



Report on the State of Financial Inclusion in the Philippines

2016

Bangko Sentral ng Pilipinas

Report on the State of Financial Inclusion in the Philippines

About the Cover

The cover is a reproduction of the artwork entitled “Partnerships against Poverty” by Mr. Bret Faustino R. Manalo III from the Far Eastern University. The artwork was one of the entries during the Microfinance Art Competition conducted by the Bangko Sentral ng Pilipinas in 2013. In Mr. Manalo’s words, the painting depicts:

“In this artwork, I intended to emphasize the intensity of colors, you may notice that the lower part of the artwork is composed of dark colors. It is to show that the laborers at the bottom need to work hard for a brighter tomorrow (the brighter tomorrow is shown at the top, I used light colors and the element of light). For the composition elements, I used machine to represent microfinance councils together with the Bangko Sentral ng Pilipinas. Machines are invented to help people and make things easier, but still hard work is needed. In my artwork, the machine served as the source of energy for every worker, but still, drive to succeed is needed.”

Background

In the Bangko Sentral ng Pilipinas (BSP), we recognize that “a strong and stable macroeconomic and financial environment, to be truly meaningful, needs to be inclusive, to create jobs, and to improve welfare. This is why the BSP has been passionate in its pursuit of its financial inclusion advocacy.”¹

Aside from crafting inclusive policies, implementing financial education and consumer protection campaigns, and conducting advocacy activities, maintaining a comprehensive and robust data framework is an important aspect of our financial inclusion work.

The **Report on the State of Financial Inclusion in the Philippines**² is part of the stock-taking process of the BSP to assess the levels and trends in financial inclusion in the country. The report, which is the sixth edition since the maiden release in 2011, serves as an inventory of the progress made in the past six years (2011-2016) and includes latest available information as of first half of 2017. It embodies the key characteristics that we believe are important for financial inclusion data to be useful in evidence-based policymaking:

D isaggregated	Broken down into meaningful classification
A ccurate	Precise and validated
T imely	Updated and relevant
A ccessible	Available to all

The report is structured as follows: Section I describes the financial access situation by discussing the reach of banks and other financial service access points at the national and subnational level. Section II covers usage of formal financial products and services, using available information on deposits, loans, microfinance, microinsurance, and electronic money. The supporting annexes contain additional information on the different financial inclusion indicators.

¹ BSP Governor Nestor A. Espenilla, Jr. in his inaugural speech as BSP Governor, 3 July 2017

² Previous reports can be accessed at http://www.bsp.gov.ph/about/advocacies_reports.asp

List of Abbreviations and Acronyms

AFI	Alliance for Financial Inclusion
ARMM	Autonomous Region in Muslim Mindanao
ASEAN	Association of Southeast Asian Nations
ATM	Automated Teller Machine
BSP	Bangko Sentral ng Pilipinas
CALABARZON	Cavite, Laguna, Batangas, Rizal, Quezon
CAR	Cordillera Administrative Region
CDA	Cooperative Development Authority
E-Money	Electronic Money
EMI	E-Money Issuer
FAS	Financial Access Survey
FII	Financial Inclusion Index
FIDWG	Financial Inclusion Data Working Group
FSP	Financial Service Provider
FXD/MC/RA	Foreign Exchange Dealer/Money Changer/Remittance Agent
GDP	Gross Domestic Product
IC	Insurance Commission
IFAO	Inclusive Finance Advocacy Office
IMF	International Monetary Fund
LGU	Local Government Unit
MBO	Micro-banking Office
MF NGO	Microfinance Non-government Organization
MIMAROPA	Mindoro, Marinduque, Romblon, Palawan
NBFI	Non-bank Financial Institution
NIR	Negros Island Region
NSSLA	Non-stock Savings and Loan Association
OBO	Other Banking Office
P2P	Person-to-Person
PSA	Philippine Statistics Authority
R/CB	Rural and Cooperative Bank
SME	Small and Medium Enterprise
SOCCSKSARGEN	South Cotabato, Cotabato, Sultan Kudarat, Sarangani, General Santos City
TB	Thrift Bank
U/KB	Universal and Commercial Bank
W2W	Wallet-to-Wallet

The Philippines: An Overview



Population (2015) ^{a/}	101 million
Land area ^{a/}	300,000 km ²
Number of islands ^{b/}	7,641
Main islands	Luzon, Visayas, Mindanao
Capital	Manila
Administrative Units ^{a/}	17 regions, ³ 81 provinces, 145 cities, 1,489 municipalities
Official languages	Filipino, English
Simple literacy (2013) ^{a/}	96.5%
Unemployment rate (July 2017) ^{a/}	5.6%
Poverty incidence of population (2015) ^{a/}	21.6%
Average annual family income (October 2016) ^{a/}	PhP 267,000
Gross Domestic Product (GDP) full year growth (2016) ^{a/}	6.8%
Inflation rate (November 2017) ^{c/}	3.3%
Exchange rate (December 2017) ^{c/}	USD 1 ≈ PhP 50.5
Number of overseas Filipinos (2013) ^{d/}	10.2 million
Amount of cash remittances (2016) ^{c/}	USD 26.9 billion
Number of unique mobile subscribers (2015) ^{e/}	51 million
SIM penetration (2015) ^{e/}	120%
Smartphone penetration (2016) ^{e/}	59%
Percentage of individuals using the internet ^{f/}	55.5%

^{a/}Philippine Statistics Authority

^{b/}National Mapping and Resource Information Authority

^{c/}Bangko Sentral ng Pilipinas

^{d/}Commission on Filipinos Overseas

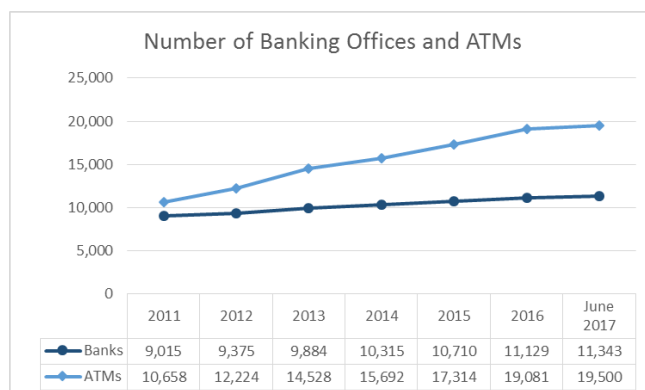
^{e/}Groupe Speciale Mobile Association (GSMA)

^{f/}International Telecommunication Union (ITU)

³ There were 18 regions in 2016. President Rodrigo Duterte issued Executive Order No. 38 (s. 2017) revoking Executive Order No. 183 (s. 2015) which created the Negros Island Region.

Financial Access

Number of banking offices and ATMs



As of June 2017, there were 11,343 banking offices and 19,500 ATMs in the country.⁴

Banking offices grew at an average annual rate of 4% in the past six years (2011 to 2016). ATMs increased at a faster rate of 12% during the same period.

Geographic distribution of banks and ATMs

Banks and ATMs remained concentrated in NCR, CALABARZON, and Central Luzon. CAR and ARMM were both at bottom two in terms of number of banks and ATMs. Other underserved regions were Eastern Visayas and Caraga in terms of bank count, and MIMAROPA in terms of ATM count.

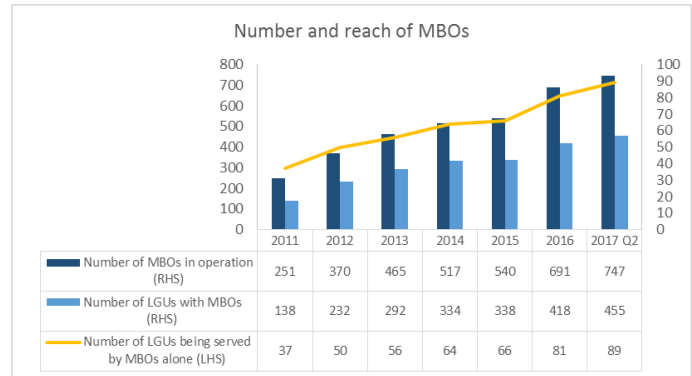
Region		Banks			ATMs		
		2015	2016	Growth	2015	2016	Growth
	NCR	3,379	3,504	3.7%	7,097	7,669	8.1%
	CAR	159	165	3.8%	229	255	11.4%
I	Ilocos Region	486	520	7.0%	557	614	10.2%
II	Cagayan Valley	347	358	3.2%	296	354	19.6%
III	Central Luzon	1,088	1,146	5.3%	1,569	1,748	11.4%
IV-A	CALABARZON	1,621	1,665	2.7%	2,566	2,848	11.0%
IV-B	MIMAROPA	246	267	8.5%	221	250	13.1%
V	Bicol Region	397	428	7.8%	417	479	14.9%
VI	Western Visayas	426	455	6.8%	466	550	18.0%
VII	Central Visayas	620	628	1.3%	1,197	1,302	8.8%
VIII	Eastern Visayas	200	210	5.0%	247	291	17.8%
NIR	Negros Island Region	281	297	5.7%	407	466	14.5%
IX	Zamboanga Peninsula	215	220	2.3%	254	291	14.6%
X	Northern Mindanao	376	383	1.9%	454	497	9.5%
XI	Davao Region	408	424	3.9%	708	776	9.6%
XII	SOCCSKSARGEN	222	232	4.5%	363	396	9.1%
XIII	Caraga	218	208	-4.6%	233	260	11.6%
	ARMM	21	19	-9.5%	33	35	6.1%
Philippines		10,710	11,129	3.9%	17,314	19,081	10.2%
		Top 3	Bottom 3				

⁴ Of the total ATMs, 56% were on-site while 44% were off-site. On-site ATMs are located in the banking office while off-site ATMs are stand-alone units located in convenient areas such as shopping malls, train stations, and other public places.

The number of banks increased in all regions except Caraga and ARMM where bank count declined. The number of ATMs grew in all regions, with some regions experiencing higher growth than the top three.

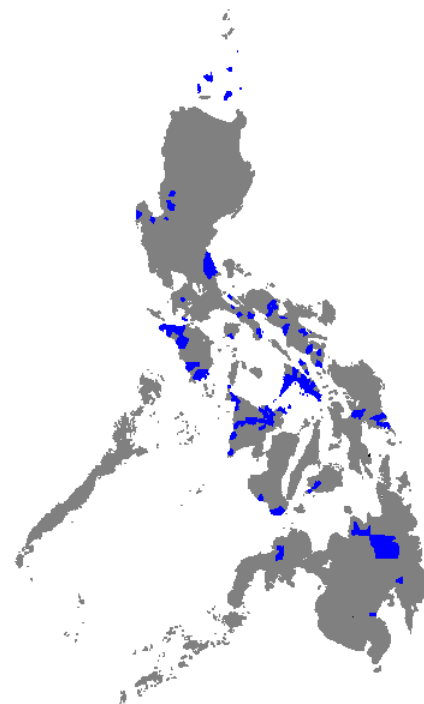
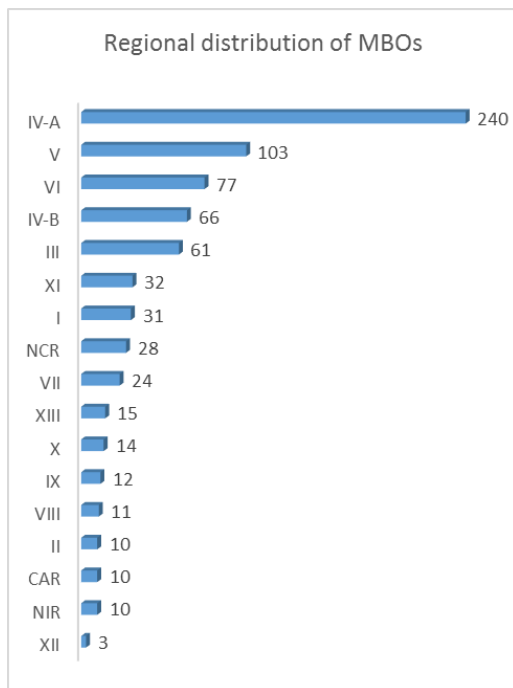
Role of micro-banking offices (MBOs)

Out of 593 banks (head offices) in June 2017, 43 banks tapped MBOs to set up presence in areas where it may not yet be feasible to establish a regular branch. There were 747 MBOs operating in 455 local government units or LGUs (i.e., cities and municipalities), of which 89 LGUs were being served by MBOs alone.



From 2011 to 2016, MBOs increased at an average annual rate of 23% which is faster than the growth of other types of banking offices and ATMs. MBOs were also the main reason for banking presence in previously unbanked LGUs.

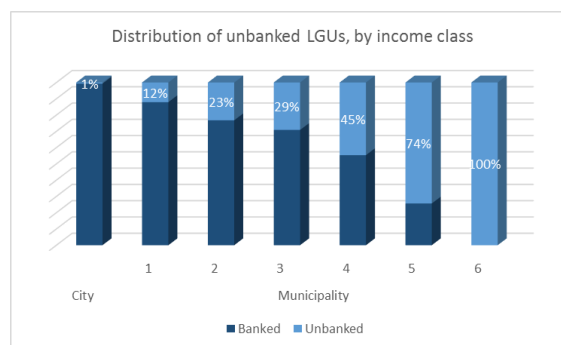
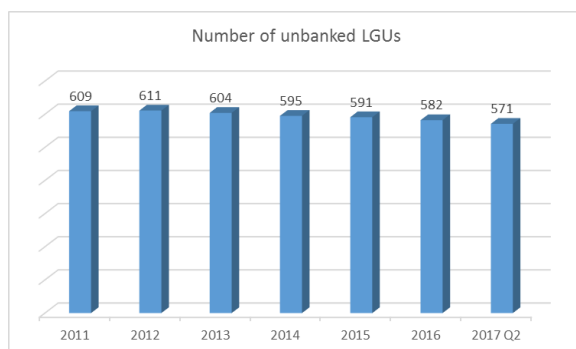
At the regional level, MBOs were mostly found in CALABARZON, Bicol, Western Visayas, and MIMAROPA. There are still untapped opportunities in terms of expanding financial access through MBOs since ARMM has no MBO while half of all regions have less than 20 MBOs.



Served by MBOs alone

Unbanked situation

As of June 2017, 571 LGUs were unbanked or 34.9% of the total.⁵ While this is an improvement from 37.3% in 2011, the percentage share of unbanked LGUs declined only at an average annual rate of 0.9% from 2011 to 2016.



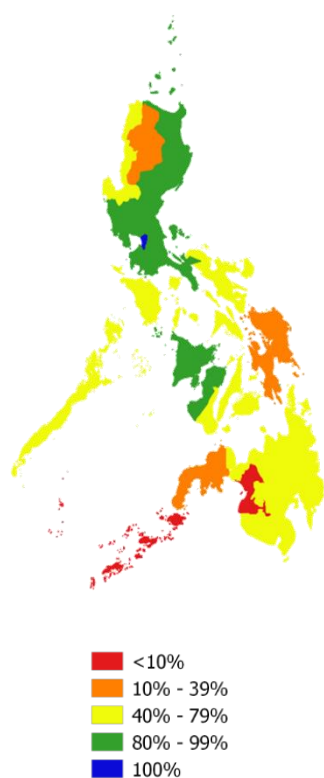
	Number of LGUs	Remarks
Unbanked in June 2016	589	
• Less: Banked LGUs in June 2017	24	These LGUs gained banking presence due to the establishment of: <ul style="list-style-type: none"> – MBOs (11 LGUs) – Other Banking Offices or OBOs (8 LGUs) – Regular branches (5 LGUs)
• Plus: Unbanked LGUs in June 2017	6	These LGUs lost banking presence due to closure of the only banking office (mostly OBO) located in the area. On a positive note, all of them have access to other financial service access points (mostly pawnshops, cooperatives, and microfinance NGOs).
Unbanked LGUs in June 2017	571	

One city out of 145 cities was unbanked (Canlaon City, Negros Oriental). The income level of a municipality is a significant determinant of banking presence. As income class decreases, the percentage share of unbanked municipalities increases. Only 12% of 1st class municipalities were unbanked, while 100% of 6th class municipalities were unbanked.

At the regional level, 11 regions improved in terms of banking presence while four regions showed no improvement (excluding NCR where all LGUs are already banked). Only one region (Caraga) experienced a drop in the number of banked LGUs. Eastern Visayas, CAR, and ARMM were the top three underbanked regions of the country.

⁵ List of unbanked LGUs available at <http://www.bsp.gov.ph/banking/directories.asp>

Percentage of LGUs with at least one banking office



Region	Total no. of LGUs (a)	No. of LGUs with at least one banking office (b)		% Share (b/a)		
		2015	2016	2015	2016	
NCR	17	17	17	100.0%	100.0%	→
CAR	77	25	27	32.5%	35.1%	↑
I Ilocos Region	125	91	94	72.8%	75.2%	↑
II Cagayan Valley	93	76	78	81.7%	83.9%	↑
III Central Luzon	130	122	124	93.8%	95.4%	↑
IV-A CALABARZON	142	134	134	94.4%	94.4%	→
IV-B MIMAROPA	73	47	48	64.4%	65.8%	↑
V Bicol Region	114	84	87	73.7%	76.3%	↑
VI Western Visayas	101	83	83	82.2%	82.2%	→
VII Central Visayas	107	73	74	68.2%	69.2%	↑
VIII Eastern Visayas	143	43	46	30.1%	32.2%	↑
NIR Negros Island Region	57	36	39	63.2%	68.4%	↑
IX Zamboanga Peninsula	72	27	27	37.5%	37.5%	→
X Northern Mindanao	93	58	60	62.4%	64.5%	↑
XI Davao Region	49	36	37	73.5%	75.5%	↑
XII SOCCSKSARGEN	50	34	34	68.0%	68.0%	→
XIII Caraga	73	47	44	64.4%	60.3%	↓
ARMM	118	10	10	8.5%	8.5%	→
Philippines	1,634	1,043	1,063	63.8%	65.1%	↑

Top 3
Bottom 3
↑ Improvement
↓ No. of banked LGUs decreased
→ No change

Other financial service access points⁶

In 2016, there were over 61,000 other financial service access points comprised of NSSLAs, credit cooperatives, microfinance NGOs, pawnshops, FXDs/MCs/RAs, e-money agents, and other NBFIs.⁷ In the past six years, average growth was highest among e-money agents⁸ and lowest among pawnshops.⁹

Despite their slow growth in recent years, pawnshops were the most accessible with presence in 73% of 1,634 LGUs. Pawnshops, cooperatives, and microfinance NGOs had wider reach than banks. Pawnshops were also the most common access points in unbanked areas, followed by e-money agents.

⁶ Directory of financial service access points is available at http://www.bsp.gov.ph/ifas/listoffis_dirsrch.asp

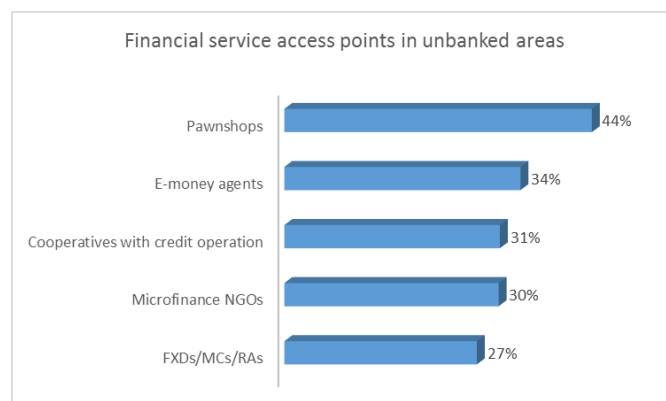
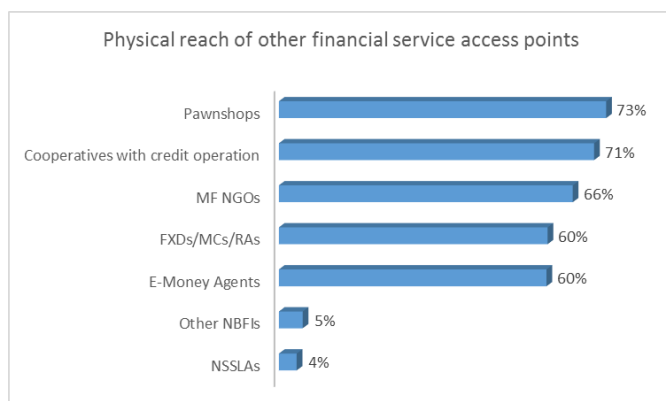
⁷ Other NBFIs include lending investors and financing companies (that are affiliated with BSP-supervised banks), credit card companies, investment companies, securities dealers/brokers, government NBFIs, and credit granting entities (excluding microfinance NGOs) which are supervised by the BSP.

⁸ It should be noted that registered e-money agents include pawnshops and FXDs/MCs/RAs which are also serving as agents. A complete listing of all agents is not available which makes it difficult to identify retail agents (e.g., grocery stores, shops, etc.).

⁹ The decrease in the number of pawnshops in recent years is due in part to the continuing cleanup of the registry to remove entities which are on the list but are found to be inexistent based on the results of inspection.

Indicators	2015	2016	Growth rate (2015-2016)	Ave. annual growth rate (2011-2016)
Non-stock savings and loan associations (NSSLAs)	200	199	-1%	3%
Credit cooperatives	3,331	3,446	3%	7%
Microfinance NGOs	2,062	2,603	26%	12%
Pawnshops	17,238	16,698	-3%	-0.03%
Other non-bank financial institutions (NBFIs)	163	181	11%	13%
Remittance agents, money changers/ FX dealers	10,666	12,028	13%	8%
E-money agents	23,781	26,028	9%	18%

● Positive ● Negative

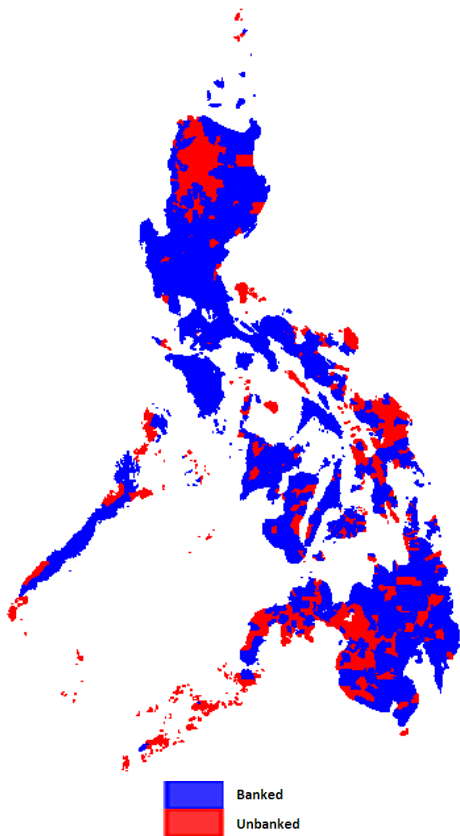


While 36% of 1,634 LGUs were unbanked, the percentage would drop to 11% if other access points were considered. This can be seen in CAR and Eastern Visayas in the succeeding maps where the portion of “red areas” was significantly reduced from Map A to Map B. Indeed, non-bank FSPs help provide basic financial services and can be channels to broader financial inclusion in unbanked areas. It is only in ARMM where red areas were still prominent from Map A to Map B, indicating that many LGUs in ARMM remained unserved.

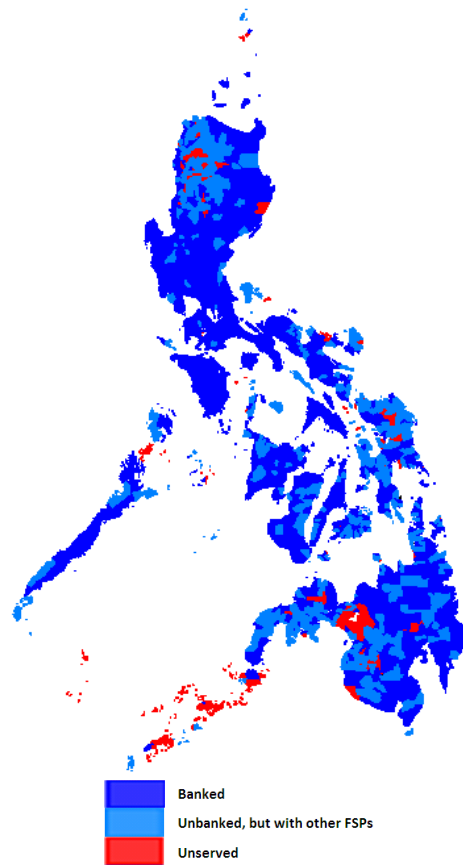
	2015		2016	
	Number of LGUs	% to Total	Number of LGUs	% to Total
With banking presence	1,043	63.8%	1,052	64.4%
Without banking presence	591	36.2%	582	35.6%
• Without banking presence but with other access points ¹⁰	398	24.4%	403	24.7%
• Without any access point	193	11.8%	179	11.0%

¹⁰ 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, credit cooperatives, pawnshops, FXDs/MCs/RAs, other NBFIs, and e-money agents; and exclude MF NGOs (since these are not prudentially regulated) and ATMs (since there are no data on the number of ATMs that can perform both cash-in and cash-out).

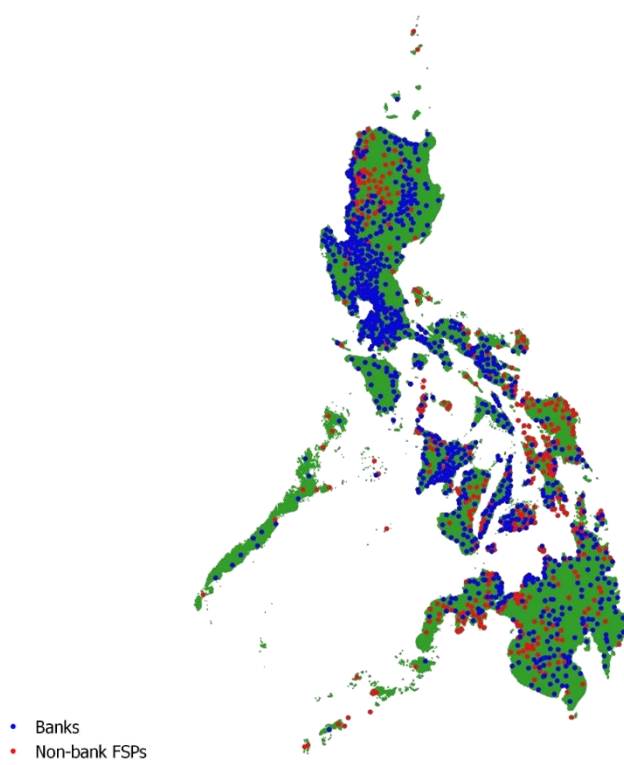
Map A



Map B



Map C



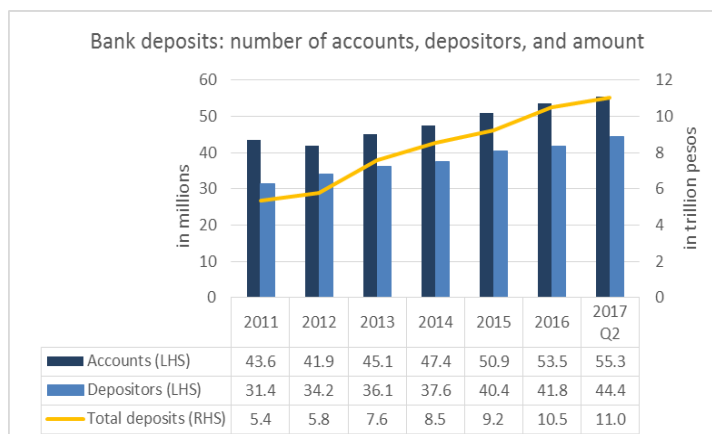
Note: This map displays the highest level of financial service available in the area.

Usage of Financial Products and Services

Deposits in banks

As of June 2017, there were 55.3 million deposit accounts from 44.4 million depositors with outstanding balance of P11 trillion.

From 2011 to 2016, the number of deposit accounts and depositors in banks increased at an average annual rate of 4% and 6%, respectively. The total amount of deposits grew at an average rate of 15% during the same period.



The number of accounts is 10.9 million more than the number of depositors which indicates ownership of more than one account for some depositors.¹¹

Of the total, 99.7% of accounts (55.175 million) and 99.8% of outstanding balance (P10.998 trillion) are held in the Philippines.

Geographic distribution of bank deposits

NCR held more than 40% of the total number of deposit accounts, followed by CALABARZON and Central Luzon although the percentage shares of these two regions were already way lower than NCR. The bottom three regions were Eastern Visayas, Caraga, and ARMM. It is encouraging that growth was highest in regions outside the top three such as Davao, SOCCSKSARGEN, and Zamboanga Peninsula.

In terms of amount, deposits were heavily concentrated in NCR which accounted for more than two-thirds of the total. Caraga and ARMM were again at the bottom. MIMAROPA was also in the bottom three but it was one of the regions with the highest year-on-year growth rate.

¹¹ Deposit data is subject to multiple counting because a person may have two or more accounts in a bank or in several banks.

Region		Number of deposit accounts (in millions)			% Share to Total	
		2015	2016	Growth	2015	2016
	NCR	21.2	22.2	4.5%	42.6%	41.2%
	CAR	0.8	0.9	6.1%	1.7%	1.6%
I	Ilocos Region	1.7	1.9	9.4%	3.5%	3.5%
II	Cagayan Valley	1.0	1.1	4.4%	2.1%	2.0%
III	Central Luzon	4.0	4.3	8.9%	8.0%	8.0%
IV-A	CALABARZON	6.7	7.2	7.4%	13.5%	13.4%
IV-B	MIMAROPA	0.9	1.1	12.2%	1.9%	2.0%
V	Bicol Region	1.6	1.8	11.5%	3.2%	3.3%
VI	Western Visayas	1.7	1.8	9.1%	3.3%	3.4%
VII	Central Visayas	2.8	3.0	6.1%	5.7%	5.6%
VIII	Eastern Visayas	0.8	0.9	7.4%	1.6%	1.6%
NIR	Negros Island Region	1.2	1.3	8.1%	2.4%	2.4%
IX	Zamboanga Peninsula	0.8	0.9	15.9%	1.6%	1.8%
X	Northern Mindanao	1.3	1.5	12.2%	2.6%	2.7%
XI	Davao Region	1.5	2.0	34.8%	2.9%	3.7%
XII	SOCCSKSARGEN	0.9	1.1	24.0%	1.8%	2.1%
XIII	Caraga	0.7	0.8	15.4%	1.4%	1.5%
	ARMM	0.13	0.12	-0.4%	0.3%	0.2%
Total		49.8	53.8	8.0%	100.0%	100.0%

Top 3 Bottom 3

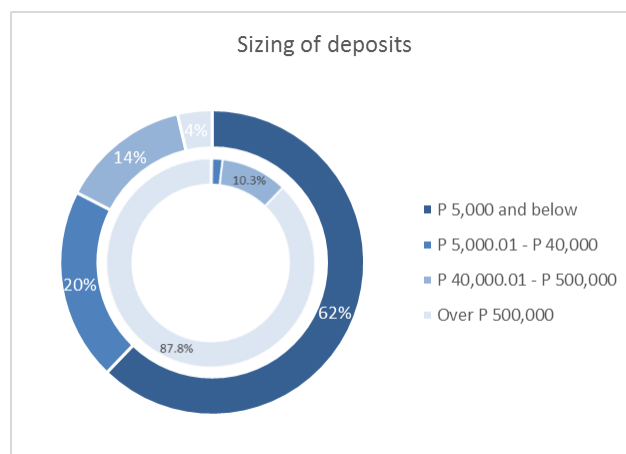
Region		Amount of deposits (in billion pesos)			% Share to Total	
		2015	2016	Growth	2015	2016
	NCR	6,194.3	7,069.1	14.1%	67.6%	67.4%
	CAR	83.6	96.4	15.4%	0.9%	0.9%
I	Ilocos Region	158.0	185.4	17.3%	1.7%	1.8%
II	Cagayan Valley	100.8	114.0	13.1%	1.1%	1.1%
III	Central Luzon	456.0	527.3	15.6%	5.0%	5.0%
IV-A	CALABARZON	620.9	731.3	17.8%	6.8%	7.0%
IV-B	MIMAROPA	54.6	65.1	19.2%	0.6%	0.6%
V	Bicol Region	107.4	124.6	16.0%	1.2%	1.2%
VI	Western Visayas	149.9	167.9	11.9%	1.6%	1.6%
VII	Central Visayas	463.5	505.4	9.0%	5.1%	4.8%
VIII	Eastern Visayas	84.9	94.3	11.1%	0.9%	0.9%
NIR	Negros Island Region	142.0	160.3	12.9%	1.5%	1.5%
IX	Zamboanga Peninsula	83.6	95.9	14.7%	0.9%	0.9%
X	Northern Mindanao	132.3	152.8	15.5%	1.4%	1.5%
XI	Davao Region	174.3	214.8	23.3%	1.9%	2.0%
XII	SOCCSKSARGEN	93.8	108.1	15.3%	1.0%	1.0%
XIII	Caraga	55.81	69.3	24.1%	0.6%	0.7%
	ARMM	9.6	10.0	3.8%	0.1%	0.1%
Philippines		9,165.4	10,491.8	14.5%	100.0%	100.0%

Top 3 Bottom 3

Bank deposits by bucket size

Deposit accounts amounting to P5,000 and below made up nearly two-thirds of all deposit accounts in banks. However, growth was lowest among deposits in this bucket both in terms of count and amount.

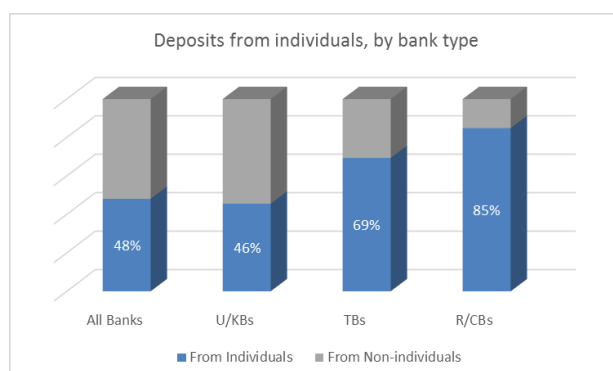
While only 4% of the number of accounts were above the maximum deposit insurance coverage of P500,000, they held 88% of total deposits in terms of amount. The increase in the total value of bank deposits was driven by accounts in the upper buckets.



Outer circle – in terms of number of accounts
Inner circle – in terms of amount

Deposit Size	Number of deposit accounts (in millions)			Amount of deposits (in billion pesos)		
	2015	2016	Growth	2015	2016	Growth
P 5,000 and below	32.6	33.2	2.1%	22.5	23.9	6.3%
P 5,000.01 - P 40,000	9.8	10.9	11.5%	151.2	168.6	11.5%
P 40,000.01 - P 500,000	6.8	7.4	8.4%	1,002.3	1,084.3	8.2%
Over P 500,000	1.8	2.0	9.3%	8,055.3	9,229.8	14.6%
Total	50.9	53.5	5.0%	9,231.3	10,506.6	13.8%

Deposit from individuals



Nearly half (48%) of the total value of deposits came from individuals. The remaining half were deposits of government institutions, banks, and private corporations.

Deposits from individuals increased by 15% to P5.1 trillion in 2016 from P4.4 trillion in 2015. Individual deposits had the largest share in R/CBs (85%) and lowest share in U/KBs (46%), reflecting the clientele that each bank type serves.

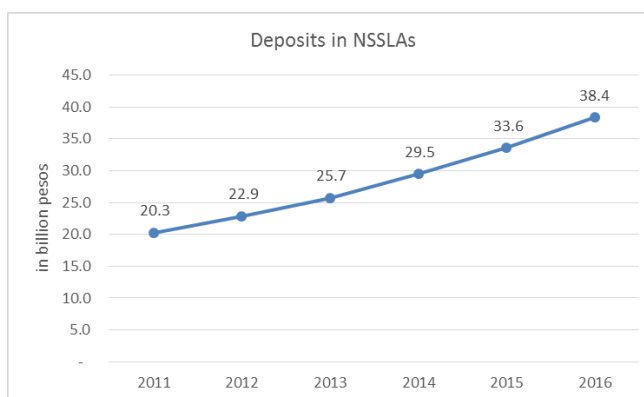
Dormant accounts

While the amount of dormant accounts increased by 25% to P92.1 billion in 2016 from P73.6 billion in 2015, they only made up less than 1% of the total amount of deposits. Dormant accounts amounted to P89.1 billion or 0.8% of the total value of deposits in June 2017.

Deposits in non-banks

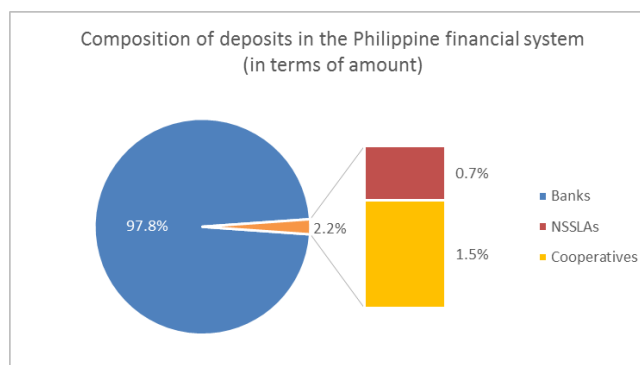
As of June 2017, deposits in NSSLAs amounted to P38.6 billion.¹² From 2011 to 2016, the amount of deposits in NSSLAs increased at an average annual rate of 14%, comparable with that of bank deposits.

Deposits in NSSLAs are equivalent to half of deposits in cooperatives.



Cooperatives had 6.4 million member-depositors with aggregate savings and time deposit amounting to P73.7 billion pesos.¹³

Based on estimates, almost 98% of formal savings were held by banks, followed by cooperatives and NSSLAs.¹⁴



Loans in banks

Outstanding loans in the banking sector amounted to P7.3 trillion in June 2017, with average annual growth of 17% in the past six years.¹⁵ While NCR accounted for 85% of the total amount of loans outstanding in the banking sector, loan growth was remarkable in several regions outside NCR such as Davao, SOCCSKSARGEN, and Caraga.

¹² Only the amount of deposits in NSSLAs is available, there are no data on the number of deposit accounts.

¹³ Data as of 2015 as reported by CDA in December 2016

¹⁴ For banks, only deposits by individuals were considered for comparability with deposit data of cooperatives and NSSLAs.

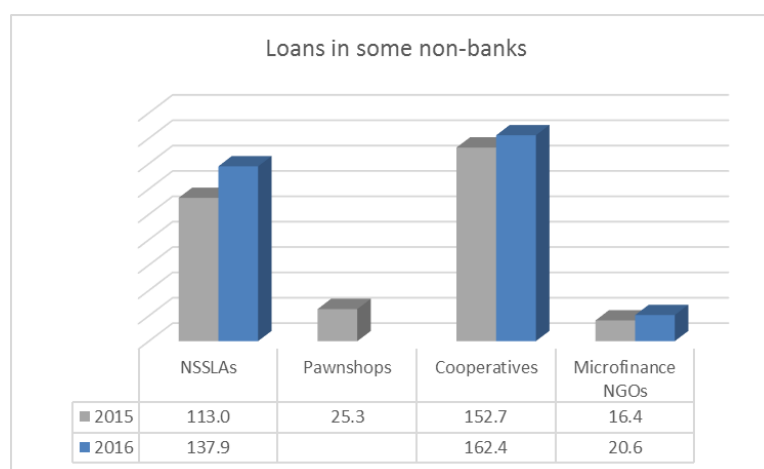
¹⁵ Existing data on the amount of loans include all loans granted by banks, interbank loans and reverse repurchase with the BSP and other banks.

Region		Amount of loans			% share to total	
		2015	2016	Growth	2015	2016
	NCR	4,945.6	5,779.3	16.9%	85.3%	84.7%
	CAR	12.4	13.6	9.6%	0.2%	0.2%
I	Ilocos Region	36.4	41.6	14.4%	0.6%	0.6%
II	Cagayan Valley	41.0	49.0	19.7%	0.7%	0.7%
III	Central Luzon	130.6	155.8	19.4%	2.3%	2.3%
IV-A	CALABARZON	117.7	143.5	21.9%	2.0%	2.1%
IV-B	MIMAROPA	17.8	21.9	22.8%	0.3%	0.3%
V	Bicol Region	34.9	42.5	21.6%	0.6%	0.6%
VI	Western Visayas	41.3	47.2	14.2%	0.7%	0.7%
VII	Central Visayas	186.5	214.4	15.0%	3.2%	3.1%
VIII	Eastern Visayas	21.6	23.4	8.4%	0.4%	0.3%
NIR	Negros Island Region	36.6	44.1	20.7%	0.6%	0.6%
IX	Zamboanga Peninsula	21.7	28.5	31.3%	0.4%	0.4%
X	Northern Mindanao	38.8	49.5	27.6%	0.7%	0.7%
XI	Davao Region	62.0	91.2	47.1%	1.1%	1.3%
XII	SOCCKSARGEN	36.1	50.2	39.0%	0.6%	0.7%
XIII	Caraga	16.21	22.51	38.9%	0.3%	0.3%
	ARMM	1.7	1.6	-5.9%	0.0%	0.0%
Philippines		5,798.9	6,819.9	17.6%	100%	100%

Top 3 Bottom 3

Loans in non-banks

Among non-banks, growth was highest among MF NGOs where the total amount of outstanding loans increased by 26% to P20.6 billion in 2016 from P16.4 billion in 2015.¹⁶ Loans in MF NGOs and pawnshops were relatively small compared to the amount of outstanding loans in NSSLAs and cooperatives.¹⁷

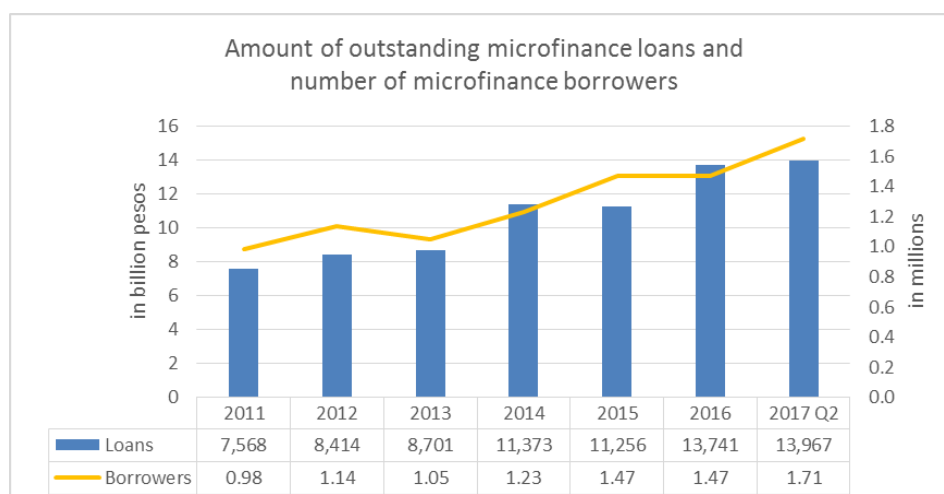


¹⁶ Based only on a sample of 15 MF NGOs in 2015 and 14 MF NGOs in 2016

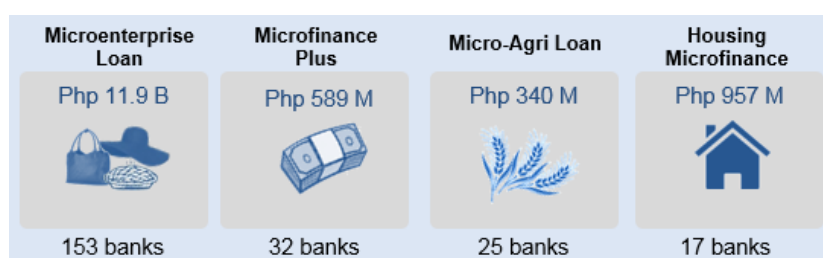
¹⁷ Data as of 2015 as reported by CDA in December 2016

Microfinance in the banking sector

As of June 2017, there were 163 banks with microfinance operation serving 1.7 million borrowers with loans outstanding amounting to P14 billion. From 2011 to 2016, the banks' microfinance loan portfolio and number of microfinance borrowers grew at an average annual rate of 13% and 9%, respectively.



Banks' offering of different microfinance products generally improved. While the number of banks providing microenterprise loans, micro-agri loans, and housing microfinance loans decreased, outstanding loans for these products experienced sustained growth.



*As of June 2017

		2015	2016	Growth
Microenterprise Loans	Banks	157	156	↓ -0.6%
	Borrowers	1,268,671	1,436,371	↑ 13.2%
	Amount (in million pesos)	9,763	11,957	↑ 22.5%
Microfinance Plus	Banks	32	32	→ 0.0%
	Borrowers	10,699	5,537	↓ -48.2%
	Amount (in million pesos)	356	404	↑ 13.6%
Micro-Agri Loans	Banks	31	26	↓ -16.1%
	Borrowers	34,342	39,987	↑ 16.4%
	Amount (in million pesos)	288	303	↑ 5.4%
Housing Microfinance Loans	Banks	18	17	↓ -5.6%
	Borrowers	84,556	131,375	↑ 55.4%
	Amount (in million pesos)	615	876	↑ 42.3%

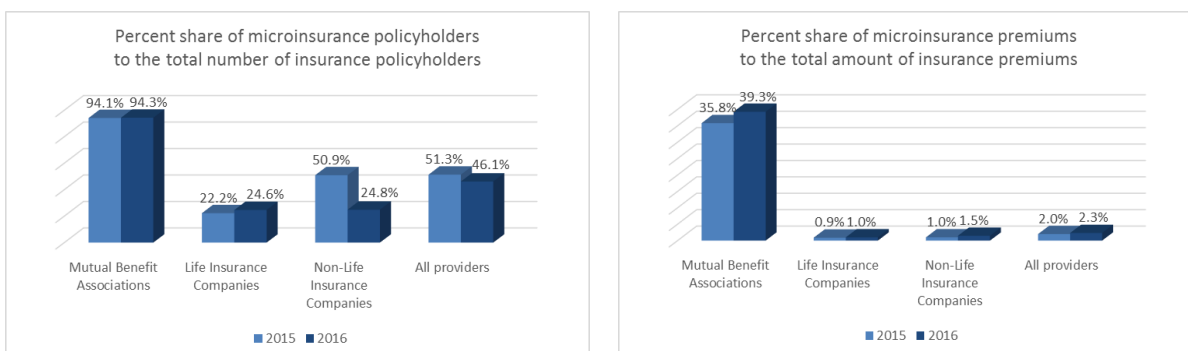
Seventy three (73) banks have opened micro-deposit accounts to 3.6 million microfinance clients with outstanding balance of P8.4 billion in June 2017. The number and amount of micro-deposits both increased at an average annual rate of 31% from 2012 to 2016, faster than the growth of regular deposit accounts.

While majority of micro-deposit accounts came from clients with outstanding loans (i.e., compulsory savings), the share of micro-deposits from clients without micro-loans was increasing since 2012. Micro-deposits from clients without loans accounted for 47% of the total number of micro-deposit accounts and 32% of the total amount of micro-deposits.



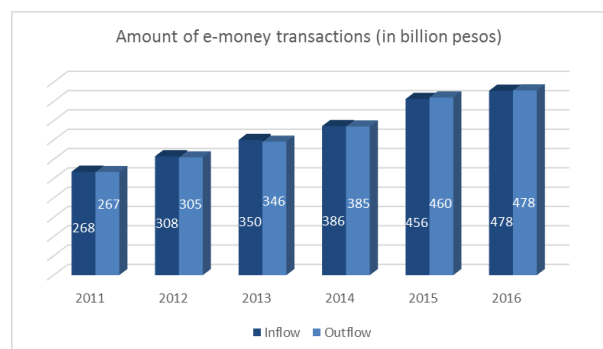
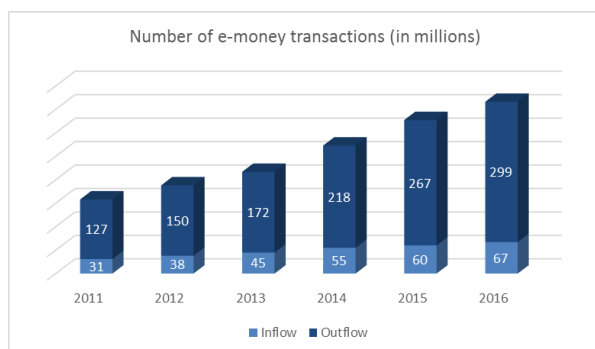
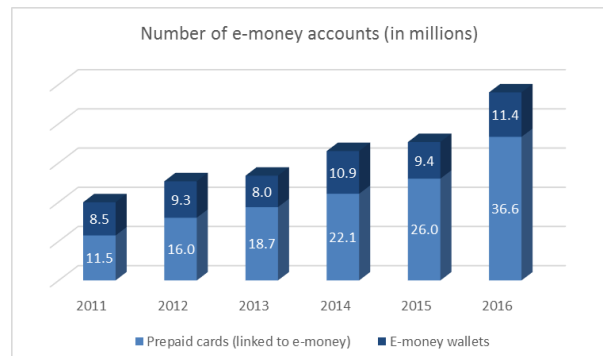
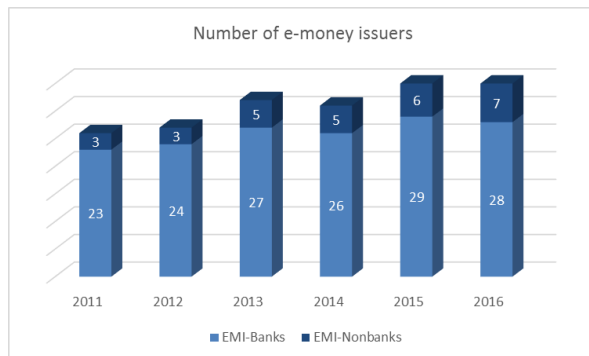
Microinsurance

Based on the BSP data, the number of banks with approved authority to cross-sell microinsurance products remained at 34 in 2016. These banks partner with insurance companies licensed to offer microinsurance. Data from the Insurance Commission (IC) showed that the number of microinsurance providers declined to 43 providers in 2016 from 47 providers in 2015 (out of 132 licensed insurers). Microinsurance policyholders (policyowners and dependents) also decreased to 27 million in 2016 from 28.7 million in 2015. Despite these drops, total microinsurance premiums increased by 20% to P5.4 billion in 2016 from P4.5 billion in 2015, or around 2% of the total insurance premiums.

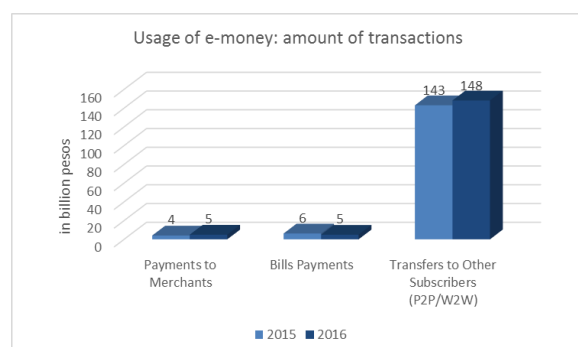
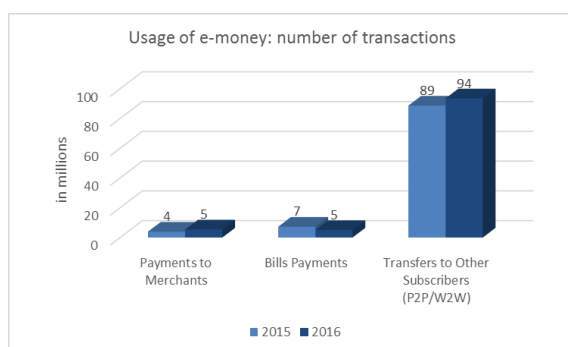


E-money

The number of EMIs remained at 35 issuers in 2016.¹⁸ The total number of e-money accounts (e-wallets and cards linked to e-money) increased by 36% to 48 million in 2016 from 35.3 million in 2015. From 2011 to 2016, growth is faster in cards (average annual growth of 27%) than e-money wallets (average annual growth of 8%). There were 366 million e-money transactions amounting to P478 billion. In the past six years, average annual growth in the number and amount of e-money transactions stood at 18% and 12%, respectively.



E-money was mainly used for person-to-person (P2P) or wallet-to-wallet (W2W) transfers with 93.6 million transactions amounting to P148 billion in 2016. Next were bills and merchant payments, but the volume and value were small compared to fund transfers.

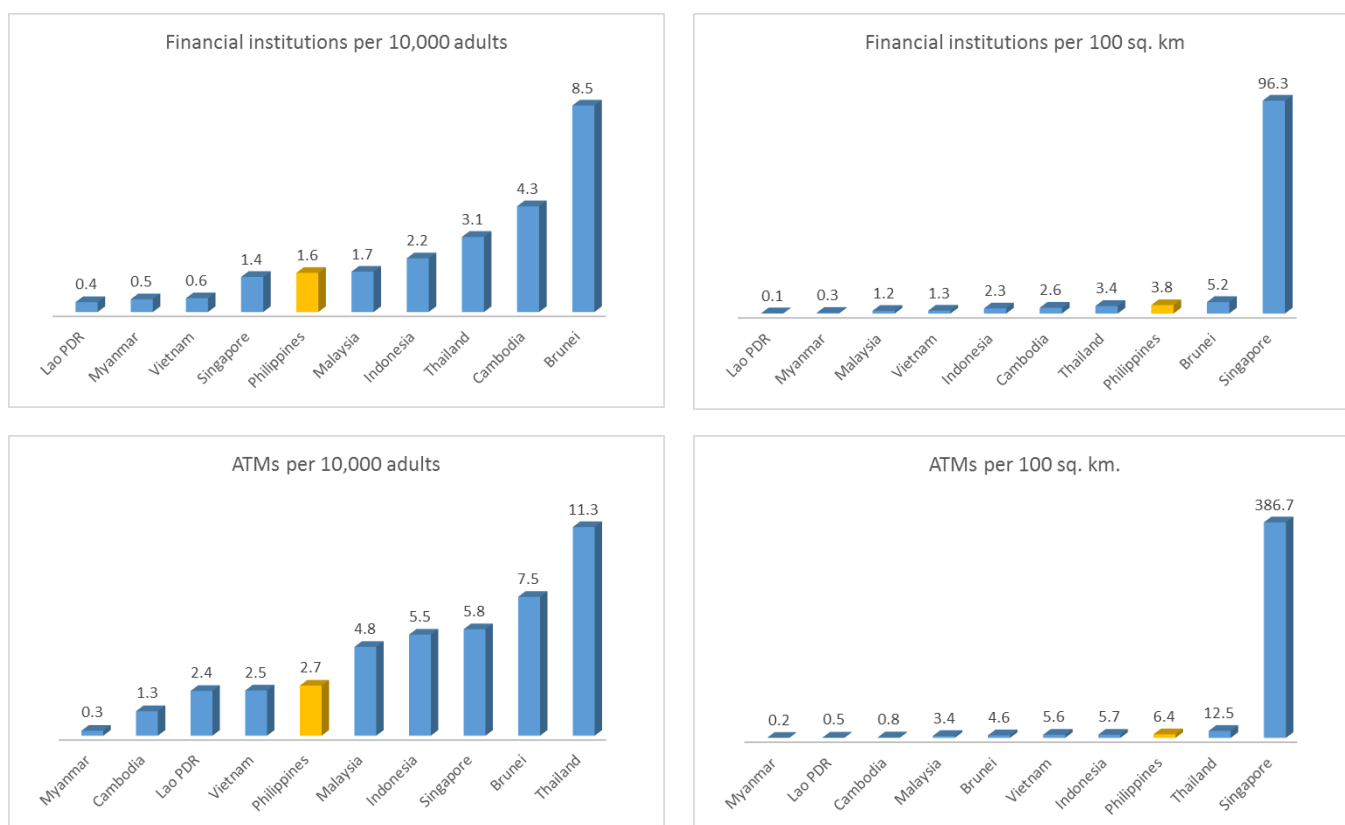


¹⁸ List of licensed EMIs available at <http://www.bsp.gov.ph/banking/directories.asp>

Annexes

Annex A. Cross-country comparison

In comparison with our ASEAN peers,¹⁹ the Philippines was generally in the middle group in terms of number of financial institutions²⁰ and ATMs per 10,000 adults. The country ranked highly in terms indicators per 100 square kilometers,²¹ indicating smaller distance to the nearest branch or ATM. In terms of usage, the number of deposit accounts per 10,000 adults²² in the Philippines was lower than most of our peers except Cambodia, Lao PDR, and Myanmar.

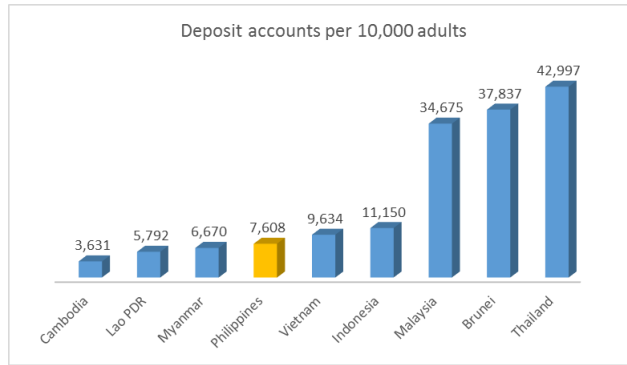


¹⁹ Raw data were sourced from the 2016 IMF Financial Access Survey (FAS), except for Cambodia where data came from the 2015 FAS (no data for 2016)

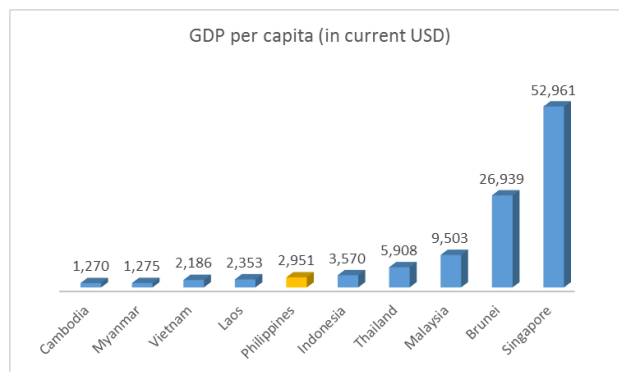
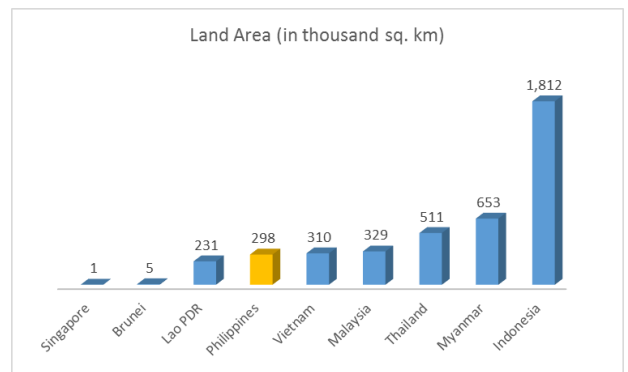
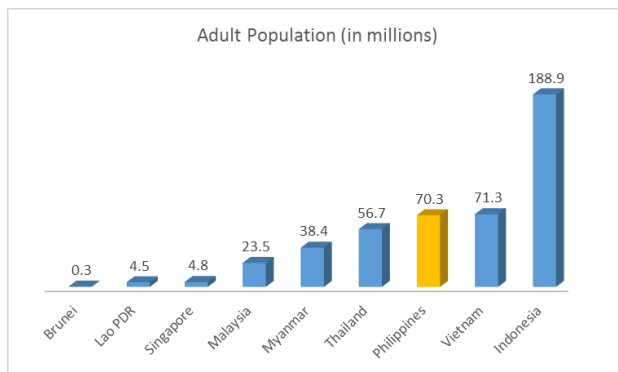
²⁰ Include head office and branches of commercial banks, credit unions, financial cooperatives, deposit-taking MFIs, other deposit takers, and other financial corporations.

²¹ IMF uses total land area in computing this indicator.

²² No data for Singapore



Background indicators such as adult population, land area, and per capita Gross Domestic Product (GDP) should be taken into account in making cross-country comparison. Brunei ranked highly in demographic indicators (per 10,000 adults) because of its small population while Singapore ranked highly in geographic indicators (per 100 sq. km) because of its small land area in relation to the number of financial institutions and ATMs, aside from the fact that these two countries had the highest per capita GDP in ASEAN.



Annex B. Selected access and usage indicators, by region

Number of banks per city/municipality

Region		2015	2016	Growth
	NCR	198.8	206.1	4%
	CAR	2.1	2.1	4%
I	Ilocos Region	3.9	4.2	7%
II	Cagayan Valley	3.7	3.8	3%
III	Central Luzon	8.4	8.8	5%
IV-A	CALABARZON	11.4	11.7	3%
IV-B	MIMAROPA	3.4	3.7	9%
V	Bicol Region	3.5	3.8	8%
VI	Western Visayas	4.2	4.5	7%
VII	Central Visayas	5.8	5.9	1%
VIII	Eastern Visayas	1.4	1.5	5%
NIR	Negros Island Region	4.9	5.2	6%
IX	Zamboanga Peninsula	3.0	3.1	2%
X	Northern Mindanao	4.0	4.1	2%
XI	Davao Region	8.3	8.7	4%
XII	SOCCSKSARGEN	4.4	4.6	5%
XIII	Caraga	3.0	2.8	-5%
	ARMM	0.18	0.16	-10%
Philippines		6.6	6.8	4%

Number of banks per 10,000 adults

Region		2015	2016	Growth
	NCR	3.82	3.89	2%
	CAR	1.27	1.29	1%
I	Ilocos Region	1.27	1.33	5%
II	Cagayan Valley	1.36	1.38	1%
III	Central Luzon	1.38	1.42	3%
IV-A	CALABARZON	1.74	1.74	0%
IV-B	MIMAROPA	1.17	1.23	5%
V	Bicol Region	0.96	1.01	6%
VI	Western Visayas	1.30	1.36	4%
VII	Central Visayas	1.44	1.42	-1%
VIII	Eastern Visayas	0.62	0.64	3%
NIR	Negros Island Region	0.85	0.88	3%
IX	Zamboanga Peninsula	0.91	0.92	0%
X	Northern Mindanao	1.15	1.15	0%
XI	Davao Region	1.22	1.24	2%
XII	SOCCSKSARGEN	0.76	0.77	2%
XIII	Caraga	1.18	1.10	-6%
	ARMM	0.08	0.07	-12%
Philippines		1.52	1.55	2%

Number of ATMs per 10,000 adults

Region		2015	2016	Growth
	NCR	8.01	8.52	6%
	CAR	1.83	1.99	9%
I	Ilocos Region	1.45	1.57	8%
II	Cagayan Valley	1.16	1.37	17%
III	Central Luzon	1.99	2.17	9%
IV-A	CALABARZON	2.75	2.98	8%
IV-B	MIMAROPA	1.05	1.15	10%
V	Bicol Region	1.01	1.13	13%
VI	Western Visayas	1.43	1.65	15%
VII	Central Visayas	2.77	2.95	6%
VIII	Eastern Visayas	0.77	0.88	15%
NIR	Negros Island Region	1.23	1.38	12%
IX	Zamboanga Peninsula	1.08	1.21	12%
X	Northern Mindanao	1.39	1.49	7%
XI	Davao Region	2.12	2.28	8%
XII	SOCCSKSARGEN	1.24	1.32	6%
XIII	Caraga	1.26	1.38	9%
	ARMM	0.13	0.14	3%
Philippines		2.46	2.66	8%

Legend: Top 3 Bottom 3

Number of banks per 100 sq. km.

Region	2015	2016	Growth
NCR	700.57	726.49	4%
CAR	4.64	4.82	4%
I Ilocos Region	5.99	6.41	7%
II Cagayan Valley	3.57	3.68	3%
III Central Luzon	9.03	9.51	5%
IV-A CALABARZON	15.41	15.83	3%
IV-B MIMAROPA	2.46	2.67	9%
V Bicol Region	3.25	3.50	8%
VI Western Visayas	5.18	5.53	7%
VII Central Visayas	8.79	8.90	1%
VIII Eastern Visayas	1.95	2.05	5%
NIR Negros Island Region	3.29	3.48	6%
IX Zamboanga Peninsula	3.18	3.25	2%
X Northern Mindanao	4.60	4.68	2%
XI Davao Region	5.53	5.75	4%
XII SOCCSKSARGEN	3.04	3.18	5%
XIII Caraga	4.00	3.82	-5%
ARMM	0.33	0.30	-10%
Philippines	7.55	7.84	4%

Number of ATMs per 100 sq. km

Region	2015	2016	Growth
NCR	1,471.43	1,590.02	8%
CAR	6.69	7.45	11%
I Ilocos Region	6.87	7.57	10%
II Cagayan Valley	3.04	3.64	20%
III Central Luzon	13.02	14.51	11%
IV-A CALABARZON	24.39	27.07	11%
IV-B MIMAROPA	2.21	2.50	13%
V Bicol Region	3.41	3.92	15%
VI Western Visayas	5.67	6.69	18%
VII Central Visayas	16.97	18.46	9%
VIII Eastern Visayas	2.41	2.84	18%
NIR Negros Island Region	4.76	5.45	14%
IX Zamboanga Peninsula	3.75	4.30	15%
X Northern Mindanao	5.55	6.08	9%
XI Davao Region	9.60	10.52	10%
XII SOCCSKSARGEN	4.97	5.42	9%
XIII Caraga	4.28	4.77	12%
ARMM	0.53	0.56	6%
Philippines	12.20	13.44	10%

* Based on habitable land area

Number of deposit accounts per 10,000 adults ^{r/}

Region	2015	2016	Growth
NCR	23,950	24,623	3%
CAR	6,560	6,800	4%
I Ilocos Region	4,554	4,868	7%
II Cagayan Valley	4,088	4,188	2%
III Central Luzon	5,030	5,357	7%
IV-A CALABARZON	7,181	7,534	5%
IV-B MIMAROPA	4,463	4,860	9%
V Bicol Region	3,862	4,220	9%
VI Western Visayas	5,101	5,446	7%
VII Central Visayas	6,589	6,829	4%
VIII Eastern Visayas	2,485	2,612	5%
NIR Negros Island Region	3,589	3,797	6%
IX Zamboanga Peninsula	3,477	3,950	14%
X Northern Mindanao	3,985	4,372	10%
XI Davao Region	4,370	5,788	32%
XII SOCCSKSARGEN	3,143	3,801	21%
XIII Caraga	3,677	4,161	13%
ARMM	504	489	-3%
Philippines	7,090	7,492	6%

^{r/} Revised

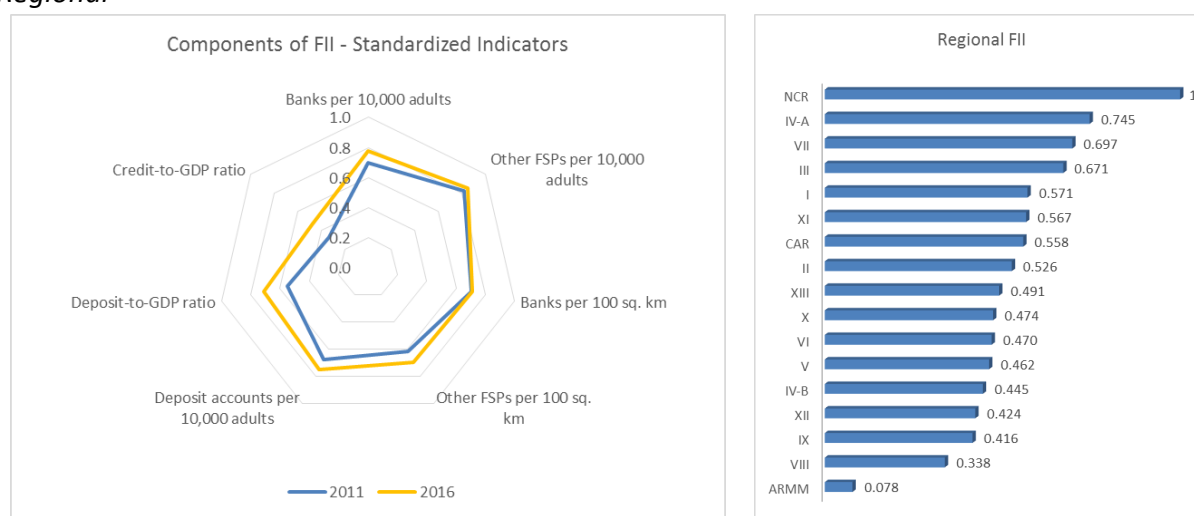
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Annex C. Financial Inclusion Index

National

Dimension	Indicator	2011	2012	2013	2014	2015	2016
Access	Banks per 10,000 adults	1.40	1.42	1.47	1.50	1.52	1.55
	Other FSPs per 10,000 adults	4.09	5.16	5.35	5.28	5.43	5.93
	Banks per 100 sq. km	6.35	6.60	6.96	7.27	7.55	7.84
	Other FSPs per 100 sq. km	18.52	23.94	25.38	25.59	26.88	30.00
Usage	Deposit accounts per 10,000 adults	6,776	6,328	6,730	6,886	7,090	7,492
	Deposit-to-GDP ratio	0.55	0.54	0.65	0.67	0.69	0.71
	Credit-to-GDP ratio	0.33	0.34	0.37	0.40	0.44	0.47
FII		0.622	0.624	0.663	0.683	0.701	0.705

Regional



Provincial

Top 10 Provinces	FII	Bottom 10 Provinces	FII
BENGUET	0.981	ROMBLON	0.180
LAGUNA	0.979	COMPOSTELA VALLEY PROVINCE	0.171
DAVAO DEL SUR	0.922	NORTHERN SAMAR	0.165
BATANGAS	0.827	SARANGANI	0.116
CAVITE	0.814	DAVAO OCCIDENTAL	0.098
PAMPANGA	0.810	SULU	0.085
CEBU	0.802	TAWI-TAWI	0.077
BATAAN	0.757	LANAO DEL SUR	0.069
MISAMIS ORIENTAL	0.744	BASILAN	0.048
ZAMBALES	0.714	MAGUINDANAO	0.030

Annex D. Financial Inclusion Indicators developed by AFI FIDWG

Core Set

	2011	2012	2013	2014	2015	2016
Background Indicators						
Adult population (in millions)	64.3	65.8	67.3	68.8	70.3	71.8
Total number of relevant administrative units	1,634					
Total number of branches (banking offices)	9,015	9,375	9,884	10,315	10,710	11,129
Total number of e-money agents	12,190	18,545	24,029	22,628	23,781	26,028
Total number of other cash-in & cash-out access points ^{1/}	25,097	29,569	31,644	31,438	31,598	35,294
Access Dimension:						
Number of access points per 10,000 adults	7.20	8.73	9.74	9.36	9.40	10.1
% of administrative units with at least one access point	76.2%	86.7%	87.4%	87.8%	88.2%	90.1%
% of adult population living in administrative units with at least one access point	92.4%	96.2%	96.4%	96.5%	96.6%	97.1%
Usage Dimension:						
% of adults with at least one type of regulated deposit account ^{2/}	26.6%			31.3%		
Number of deposit accounts per 10,000 adults	6,784	6,348	6,738	6,885	7,090	7,492
% of adults with at least one type of regulated credit account ^{2/}	10.5%			11.8%		

^{1/} Include credit cooperatives, NSSLAs, pawnshops, MCs/FXD/RAs, and other BSP-supervised NBFIs.

^{2/} Source: World Bank Global Findex (2014)

Mobile Financial Services Indicators

	2013	2014	2015	2016
Background Indicators				
Number of MFS cash points	182,637	160,684	193,080	226,857
Active MFS cash points	169,228	151,491	188,569	221,465
Administrative units with MFS cash points	965	1,122	1,137	1,160
MFS accounts (in millions)	27.0	32.8	35.3	48.0
Active MFS accounts (in millions)	24.3	28.8	32.4	43.6
Value of MFS transactions (in billion PHP)	348	386	458	478
Volume of MFS transactions per month (in millions)	217	273	327	366
Access				
Number of MFS cash points per 10,000 adults	27.1	23.4	27.5	31.6
Percentage of relevant administrative units with MFS cash points	59.1%	68.7%	69.6%	71.0%
Percentage of active MFS cash points	92.7%	94.3%	97.7%	97.6%
Usage				
Percentage of adults with at least one MFS account	NA	4.2%	4.2%	4.2%
Number of MFS accounts per 10,000 adults	4,010	4,761	5,024	6,680
Percentage of active MFS accounts	90.1%	87.9%	91.7%	90.9%
Value in USD of MFS transactions monthly	652,875,970	720,291,480	809,660,737	799,744,672
Average number of MFS transactions per active MFS cash point	107	150	145	138

*Source: World Bank Global Findex (2014)

About IFAO

IFAO designs, coordinates and implements key elements of the BSP financial inclusion agenda. These elements cover the areas of (a) financial inclusion policy research and formulation; (b) financial inclusion data and measurement; (c) financial learning sessions for targeted unbanked sectors; (d) advocacy activities. IFAO is also the technical secretariat of the inter-agency Financial Inclusion Steering Committee of the National Strategy for Financial Inclusion.



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