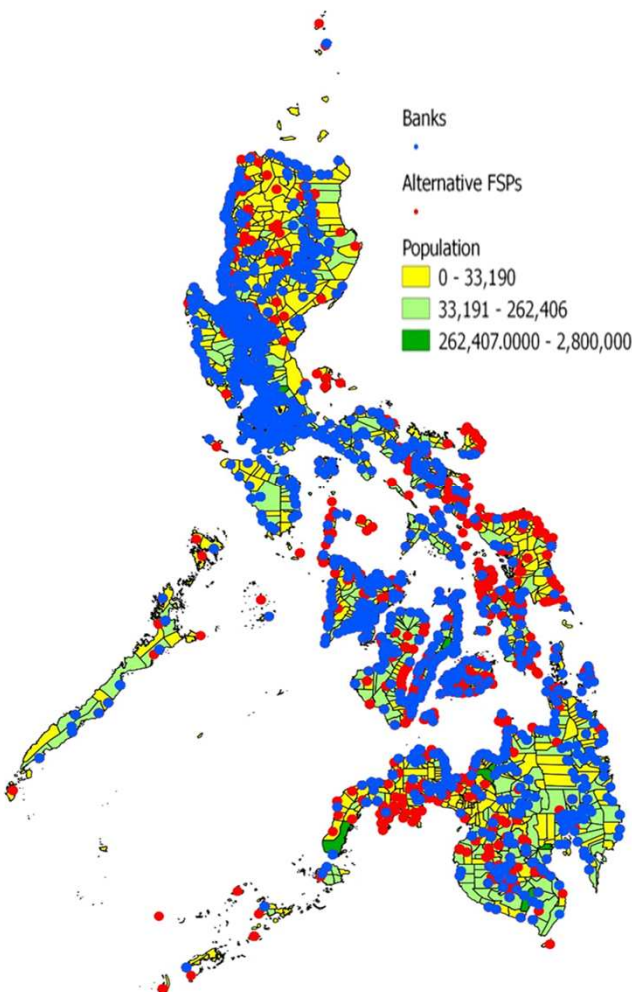
In 2013, the Inclusive Finance Advocacy Staff (IFAS) spearheaded several data initiatives, including the institutionalization of information sharing with other BSP departments as well as external agencies handling inclusion-related data.



Ongoing financial inclusion measurement initiatives...

- ✓ Annual publication of the "State of Financial Inclusion in the Philippines"
- ✓ Quarterly publication of "Financial Inclusion in the Philippines" focused on various topics
- ✓ Spatial mapping and geocoding of financial access points, with support from the Bill and Melinda Gates Foundation
- ✓ Compilation of a comprehensive catalogue of inclusion-friendly products and services
- ✓ Creation of a financial inclusion database and e-library
- ✓ National baseline survey on financial inclusion

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.



"Sherlock Holmes", the brilliant detective popularized in the books of Arthur Conan Doyle often says, "It is a capital mistake to theorize before you have all the data and evidence. It biases the judgment." This quote accurately captures the essence of data in policymaking.

Deputy Governor Nestor A. Espenilla, Jr.

7th Meeting of the Alliance for Financial Inclusion Data Working Group, 4 March 2013

Advocacy Programs

MICROFINANCE WEEK

Presidential Proclamation No. 233 dated 15 August 2002 declared 17-24 August as Microfinance Week. To honor this proclamation, the BSP, in coordination with partners in the microfinance industry, organized several events on 22-23 August 2013. These were however postponed in light of Typhoon Maring which flooded Metro Manila. The events were almost postponed again due to Typhoon Yolanda, which affected many microfinance institutions, their staff and clients in the Visayas region. The BSP thus convened the events on 26-27 November 2013 as a showcase of solidarity of microfinance industry players, and rally support for microentrepreneurs who are most vulnerable to shocks.

Microfinance Week events included...

- Microfinance Product Showcase
- CMA Alumni Networking Activity
- Preparatory Briefing for Poster Art Competition with the theme "Partnerships Against Poverty"
- "Microfinance Partnerships During Challenging Times"

CITI MICROENTREPRENEURSHIP AWARDS

In 2013, the BSP, together with MCPI, Citi Foundation, and Citibank conducted the 11th run of the annual Citi Microentrepreneurship Awards (CMA), formerly known as Microentrepreneur of the Year Awards (MOTY). CMA recognizes outstanding Filipino microentrepreneurs from around the country. The national winner for 2013, Mr. Enrico Fojas, produces animal feed from leftover bread. He is the first male to have won the national award in CMA history.

On 25 November 2013, past CMA winners were brought together to participate in the very first CMA Alumni Networking Activity, which coincided with the BSP Microfinance Week events. The CMA alumni had team building activities and capacity building sessions on personal finance management, market expansion, and product packaging delivered by industry experts. The event was well-attended, and participants valued it as an opportunity to learn and bond as CMA alumni.

The main event on 27 November 2013, branded as "Microfinance Partnerships During Challenging Times", was a fitting theme as it gathered the BSP, DSWD, the Microfinance Council of the Philippines, Inc. (MCPI), the Rafael B. Buenaventura Foundation, Inc. (RBBFI), representatives from different types of MFIs, as well as donor and support institutions. The event provided the appropriate venue to get together; provide updates on existing partnerships; and forge new ones to further strengthen the microfinance sector. The event also recognized innovations pioneered by MFIs through the maiden run of the Paeng Microfinance Awards.



CMA prizes in 2013...

- PhP 200,000 for National Winner
- PhP100,000 for each of the 3 Island Group Awardees
- PhP100,000 each for winners of the Special Awards for Innovation and Microfinance Leadership
- Life and health insurance coverage for 3 years for all awardees
- Enrollment in an entrepreneurship course for all awardees
- Laptops and relevant training for all winners, to support scaling up of their operations
- PhP 10,000 for MFIs and loan officers of the winners, as incentive for participation in CMA
- PhP P10,000 for all the 21 semi-finalists

Advocacy Programs

CREDIT SURETY FUND

The BSP supports the development of a formal credit market that provides adequate financing for SMEs so they can grow their businesses. Aside from regulatory incentives that encourage financial institutions to lend to the SME sector, the BSP also facilitates the formation of locally-driven and locally-funded guarantee mechanism in the form of Credit Surety Funds (CSFs). To sustain BSP's advocacy for the creation of CSFs around the country, formation of the Credit Innovations Advancement Group (CIAG) was approved in 2013.

As of 30 November 2013, 29 CSFs have been established in 22 Provinces and 7 cities nationwide. This includes the recently-established Aklan and Tarlac CSFs launched in end 2013.

Contribution pledges from 424 coops, 15 NGOs, 34 local government units (LGUs) and four donor institutions aggregated PhP 450.1 million, of which, PhP 373.4 million have been paid. This marks an increase of 12 percent and 23 percent from the 2012 year-end pledges and actual payments amounting to PhP 398.6 million and PhP 303.3 million, respectively.

From the CSF's inception in 2008 up to 30 November 2013, cumulative approved loans for 7,135 beneficiaries reached PhP 909.9 million or a growth rate of 47 percent from the yearend's total approved loans of PhP 615.6 million. Of the PhP 909.9 million loan approvals, PhP 732.8 million were released to 7,104 beneficiaries.

List of CSFs established as of 30 November 2013...

- Cavite
- Aurora Province
- Bohol
- Negros Oriental
- Negros Occidental
- Davao del Norte
- Compostela Valley
- Iloilo City
- North Cotabato
- South Cotabato
- Davao Oriental
- Metro Cebu
- Albay
- Dipolog
- Occidental Mindoro
- Oriental Mindoro
- Pangasinan
- Benguet
- Sarangani
- Palawan
- Puerto Princesa City
- Capiz
- General Santos City
- Davao City
- Laguna
- Baguio City
- Northern Mindanao
- Aklan
- Tarlac

KIDDIE SAVINGS PROGRAM

- Implemented by the BSP, through the Corporate Affairs Office (CORAO) in coordination with banking associations and the Department of Education (DepEd)
- Objective is to encourage saving habits among school children, who can open "kiddie savings accounts" with an initial deposit of PhP 100 and no maintaining balance requirement
- BSP authorized 12 participating banks to conduct deposit-taking activities in school premises
- Over 400,000 accounts opened since 2012

FROM BAMBOO TO BANGKO

- A community project jointly implemented by the BSP and Polytechnic University of the Philippines (PUP) College of Accountancy and Finance
- Designed as an extra-curricular activity for PUP students, wherein they give money management lessons and bamboo coin banks to children, encouraging them to save
- PUP estimates that about half of the 300 school children given coin banks opened bank accounts
- Given initial success, the BSP plans to execute a memorandum of agreement with PUP to institutionalize and replicate the project

TULONG BARYA PARA SA ESKWELA

- Coin collection program in public schools to raise awareness on the value of "barya", encourage coin circulation, and promote savings consciousness in school children
- Implemented by CORAO with DepEd
- Gathered 12,289,419 pieces of coins amounting to PhP 13.1 million
- Resulted to PhP 21.5 million savings for the BSP in terms of production cost
- Savings were donated to public schools for the purchase of computers



International Linkages

GLOBAL DISCUSSIONS

The BSP remains a recognized thought leader in the area of financial inclusion. In 2013, it was at the forefront of significant global discussions to provide leadership, at the same time share experience on financial inclusion policies and programs that work in developing country contexts.

Alliance for Financial Inclusion

The BSP plays an important leadership role as chair of the Alliance for Financial Inclusion (AFI) Steering Committee. AFI is a knowledge-sharing network of over 100 policymakers and regulators from 89 developing countries. In 2013, the BSP chaired and participated in the following major events:

- ✓ 5th Annual AFI/G24 Policymakers' Roundtable on Financial Inclusion on 17 April 2013 in Washington DC, USA, to discuss possible peer-learning with standard setting bodies (SSBs) to ensure that inclusion objectives are equally considered in setting prudential standards that promote financial stability and integrity.
- ✓ Global Dialogue on Developed and Developing Country Perspectives on Financial Inclusion, co-hosted by AFI and the Frankfurt School of Finance and Management on 28 June 2013 in Frankfurt, Germany, which was the first ever north-south discussion on financial inclusion issues.
- ✓ AFI Leaders Roundtable Discussion with Her Majesty Queen Maxima of the Netherlands and the Basel Committee for Banking Supervision (BCBS) in Kuala Lumpur, Malaysia on 11 September 2013, which was a step forward in engaging SSBs like the Basel Committee on Banking Supervision (BCBS).
- ✓ AFI 2nd Annual General Meeting and 5th Global Policy Forum from 9-12 September 2013 in Kuala Lumpur, Malaysia, primarily to agree on the AFI independence process and selection criteria for the future country host of AFI headquarters.



Governor Amando M. Tetangco, Jr. chairing the AFI-G24 Policymakers Roundtable Discussion in Washington, DC.



Deputy Governor Nestor Espenilla, Jr. with HM Queen Maxima and other heads of delegations after the AFI Leaders Roundtable with BCBS and the Queen in Kuala Lumpur, Malaysia

- ✓ The BSP remains actively involved in all AFI working groups, including the newly established Financial Inclusion Strategy Peer Learning Group and SME Finance Working Group.

Basel Consultative Group Workstream on Financial Inclusion

In 2013, the Basel Consultative Group (BCG), a forum for deepening the engagement of BCBS on banking supervisory issues, organized the Workstream on Financial Inclusion. This Workstream aims to consider cross-sectoral issues to form an overall risk picture on financial inclusion that would be of particular relevance to banking supervisors.

The BSP chairs the Workstream in light of its experience in financial inclusion and the importance given to developing country perspectives in standard setting.

International Linkages

BSP officials also participate as...

- Member of two working groups of the G20 Global Partnership for Financial Inclusion (GPII), the implementing mechanism of the G20 Financial Inclusion Action Plan
- Member of the Project Management Committee of the Better than Cash Alliance (BTCA), an international network of public and private sector stakeholders committed to promote wide adoption of digital payments
- Member of the Steering Committee of Smart Campaign, a global initiative that promotes best practices, tools and resources to enhance client protection in microfinance
- Member of the Policy Governing Board of the Innovations for Poverty Action (IPA), a nonprofit organization dedicated to designing, evaluating and assisting programs that benefit the poor

INTERNATIONAL EVENTS

The BSP supported and participated in international events to promote awareness and capacities for greater financial inclusion.

On 4-6 March 2013, the BSP co-hosted the 7th Meeting of AFI's Financial Inclusion Data Working Group (FIDWG). As a FIDWG member, the BSP benefited from tools and resources developed by the group, particularly in the development of its financial inclusion data framework.

On 9-11 October 2013, the BSP sponsored the 2013 Microcredit Summit Campaign: Partnerships Against Poverty. The Summit was a high profile and broad-based gathering of microfinance industry players and stakeholders, organized by the Microcredit Summit Campaign, together with its local partner, the MCPI. A total of 800 people from 70 countries, including the Philippines, attended.

KNOWLEDGE EXCHANGES

The BSP experience in financial inclusion continues to inspire other central bankers and policymakers from across the world. In 2013 alone, the BSP conducted 14 knowledge exchanges participated by almost 100 foreign delegates from 16 countries. These countries include Afghanistan, Bangladesh, China, Ethiopia, Ghana, Guinea, India, Indonesia, Kenya, Lao PDR, Madagascar, Nigeria, Pakistan, Peru, Uganda, and Zimbabwe. The primary topics of interest include the BSP's regulatory approach to microfinance, mobile financial services, consumer protection and financial education, as part of the broader financial inclusion agenda.



Interesting Fact

From 2010 to 2013, the BSP provided financial inclusion briefings for nearly 400 foreign delegates who participated in over 40 knowledge exchanges in the Philippines.



7th AFI Financial Inclusion Data Working Group Meeting
Manila, Philippines • 4-6 March 2013



Governor Amando M. Tetangco, Jr. meets Mr. Muhammad Yunus, Nobel Laureate for Peace and renowned "father of microfinance".





BANGKO SENTRAL NG PILIPINAS

For inquiries, contact:

Inclusive Finance Advocacy Staff (IFAS)

10th Floor, Multi-Storey Building, BSP Complex,
A. Mabini St., Malate, Manila 1004, Philippines

IFASinfo@bsp.gov.ph

t +632-7087482

f +632-7087481

About IFAS

In 2007, the BSP was the first central bank in the world to establish an office dedicated to financial inclusion when it created the Inclusive Finance Advocacy Staff.

IFAS implements, coordinates, and advocates the microfinance and financial inclusion initiatives of the BSP. IFAS is a member of all working groups of the Inclusive Finance Steering Committee (IFSC) and also serves as IFSC Secretariat.