

Report on the State of Financial Inclusion in the Philippines

2018



Background

The Report on the State of Financial Inclusion in the Philippines is part of the stock-taking exercise of the Bangko Sentral ng Pilipinas (BSP) to assess the levels and trends in financial inclusion in the country. The 2018 report provides supply-side data on financial inclusion in terms of access and usage, sourced from BSP-supervised institutions and other government agencies. It further presents comparison across other jurisdictions.

The report serves as an inventory of the progress made from 2011 to 2018. Year-on-year comparisons and latest available figures as of June 2019 are likewise highlighted for relevant sections.

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 in terms of deposits, loans, microfinance, microinsurance, and electronic money. The supporting annexes contain additional information on the different financial inclusion indicators.

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

Illustrations by muchmania from VectorStock

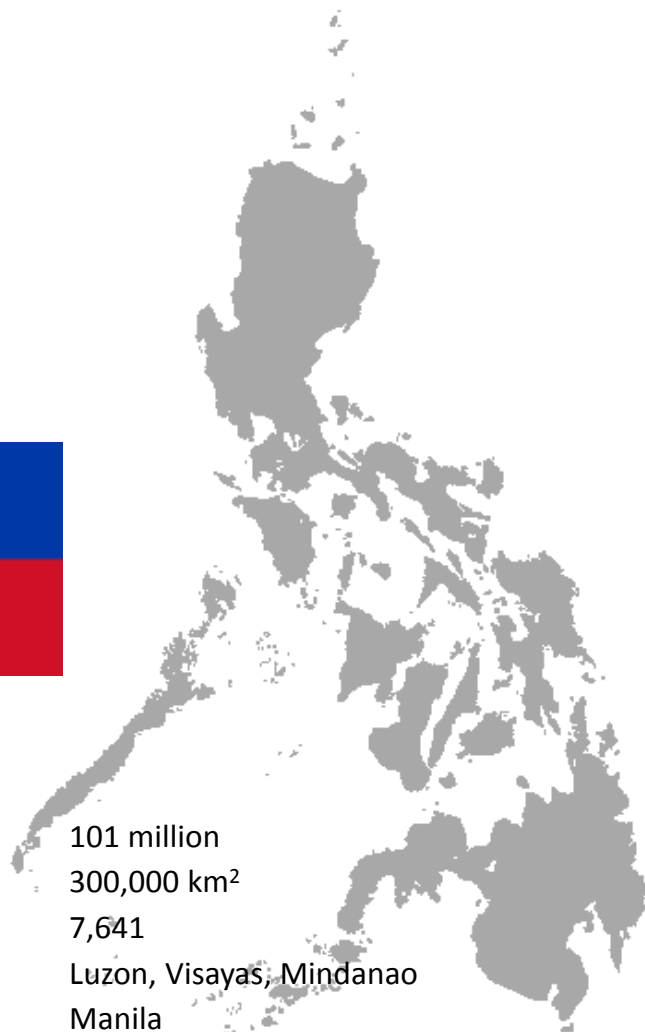


List of Abbreviations and Acronyms

AFI	Alliance for Financial Inclusion
AML	Anti-Money Laundering
ASEAN	Association of Southeast Asian Nations
ATM	Automated Teller Machine
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
BSP	Bangko Sentral ng Pilipinas
BDA	Basic Deposit Account
CALABARZON	Cavite, Laguna, Batangas, Rizal, Quezon
CAR	Cordillera Administrative Region
CDA	Cooperative Development Authority
CLIA	Center for Learning and Inclusion Advocacy
EFT	Electronic Fund Transfer
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/RTC	Foreign Exchange Dealer/Money Changer/Remittance and Transfer Company
IC	Insurance Commission
IMF	International Monetary Fund
LGU	Local Government Unit
MF NGO	Microfinance NGO
MIMAROPA	Mindoro, Marinduque, Romblon, Palawan
MNRC	Microfinance NGO Regulatory Council
MSB	Money Service Business
NBFI	Non-bank Financial Institution
NRPS	National Retail Payments System
NSSLA	Non-stock Savings and Loans Association
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, Sanagani, 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, 81 provinces, 145 cities, 1,489 municipalities
Official languages	Filipino, English
Simple literacy (2013) ^{a/}	96.5%
Unemployment rate (April 2019) ^{a/}	5.1%
Poverty incidence of population (2018 H1) ^{a/}	21%
Average annual family income (Oct 2016) ^{a/}	PHP 267,000
Gross Domestic Product (GDP) full year growth (2018) ^{a/}	6.2%
Inflation rate (Nov 2019) ^{c/}	1.3%
Exchange rate (Dec 2019) ^{c/}	USD 1 ≈ PhP 51
Number of overseas Filipinos (2013) ^{d/}	10.2 million
Amount of cash remittances (2018) ^{c/}	USD 28.9 billion
Unique mobile user penetration (2018) ^{e/}	58%
SIM penetration (2018) ^{f/}	126%
Smartphone penetration (2017) ^{f/}	63%
Percentage of individuals using the internet (2016) ^{g/}	60%

^{a/} Philippine Statistics Authority

^{b/} National Mapping and Resource Information Authority

^{c/} Bangko Sentral ng Pilipinas

^{d/} Commission on Filipinos Overseas

^{e/} We Are Social

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

^{g/} International Telecommunication Union (ITU)

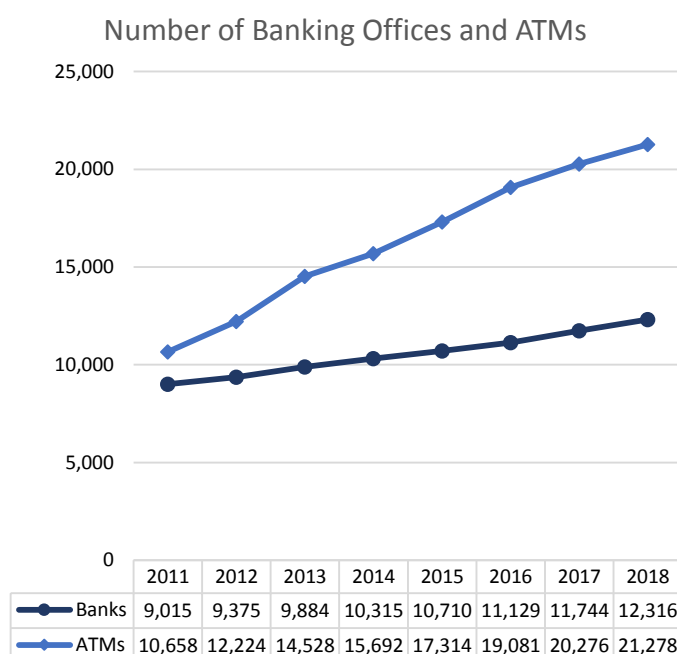
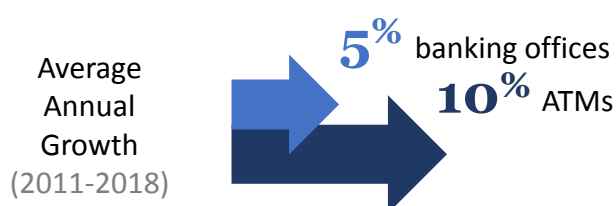
Financial Access



Number of banks and automated teller machines (ATMs)

The number of banks has been steadily increasing since 2011 and by end of 2018, 12,316 banking offices were operating nationwide. This translated to an average annual growth rate of 5% or around 472 new banking offices being opened every year for the past eight (8) years.¹

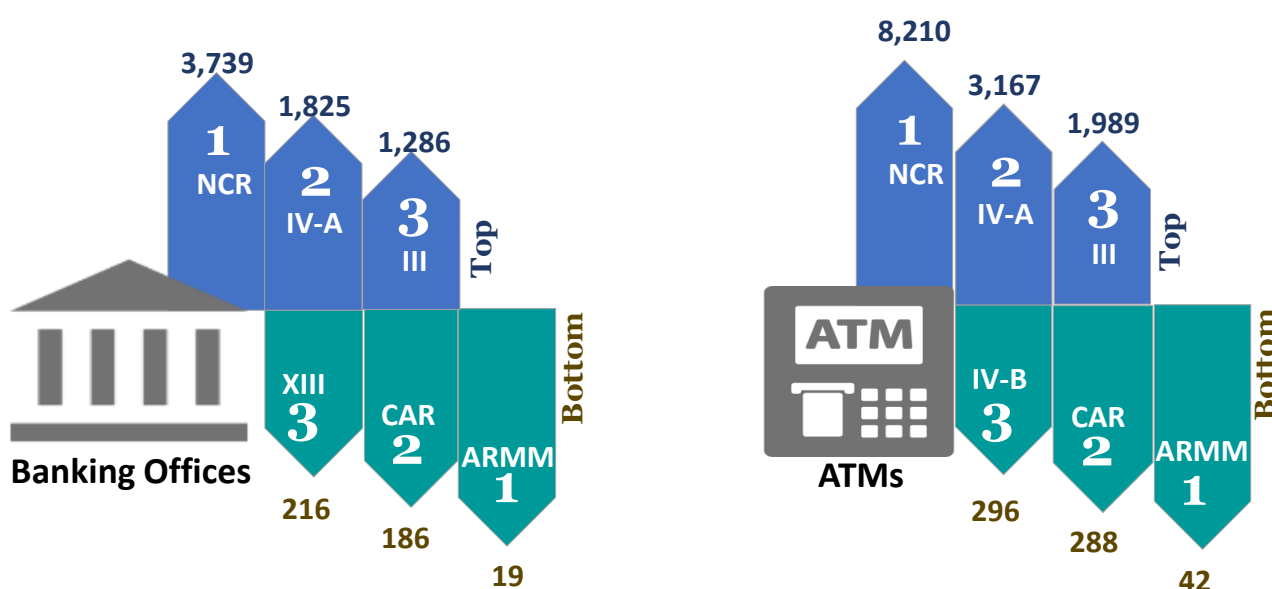
Likewise, the number of ATMs has also been on the rise, growing at an average rate of 10% or around 1,500 new units annually. In 2018, the number of ATMs reached 21,278.²



Regional distribution of banks and ATMs

From 2017 to 2018, NCR, Region IV-A (CALABARZON) and Central Luzon remained as the top regions with the most number of banks and ATMs. While CAR and BARMM³ were still at the bottom, the number of banks and ATMs in these areas actually grew during the 2-year period with BARMM recording the 2nd highest growth of ATMs.

Other underserved regions were Region XIII (Caraga) in terms of bank count, and Region IV-B (MIMAROPA) in terms of ATM count.



¹ Banking office count excludes 48 banking offices located outside the Philippines which primarily cater to overseas Filipinos.

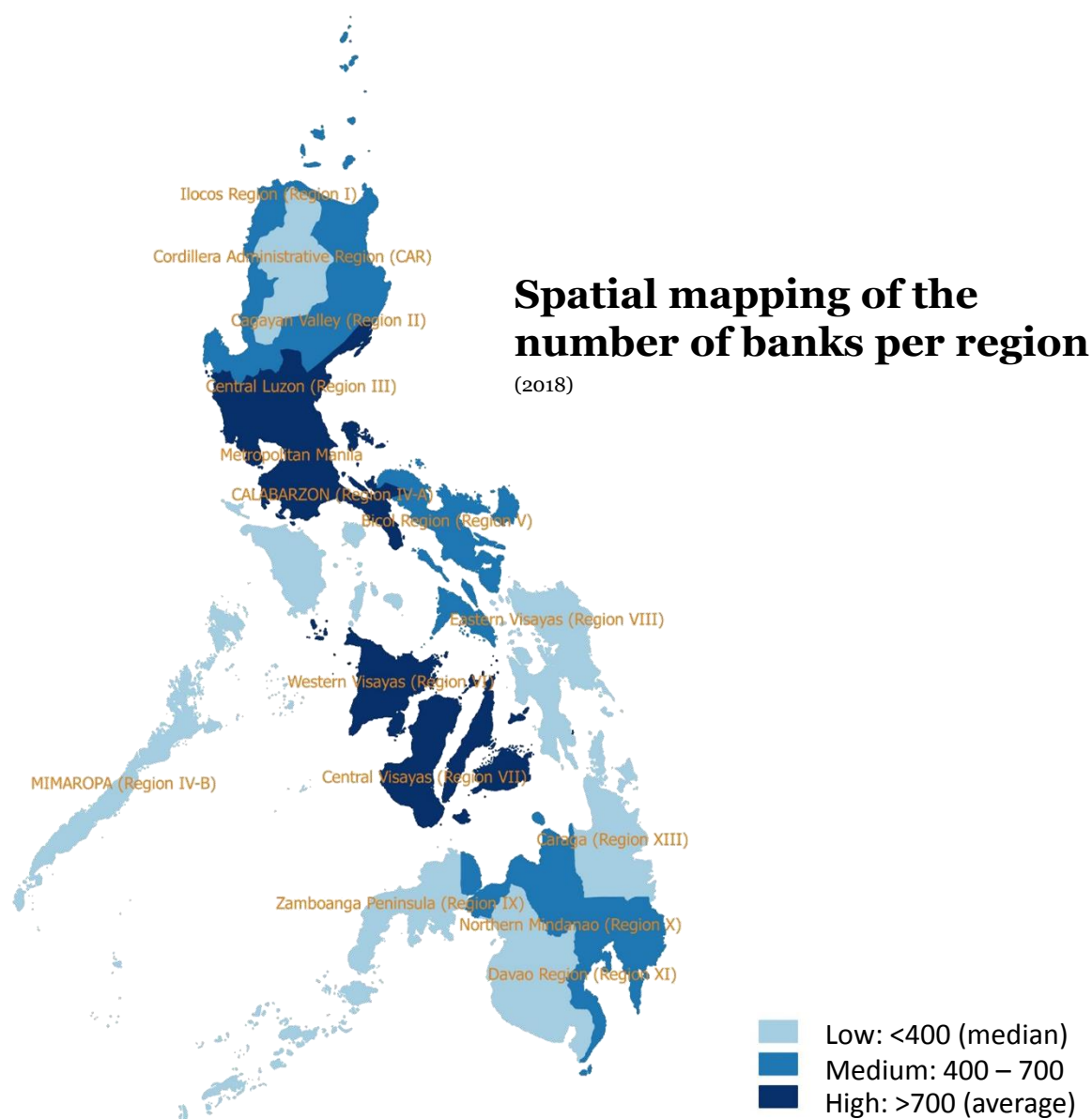
² ATM count excludes three (3) ATMs located outside the Philippines which primarily cater to overseas Filipinos. Of the total ATMs, 55% were on-site while 45% were off-site. On-site ATMs are located in the banking office while off-site ATMs are stand-alone units located in convenient areas such as shopping malls, train stations, and other public places.

³ Based on Republic Act No. 11054 or the Organic Law for the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) signed into law on 27 July 2018.

Region		Banks			ATMs		
		2017	2018	2017-18 Growth	2017	2018	2017-18 Growth
	NCR	3,648	3,739	2.5%	7,989	8,210	2.8%
	CAR	177	186	5.1%	279	288	3.2%
I	Ilocos Region	584	621	6.3%	677	711	5.0%
II	Cagayan Valley	388	425	9.5%	400	448	12.0%
III	Central Luzon	1,210	1,286	6.3%	1,910	1,989	4.1%
IV-A	CALABARZON	1,737	1,825	5.1%	3,023	3,167	4.8%
IV-B	MIMAROPA	278	292	5.0%	274	296	8.0%
V	Bicol Region	464	499	7.5%	527	579	9.9%
VI	Western Visayas	690	704	2.0%	965	1,018	5.5%
VII	Central Visayas	789	855	8.4%	1,511	1,606	6.3%
VIII	Eastern Visayas	227	259	14.1%	323	379	17.3%
IX	Zamboanga Peninsula	225	238	5.8%	309	341	10.4%
X	Northern Mindanao	396	407	2.8%	544	607	11.6%
XI	Davao Region	447	470	5.1%	814	853	4.8%
XII	SOCCKSARGEN	250	275	10.0%	411	444	8.0%
XIII	Caraga	215	216	0.5%	283	297	4.9%
	BARMM	19	19	0.0%	37	42	13.5%
Philippines		11,744	12,316	4.9%	20,276	21,275	4.9%

Legend

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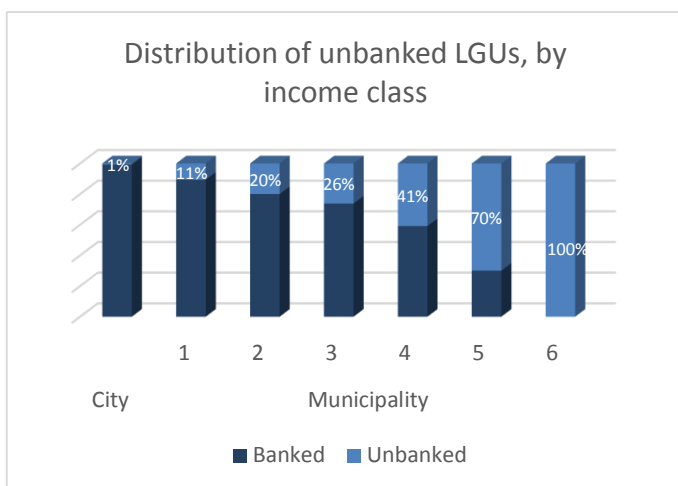
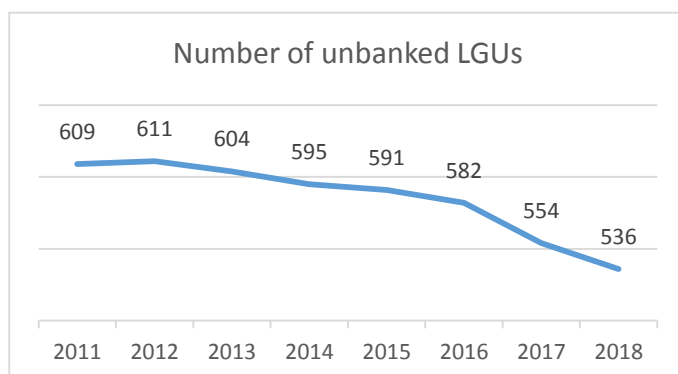


LGUs with banking presence

In 2018, 536 LGUs were unbanked or 33% of cities and municipalities nationwide. While there was a continuous reduction in the number of unbanked LGUs from 609 in 2011 to 536 in 2018, the average annual rate of decline is low at only 1.8% for the said period.

Data also suggests that income level and the number of unbanked municipalities have an inverse relationship. Specifically, only 11% of first class municipalities were unbanked while 100% of 6th class municipalities did not have at least one banking office.⁴

During the same year, the most number of LGUs which improved from being unbanked (i.e., opening of at least one banking office) were observed in Central Luzon, Bicol, Eastern Visayas, Zamboanga Peninsula and SOCCSKSARGEN while the reverse occurred in Cagayan Valley and ARMM. For the rest of the LGUs in other regions, the 2017 scenario was retained.



Region		Total no. of LGUs (a)	No. of LGUs with at least one banking office (b)		No. of unbanked LGUs (b)		% Share (b/a)		
			2017	2018	2017	2018	2017	2018	
	NCR	17	17	17	0	0	100.0%	100.0%	→
	CAR	77	31	32	46	45	40.3%	41.6%	↑
I	Ilocos Region	125	95	97	30	28	76.0%	77.6%	↑
II	Cagayan Valley	93	78	78	15	15	83.9%	83.9%	→
III	Central Luzon	130	126	126	4	4	96.9%	96.9%	→
IV-A	CALABARZON	142	135	136	7	6	95.1%	95.8%	↑
IV-B	MIMAROPA	73	48	48	25	25	65.8%	65.8%	→
V	Bicol Region	114	89	92	25	22	78.1%	80.7%	↑
VI	Western Visayas	133	105	105	28	28	78.9%	78.9%	→
VII	Central Visayas	132	95	98	37	34	72.0%	74.2%	↑
VIII	Eastern Visayas	143	48	54	95	89	33.6%	37.8%	↑
IX	Zamboanga Peninsula	72	28	29	44	43	38.9%	40.3%	↑
X	Northern Mindanao	93	59	58	34	35	63.4%	62.4%	↓
XI	Davao Region	49	38	39	11	10	77.6%	79.6%	↑
XII	SOCCSKSARGEN	50	34	37	16	13	68.0%	74.0%	↑
XIII	Caraga	73	44	42	29	31	60.3%	57.5%	↓
	ARMM	118	10	10	108	108	8.5%	8.5%	→
Philippines		1,634	1,080	1,098	554	536	66.1%	67.2%	↑

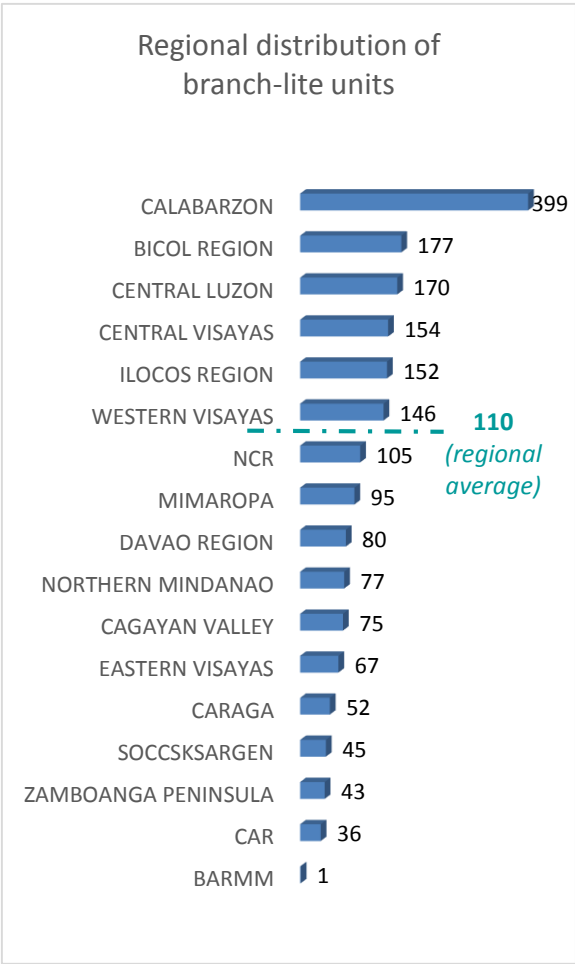
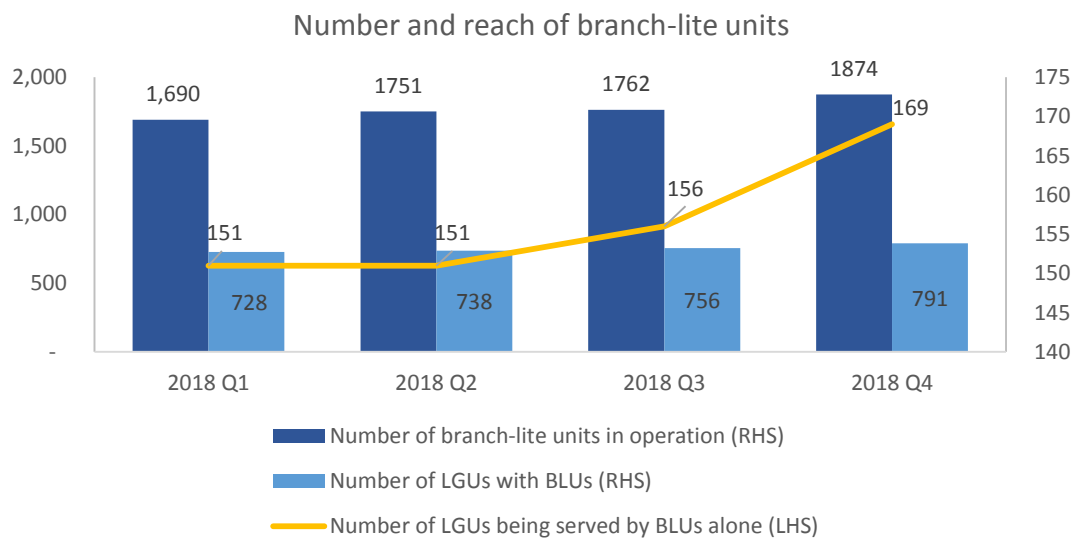
↑ Improvement
 ↓ No. of banked LGUs decreased
 → No change

⁴ The income level of a municipality (plus other factors such as population and type of industry) may determine banking presence. Also, the reverse may hold true such as the establishment of a banking office or BLU may spur more economic activities thus increasing income in the locality.

Branch-lite network

Following the implementation of BSP Circular No. 987 dated 28 December 2017, which expanded the reach of the banking system through the branch-lite framework, there were 153 banks with 1,874 branch-lite units (BLUs) operating in 791 local government units (i.e., cities and municipalities), of which 169 were being served by BLUs alone in 2018.

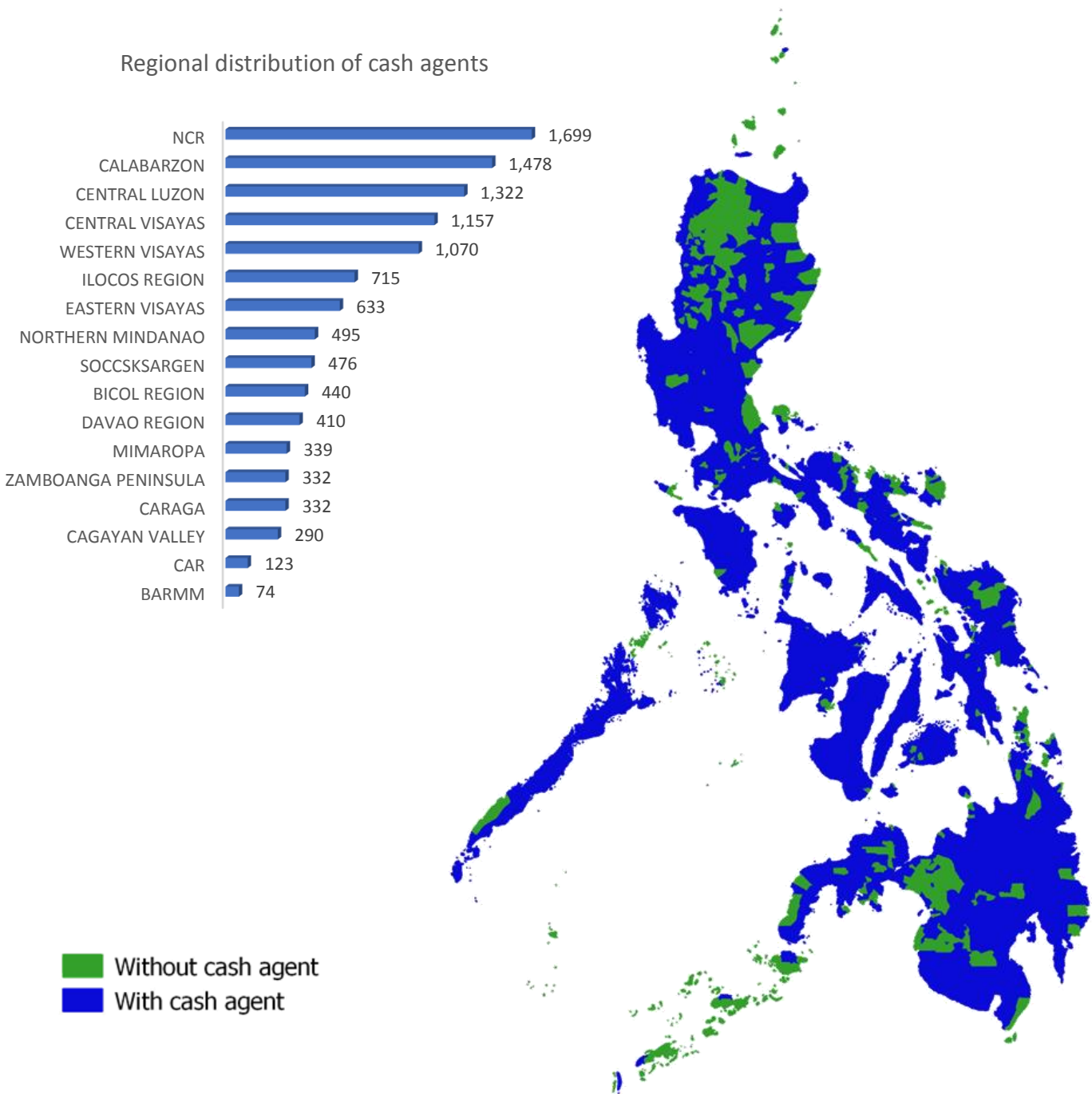
As to regional distribution, BLUs were still mostly located in CALABARZON, Bicol, Central Luzon, Central Visayas and Ilocos. However, there is still room for expansion as most regions have BLUs which are less than the national average of 110, with BARMM having only one branch-lite in 2018.



Cash agents














BSP Circular No. 940 dated 20 January 2017 allows a bank to contract third party entities as cash agents where customers can perform secure online, real-time deposit and withdrawal transactions for his/her own bank account, fund transfers and bills payment (self-service transactions), subject to applicable rules, regulations and policies on outsourcing, electronic banking, anti-money laundering, bank secrecy, customer data confidentiality, and consumer protection.

Two years after issuance of the regulation, retail outlets such as grocery stores and pharmacies are now being utilized as cash agents. In 2018, there were over 11,000 cash agents that offer a wide range of banking services such as deposits, withdrawals, fund transfers, and bills payment. These cash agents are present in 1,296 out of 1,634 LGUs, of which 270 LGUs do not have a bank branch but have cash agents. There are still opportunities in expanding the reach of cash agents to underserved regions such as CAR and BARMM.



Other financial service access points

In 2018, there were over 62,000 other financial service access points comprised of NSSLAs, credit cooperatives, microfinance NGOs (MF NGOs), pawnshops, money service businesses or MSBs (FXDs/MCs/RTCs), e-money agents, and other NBFIs.⁵ From 2011 to 2018, the fastest average annual growth was among e-money agents, and lowest among pawnshops.⁶

	2017	2018	Ave. annual growth rate (2011-2018)
Non-stock savings and loan associations (NSSLAs)	197 	196 	2%
Credit cooperatives	3,664 	3,881 	7%
Microfinance NGOs	2,861 	---	13%
Pawnshops	16,582 	12,107 	-4%
Other non-bank financial institutions (NBFIs)	218 	219 	13%
Remittance & transfer companies, money changers/ FX dealers	11,697 	5,483 	-2%
E-money agents	41,990 	27,993 	17%



Positive growth compared to previous year

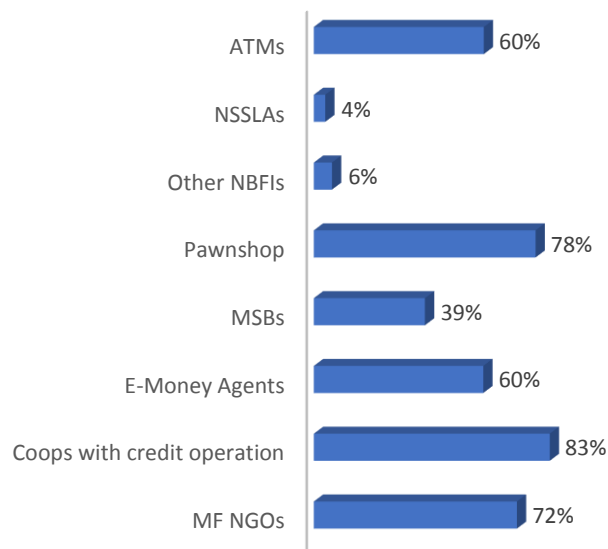


Negative growth compared to previous year

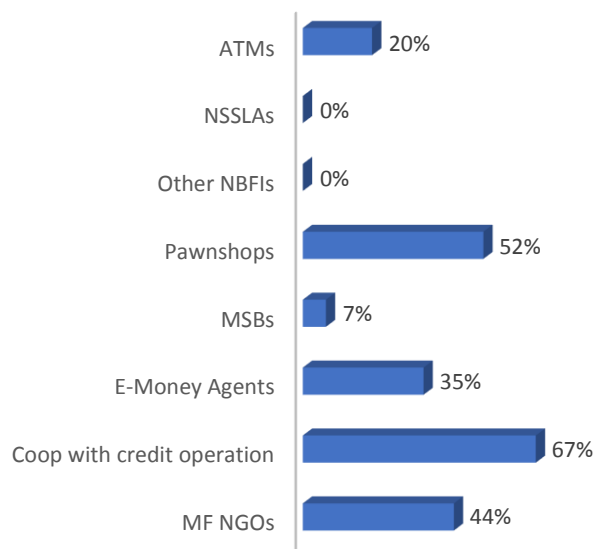
In terms of physical reach, cooperatives with credit operation were the most accessible as it reached 83% of the 1,634 LGUs followed by pawnshops with 78%. Other NBFIs and NSSLAs, on the other hand, were the least accessible at 6% and 4%, respectively.

Meanwhile, as to presence in unbanked areas, cooperatives were the most common access points with 67% reach, followed by pawnshops at 52% and MF NGOs at 44%. Said distribution was also evident in 2017.

Physical reach of other financial service access points



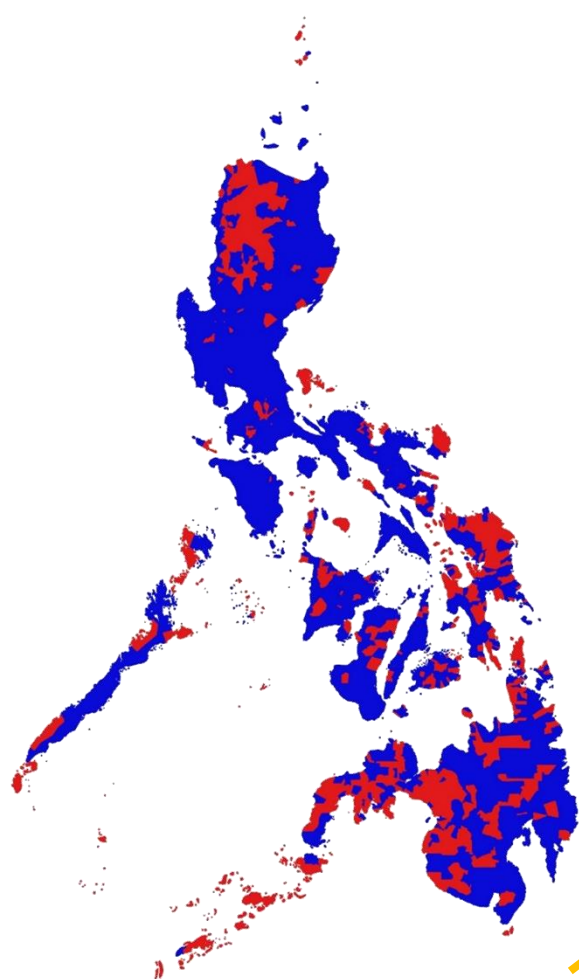
Financial service access points in unbanked areas



⁵ 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.

⁶ For pawnshops and MSBs, the decline is due to cleansing of the database after the issuance of BSP Circular Nos. 938 and 942 which require re-registration and introduce a network-based approach to regulation. The regulatory enhancements aim to ensure that pawnshops and MSBs are properly supervised for their effective compliance with anti-money laundering (AML) and internal control rules and guidelines.

Spatial mapping of unbanked and unserved LGUs

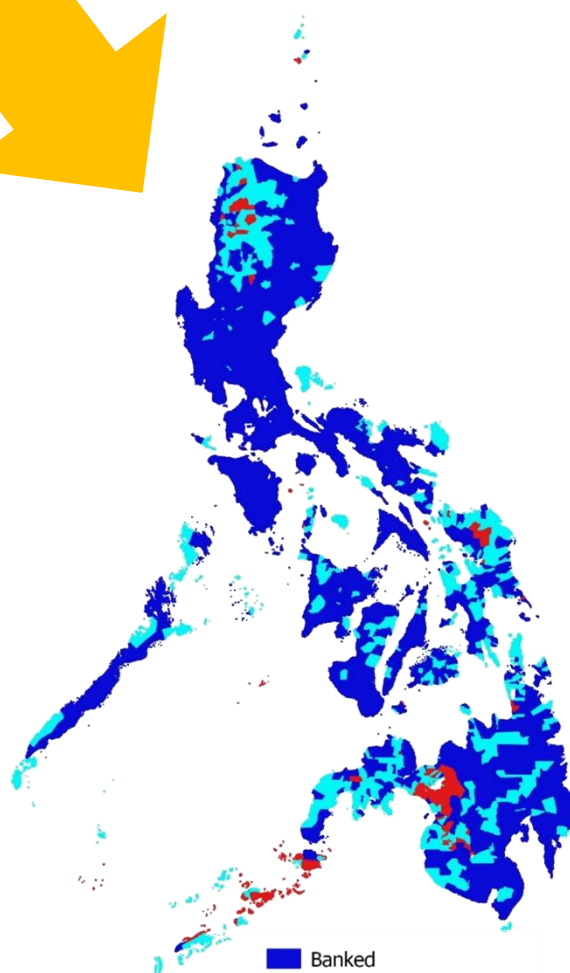


■ With at least one banking office
■ Unbanked

**33% of
LGUs
are
unbanked**



**6% of LGUs
are
unserved**



■ Banked
■ Unbanked but with FSPs
■ Unserved

Unbanked – without banking office
Unserved – without any financial service access point

Usage of Financial Products and Services



Deposit in banks

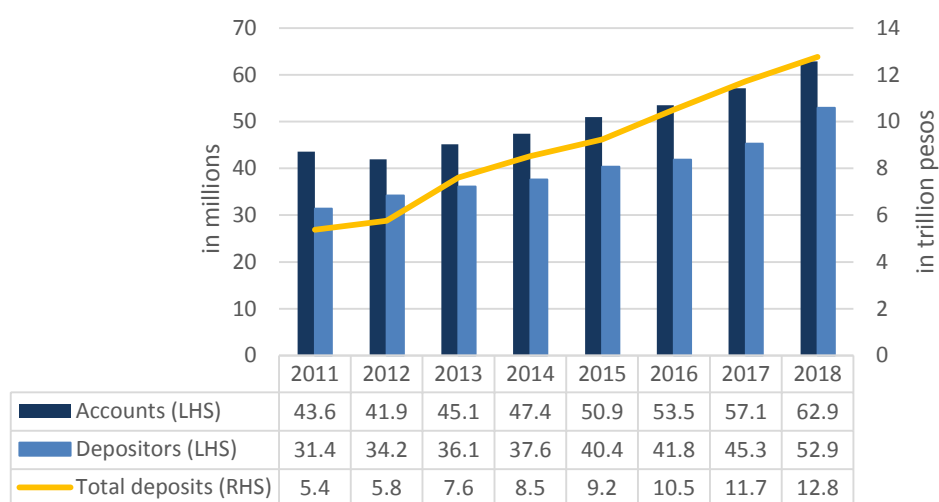
In 2018, there were 62.9 million deposit accounts from 52.9 million depositors with outstanding balance of P12.9 trillion.⁷

From 2011 to 2018, the number of deposit accounts and depositors in banks increased at an average annual rate of 5% and 8%, respectively.

The total amount of deposits grew at an average rate of 13% during the same period.

The number of accounts is 10 million more than the number of depositors which indicates ownership of multiple accounts for some depositors.

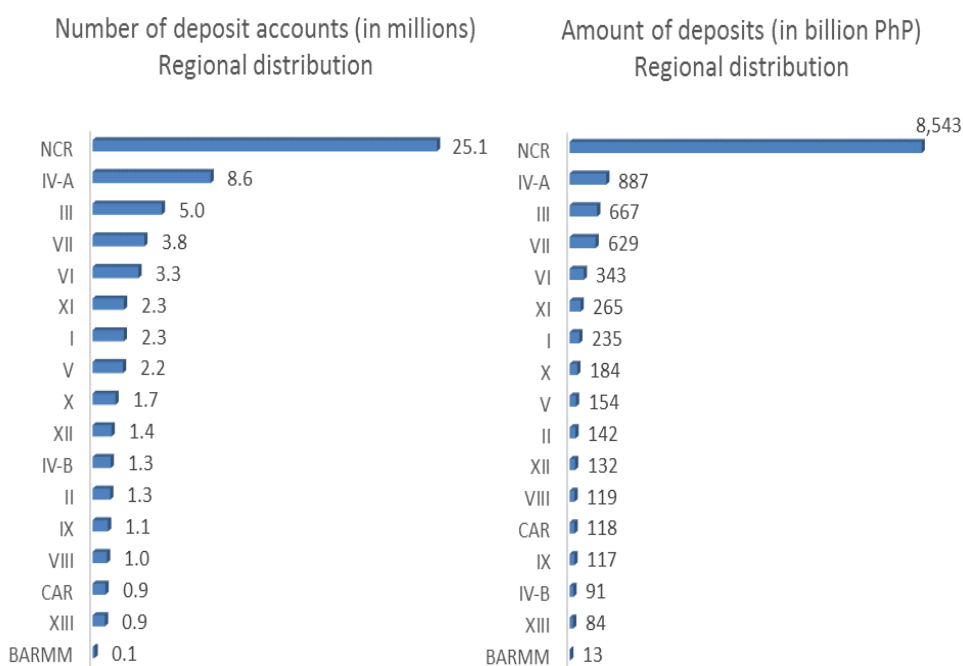
Bank deposits: number of accounts, depositors, and amount



Regional distribution of bank deposits

NCR held 40% of the total number of deposit accounts, followed by CALABARZON with 14% and Central Luzon with 8%. The bottom three (3) regions were CAR, Caraga, and BARMM with 1.5%, 1.4%, and 0.2% share, respectively.

In terms of amount, deposits were heavily concentrated in NCR which accounted for two-thirds (67%) of the total. Caraga and ARMM were again at the bottom.



⁷ Deposit data is subject to multiple counting because a person may have two or more accounts in a bank or in several banks.

The 2018 figures are generally reflective of trends observed in 2017.

Region		Number of deposit accounts (in millions)			% Share to Total	
		2017	2018	Growth	2017	2018
	NCR	22.9	25.1	9.6%	40.2%	40.2%
	CAR	0.9	0.9	1.2%	1.6%	1.5%
I	Ilocos Region	2.1	2.3	9.5%	3.6%	3.6%
II	Cagayan Valley	1.2	1.3	8.9%	2.1%	2.1%
III	Central Luzon	4.6	5.0	8.9%	8.1%	8.1%
IV-A	CALABARZON	7.7	8.6	11.1%	13.6%	13.8%
IV-B	MIMAROPA	1.2	1.3	11.0%	2.1%	2.1%
V	Bicol Region	1.9	2.2	14.7%	3.4%	3.5%
VI	Western Visayas	3.0	3.3	10.8%	5.3%	5.3%
VII	Central Visayas	3.6	3.8	5.9%	6.2%	6.0%
VIII	Eastern Visayas	0.9	1.0	11.3%	1.6%	1.7%
IX	Zamboanga Peninsula	1.0	1.1	10.5%	1.8%	1.8%
X	Northern Mindanao	1.5	1.7	7.8%	2.7%	2.7%
XI	Davao Region	2.1	2.3	10.2%	3.6%	3.7%
XII	SOCCKSARGEN	1.3	1.4	9.0%	2.2%	2.2%
XIII	Caraga	0.8	0.9	9.1%	1.4%	1.4%
	BARMM	0.1	0.1	6.4%	0.2%	0.2%
Total		56.9	62.3	9.6%	100.0%	100.0%

Region		Amount of deposits (in billion pesos)			% Share to Total	
		2017	2018	Growth	2017	2018
	NCR	7,879.2	8,542.7	8.4%	67.3%	67.1%
	CAR	110.2	118.3	7.3%	0.9%	0.9%
I	Ilocos Region	204.1	235.1	15.2%	1.7%	1.8%
II	Cagayan Valley	128.3	141.7	10.4%	1.1%	1.1%
III	Central Luzon	601.8	667.3	10.9%	5.1%	5.2%
IV-A	CALABARZON	812.4	887.0	9.2%	6.9%	7.0%
IV-B	MIMAROPA	80.3	91.3	13.7%	0.7%	0.7%
V	Bicol Region	140.3	154.2	9.9%	1.2%	1.2%
VI	Western Visayas	319.5	343.0	7.4%	2.7%	2.7%
VII	Central Visayas	582.7	629.3	8.0%	5.0%	4.9%
VIII	Eastern Visayas	109.2	118.8	8.8%	0.9%	0.9%
IX	Zamboanga Peninsula	107.7	116.9	8.5%	0.9%	0.9%
X	Northern Mindanao	172.4	183.8	6.6%	1.5%	1.4%
XI	Davao Region	240.4	264.8	10.2%	2.1%	2.1%
XII	SOCCKSARGEN	124.5	131.9	5.9%	1.1%	1.0%
XIII	Caraga	78.6	83.6	6.4%	0.7%	0.7%
	BARMM	13.1	13.0	-1.0%	0.1%	0.1%
Philippines		11,704.7	12,722.6	8.7%	100.0%	100.0%

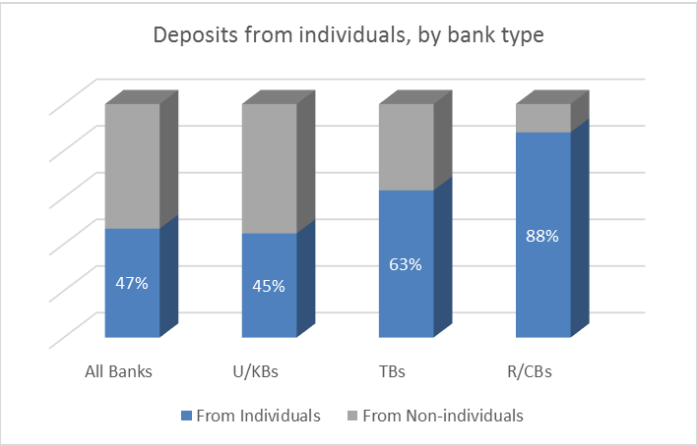
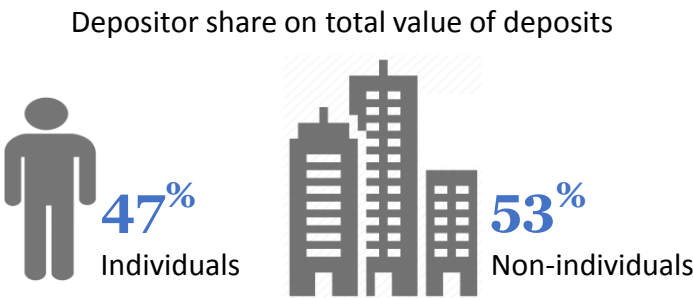
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Note: The total number and amount of deposits here excludes deposits in branches of Philippine banks abroad. Hence the figures will not tally with the total number and amount of deposits presented in the previous page.

Deposits from individuals

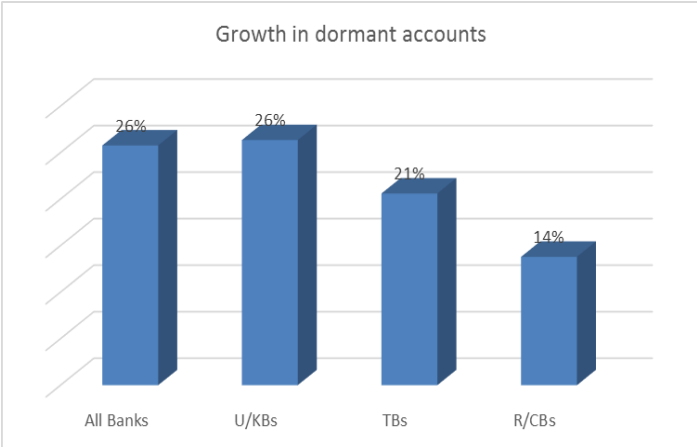
Nearly half (47%) of the total value of deposits came from individuals. The remaining half were deposits of government institutions, banks, and private corporations.



Deposits from individuals increased by 6% to P5.9 trillion in 2018 from P5.6 trillion in 2017. Individual deposits had the largest share in R/CBs (88%) and lowest share in U/KBs (45%). This reflects the clientele that each bank type serves.

Dormant accounts

While the amount of dormant accounts increased by 26% to P113.8 billion in 2018 from P90.5 billion in 2017, dormant accounts made up only 0.9% of the total amount of deposits.

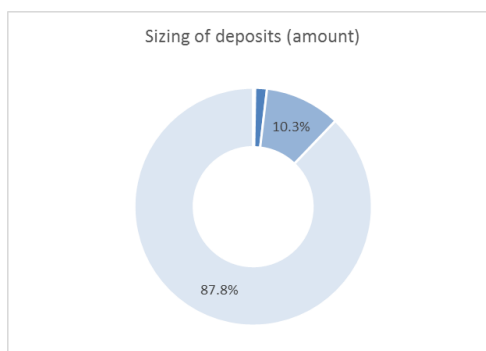
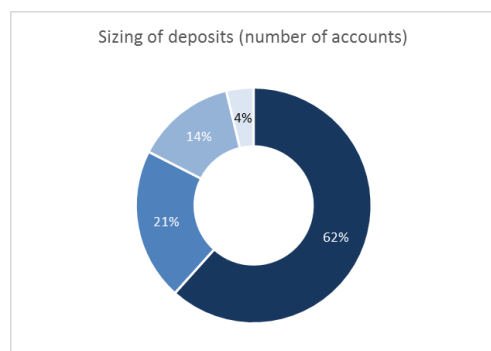


By bank type, the rate of increase in dormant accounts was lowest in R/CBs at 14%, followed by TBs (21%) and U/KBs (26%). Dormant accounts held 0.9% of deposits in U/KBs and R/CBs, and slightly lower for TBs at 0.7%.

Since the growth of dormant accounts outweighs the growth of active accounts, more usage and use cases are required to make accounts more relevant. The BSP is promoting widespread adoption of accounts by leveraging on compelling use cases for digital payments such as bills payment, receipt of wages, social transfers, and payment of government fees.

Bank deposits by bucket size

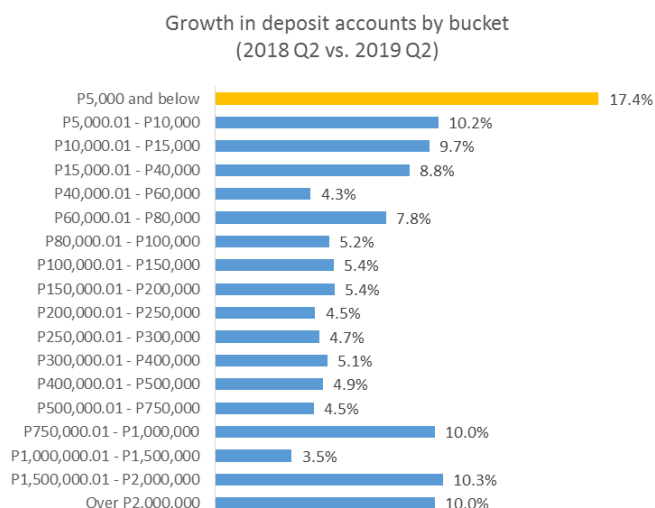
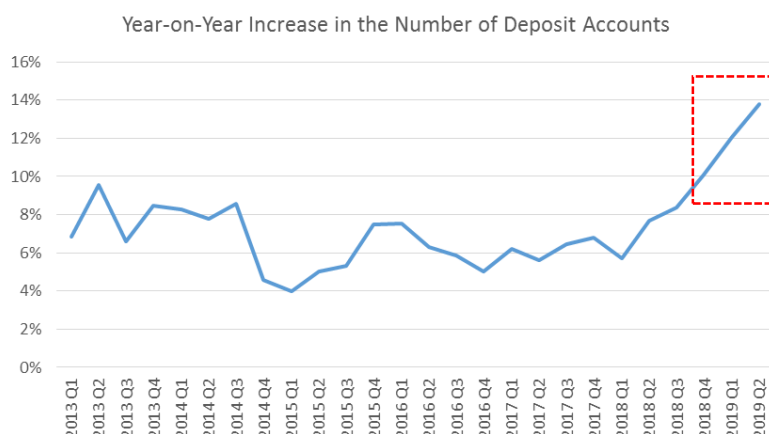
Deposit accounts amounting to P5,000 and below made up 62% of all deposit accounts in banks. While only 4% of the number of accounts were above the maximum deposit insurance coverage of P500,000, they held 88% of total deposits in terms of amount.



- P 5,000 and below
- P 5,000.01 - P 40,000
- P 40,000.01 - P 500,000
- Over P 500,000

Deposit Size	Number of deposit accounts (in millions)			Amount of deposits (in billion pesos)		
	2017	2018	Growth	2017	2018	Growth
P 5,000 and below	35.4	38.8	9.6%	26.5	28.3	6.8%
P 5,000.01 - P 40,000	11.7	13.1	11.7%	151.2	168.6	11.5%
P 40,000.01 - P 500,000	7.9	8.6	9.4%	1,002.3	1,084.3	8.2%
Over P 500,000	2.1	2.3	10.5%	8,055.3	9,229.8	14.6%
Total	57.1	62.9	10.1%	9,235.3	10,511.0	13.8%

Quarterly data from 2011 to 2018 Q3 showed that growth in the number of deposit accounts has always been less than 10%. Deposit growth surpassed 10% in 2018 Q4 and reached 12% in 2019 Q1 and 14% in 2019 Q2. Segmentation analysis revealed that growth was driven by accounts worth P5,000 and below. A contributing factor to this trend is the issuance of BSP Circular No. 992 in 2018 which enables banks to offer basic deposit accounts (*see next page*).

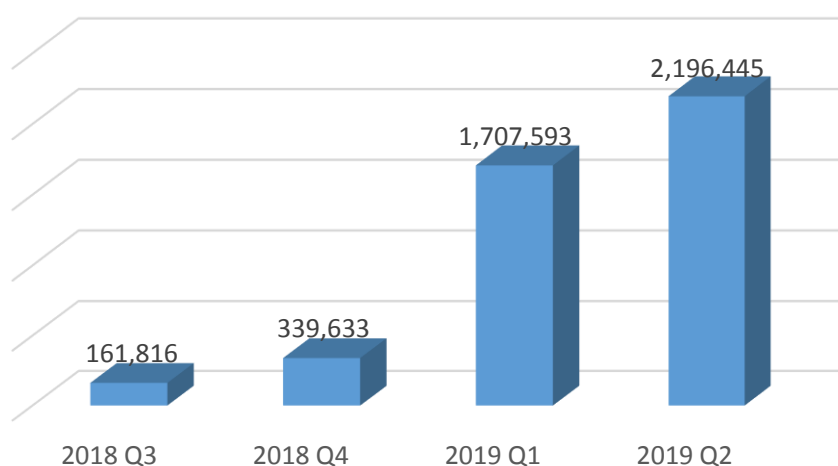


Basic Deposit Accounts (BDA)

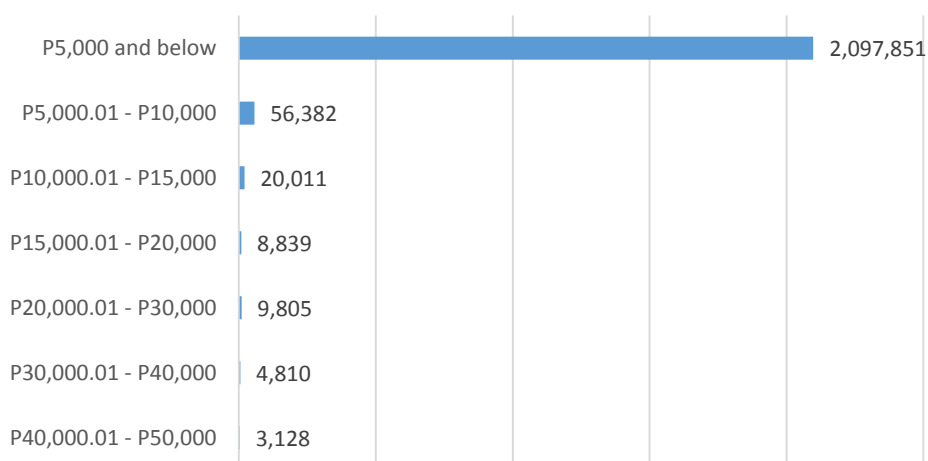
BSP Circular No. 992 dated 01 February 2018 provides the framework for the offering of basic deposit accounts (BDA) designed to meet the need of the unbanked for a low-cost and no-frills account. As such, it requires an opening amount of P100 or less, simple requirements (e.g., any official identification document), no maintaining balance, and no dormancy charges. To incentivize banks to market and offer it to the unbanked, BDA products are granted a preferential rate of zero reserve requirement.

As of June 2019, there are 113 banks offering BDAs to over 2.2 million depositors amounting to P2.1 billion. From Third Quarter 2018 (baseline data) to Second Quarter 2019, the number of BDAs increased by 414%. Moreover, BDAs remain low-value accounts as 95% of these contain values of P5,000 and below. More than three-fourths (78%) of BDA depositors are also from rural and cooperative banks. The average amount per depositor is P973, with higher average balance for U/KBs (P1,391) and lower for TBs (P650).

Number of BDA depositors



Number of basic deposit accounts, by amount

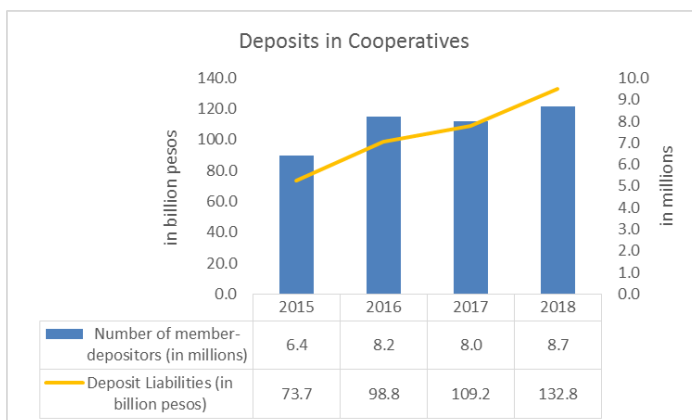
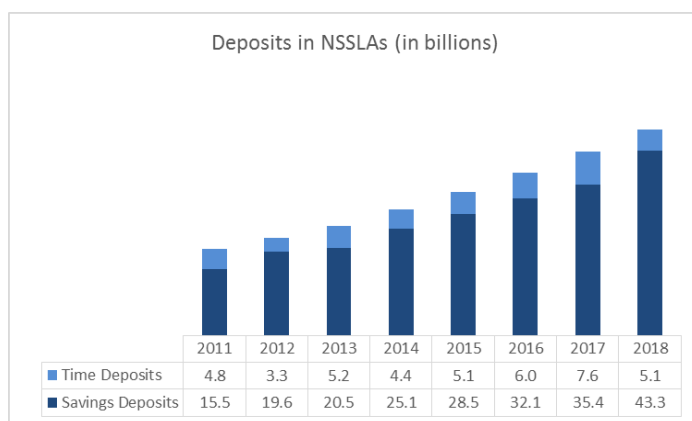


Bank type	No. of depositors	Amount of BDA (in pesos)	Amount per depositor (in pesos)
U/KBs	19,609	27,277,662	1,391
TBs	468,506	304,314,708	650
R/CBs	1,708,330	1,805,103,504	1,057

Deposits in non-banks

In 2018, deposits in NSSLAs amounted to P48.3 billion.⁸ From 2011 to 2018, the amount of deposits in NSSLAs increased at an average annual rate of 13%, similar with that of bank deposits.

For cooperatives, there were 8.7 million member-depositors with total deposits amounting to P132.8 billion in 2018. From 2015 to 2018, the number of depositors and amount of deposits posted an average annual growth rate of 11% and 22%, respectively.



Loans in banks

Outstanding loans in the banking sector amounted to P9.2 trillion in 2018, with average annual growth of 17% in the past eight (8) years.⁹ NCR accounted for 84% of the total amount of loans outstanding in the banking sector.

Loans for production (various economic activities) accounted for 83% of the total loan portfolio. Disaggregated into types of economic activities, the top three (3) sectors which accessed credit the most were real estate; wholesale and retail trade, motor vehicle, motorcycle; and manufacturing.

Meanwhile, loans for consumption made up 11% of the total outstanding loans whereby more than half of consumer loans are motor vehicle loans, followed by credit cards and salary-based general purpose consumption loans.

Loan by economic activity (Top three)



21%

Real estate activities



16%

Wholesale and retail trade, motor vehicle, motorcycle



14%

Manufacturing

Consumer loans (Top three)



51%

Motor vehicle loans



28%

Credit cards



18%

Salary loans

⁸ Only the amount of deposits in NSSLAs is available, there are no data on the number of deposit accounts.

⁹ Existing data on the amount of loans include all loans granted by banks, interbank loans and reverse repurchase with the BSP and other banks.

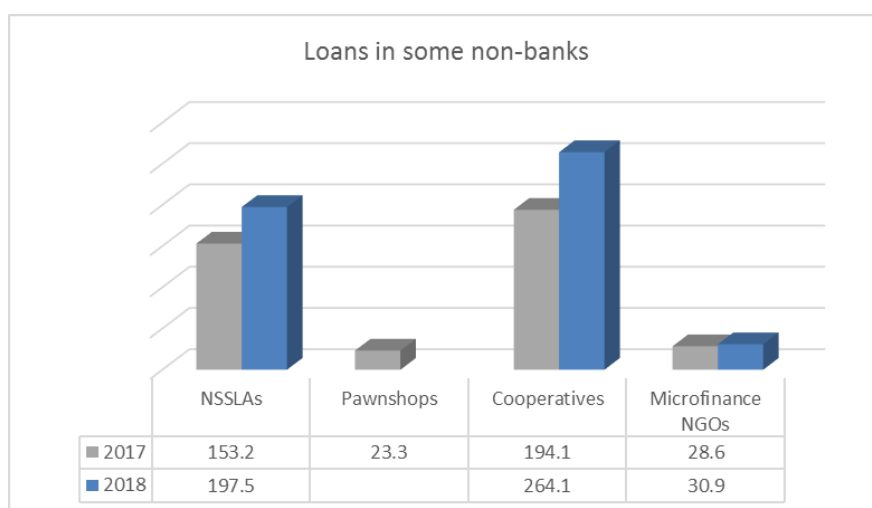
Regional distribution of bank loans

NCR accounted for 84% of total outstanding loans in the banking system in 2018, with Central Visayas and Central Luzon as far second and third. The three regions that received the smallest amount of loans from banks were Zamboanga, CAR and BARMM. In BARMM, loans even decreased by 4%. Despite this, regions with remarkable loan growth were CALABARZON, CAR and Davao.

Region		Amount of loans			% share to total	
		2017	2018	Growth	2017	2018
	NCR	6,811.8	7,746.3	13.7%	84.5%	83.9%
	CAR	15.1	20.0	32.3%	0.2%	0.2%
I	Ilocos Region	50.0	56.9	13.8%	0.6%	0.6%
II	Cagayan Valley	55.7	65.8	18.3%	0.7%	0.7%
III	Central Luzon	200.2	241.9	20.8%	2.5%	2.6%
IV-A	CALABARZON	190.5	236.1	23.9%	2.4%	2.6%
IV-B	MIMAROPA	26.6	32.2	21.1%	0.3%	0.3%
V	Bicol Region	46.6	53.6	15.2%	0.6%	0.6%
VI	Western Visayas	98.3	110.1	12.0%	1.2%	1.2%
VII	Central Visayas	265.6	292.1	10.0%	3.3%	3.2%
VIII	Eastern Visayas	29.1	33.4	14.8%	0.4%	0.4%
IX	Zamboanga Peninsula	27.3	30.4	11.4%	0.3%	0.3%
X	Northern Mindanao	57.4	67.3	17.2%	0.7%	0.7%
XI	Davao Region	98.1	141.1	43.9%	1.2%	1.5%
XII	SOCCKSARGEN	61.4	71.0	15.6%	0.8%	0.8%
XIII	Caraga	25.24	30.62	21.3%	0.3%	0.3%
	BARMM	1.8	1.7	-4.1%	0.0%	0.0%
Philippines		8,060.7	9,230.8	14.5%	100%	100%

Loans in non-banks

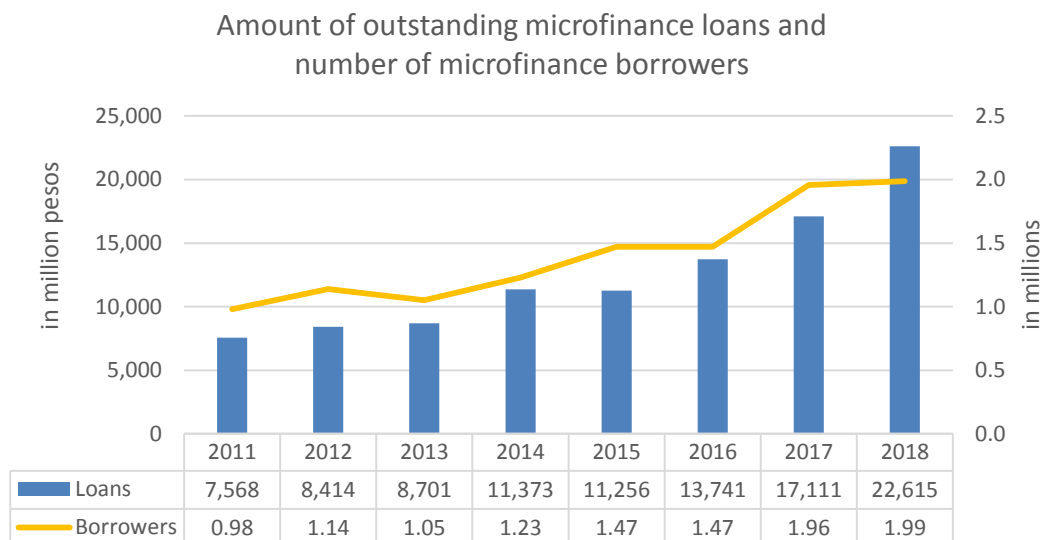
Among non-banks, growth was highest among cooperatives where the total amount of outstanding loans increased by 36% to P264 billion in 2018. Loans in MF NGOs¹⁰ and pawnshops were relatively small compared to the amount of outstanding loans in NSSLAs and cooperatives.



¹⁰ Based only on a sample of 7 MF NGOs that responded to the BSP's data request. Based on the data from the Microfinance NGO Regulatory Council (MNRC), there are 29 accredited MF NGOs with P46 billion outstanding loans to 6 million borrowers as of June 2019.

Microfinance in the banking sector

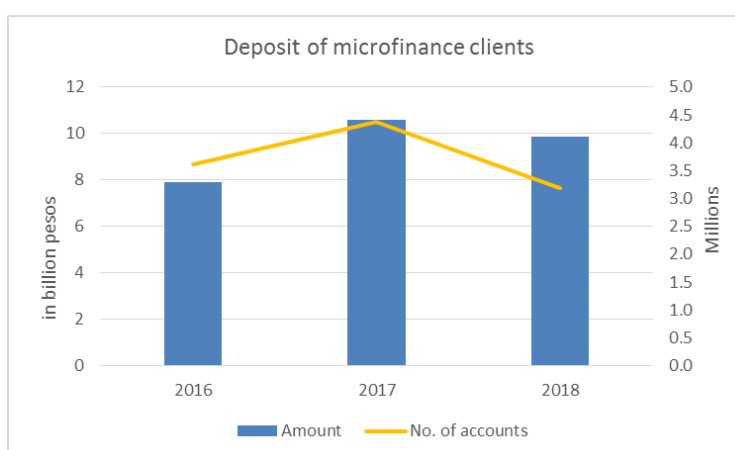
In 2018, there were 159 banks with microfinance operation serving almost 2 million borrowers with loans outstanding amounting to P22.6 billion. From 2011 to 2018, the banks' microfinance loan portfolio and number of microfinance borrowers grew at an average annual rate of 18% and 11%, respectively.



While the number of banks offering microenterprise loans, micro-agri, and micro-housing decreased, the amount of outstanding loans on these products continued to increase. Micro-agri loans experienced the largest growth in terms of borrowers and loans.

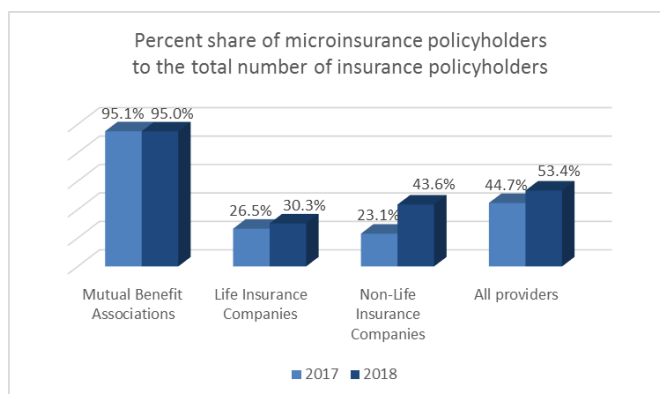
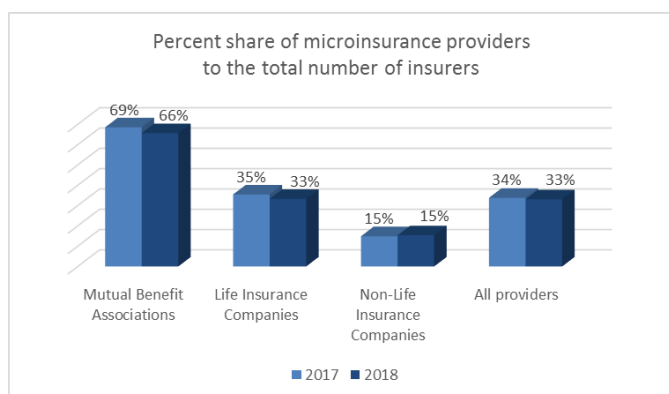
		2017	2018	Growth	
Microenterprise Loans	Banks	150	145	●	-3.3%
	Borrowers	1,660,846	1,652,044	●	-0.5%
	Amount (in million pesos)	14,234.6	18,640.9	●	31.0%
Microfinance Plus	Banks	37	39	●	5.4%
	Borrowers	8,390	8,900	●	6.1%
	Amount (in million pesos)	776.5	968.9	●	24.8%
Micro-Agri Loans	Banks	27	24	●	-11.1%
	Borrowers	72,480	98,761	●	36.3%
	Amount (in million pesos)	720.9	1,092.2	●	51.5%
Housing Microfinance Loans	Banks	17	15	●	-11.8%
	Borrowers	138,380	127,418	●	-7.9%
	Amount (in million pesos)	1,002.5	1,396.0	●	39.2%

There were over 3 million deposit accounts of microfinance clients amounting to P9.9 billion in 2018. While the total volume and value of savings decreased, average amount of deposit per account increased from around P2,400 in 2017 to P3,100 in 2018.



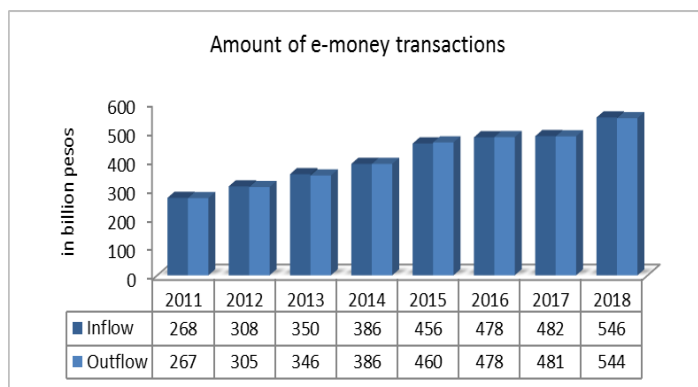
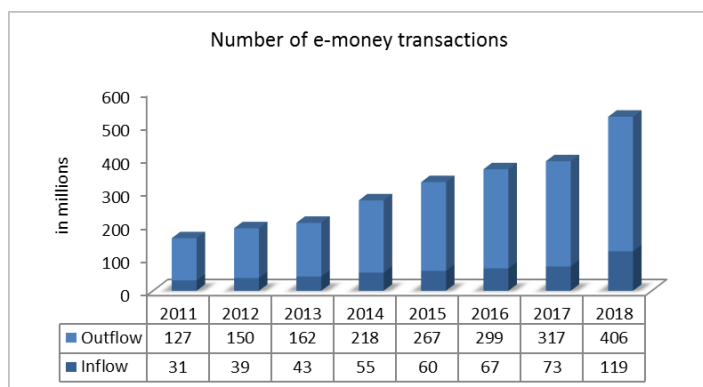
Microinsurance

Data from the Insurance Commission (IC) showed that the number of microinsurance providers slightly decreased to 44 providers in 2018 from 45 providers in 2017 (out of 133 licensed insurers). Microinsurance policyholders (policy owners and dependents) increased by 19% to 38.9 million in 2018 from 32.7 million in 2017. Total microinsurance premiums increased by 14% to P8.1 billion in 2018 from P7.1 billion in 2017, or around 3% of the total insurance premiums.



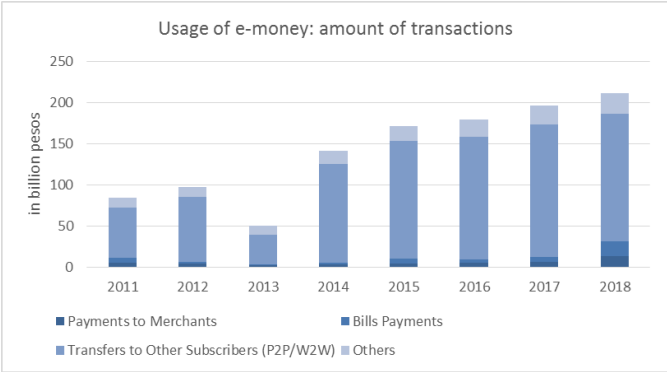
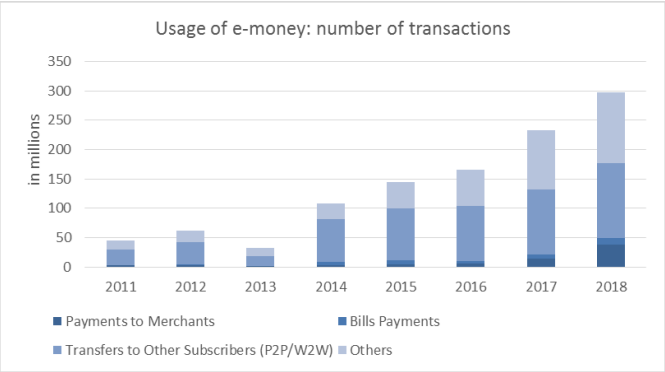
E-money

The number of EMIs increased to 43 issuers in 2018 from 40 issuers in 2017¹¹ while the total number of registered e-money accounts (e-wallets and cards linked to e-money) increased by 51% to 50.8 million in 2018 from 33.5 million in 2017. In turn, these accounts generated 524 million e-money transactions amounting to P546 billion inflows and P544 billion outflows. In the past eight years, average annual growth in the number and amount of e-money transactions stood at 19% and 11%, respectively.



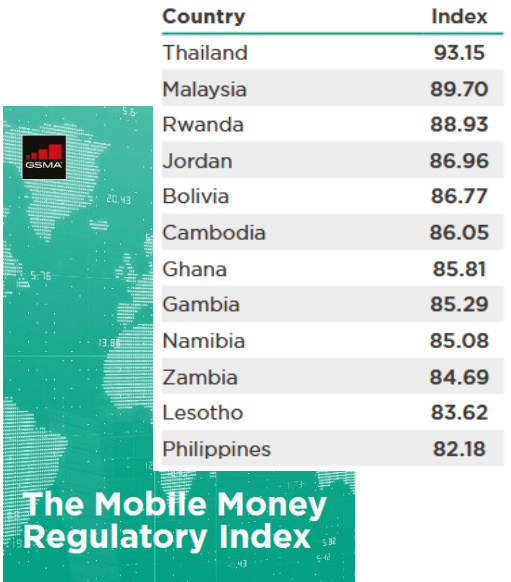
¹¹ List of licensed EMIs available at <http://www.bsp.gov.ph/banking/directories.asp>

E-money was mainly used for person-to-person (P2P) or wallet-to-wallet (W2W) transfers with 127 million transactions amounting to P155 billion in 2018 alone. Next were merchant and bills payments, but the volume and value were smaller compared to fund transfers. On a positive note, the number of e-money transactions for merchant and bills payments increased significantly from 2017 to 2018 by 177% and 49%, respectively.



Through the National Retail Payment System (NRPS) initiative, the BSP continues to promote acceptance and scale of electronic means of transactions such as e-money. In addition to PESONet and InstaPay, the BSP and the payment industry launched QR PH, the country's QR Code standard that allows convenient person-to-person money transfers.

In the 2018 Mobile Money Regulatory Index developed by GSMA, the Philippines ranked 12 out of 81 countries in terms of having an enabling regulatory environment for mobile money. The index looked at regulations which allow for the development of scalable and responsible mobile money businesses that can sustainably reach the underserved and foster digital financial inclusion. These regulations cover six (6) main areas, namely: authorization, consumer protection, transaction limits, Know Your Customer (KYC) rules, agent network, and infrastructure and investment environment.

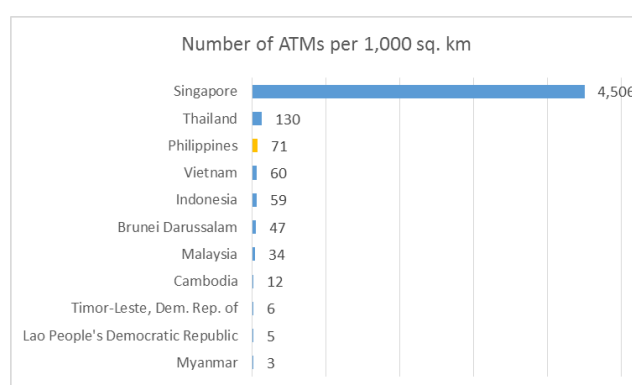
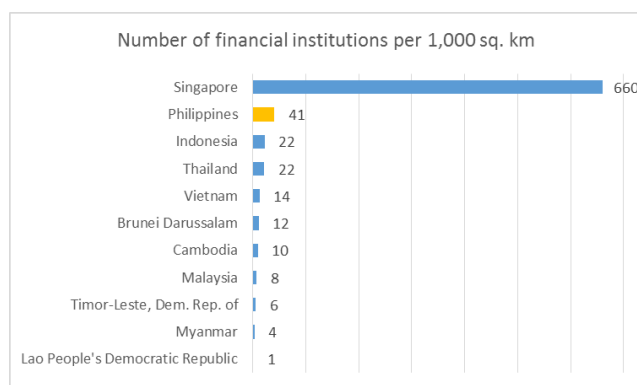
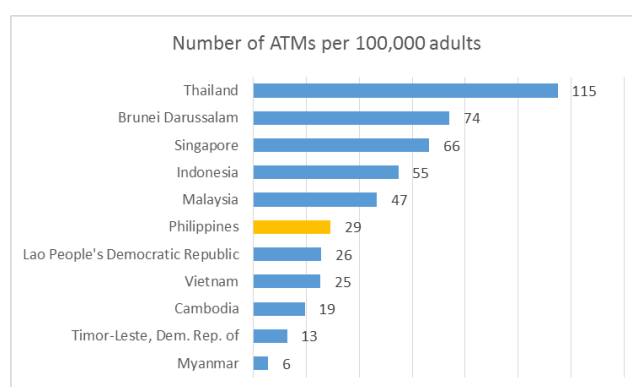
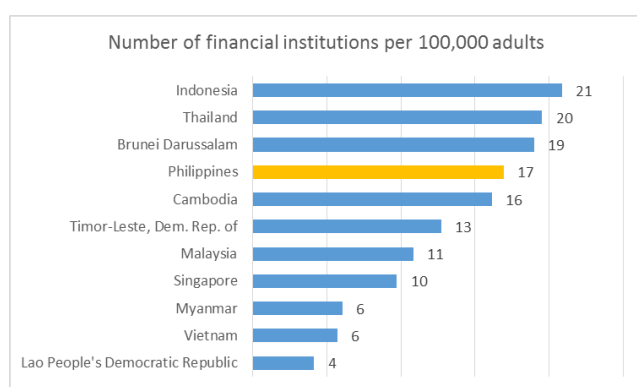


Annexes

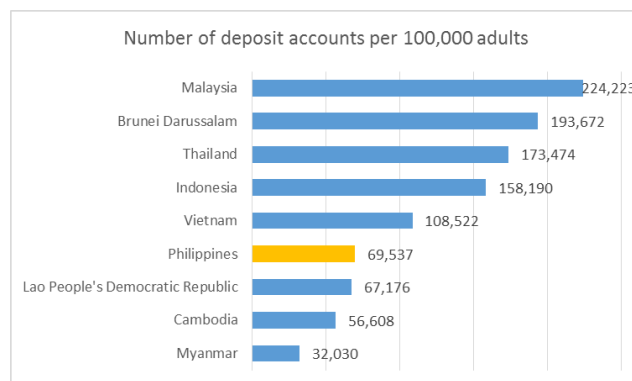
A. Cross-country comparison

In comparison with ASEAN peers,¹² the Philippines continues to fare in the middle group in terms of number of financial institutions¹³ and ATMs per 100,000 adults. While the Philippines is below the ASEAN average of 48 ATMs per 100,000 adults, it is slightly above the ASEAN average of 16 financial institutions per 100,000 adults.

On the geographic indicators per 1,000 square kilometers,¹⁴ the country ranked highly which indicates shorter distance to the nearest branch or ATM. For both indicators, it is way above the ASEAN average of 18 financial institutions and 54 ATMs per 1,000 square kilometers.



When it comes to usage,¹⁵ the Philippines is in the lower middle category with roughly 69,537 deposit accounts per 100,000 adults. This is less than half the figure for ASEAN which is 128,526 deposit accounts per 100,000 adults.



¹² Raw data were sourced from the 2018 IMF Financial Access Survey (FAS)

¹³ Includes head offices and branches of commercial banks, credit unions, financial cooperatives, deposit-taking MFIs, and other deposit takers

¹⁴ IMF uses total land area in computing the indicator

¹⁵ No data for Singapore and Timor Leste

B. Selected access and usage indicators by region

Legend

Top 3 Bottom 3

Number of banks per city/municipality

Region	2017	2018	Growth
NCR	214.6	219.9	2%
CAR	2.3	2.4	5%
I Ilocos Region	4.7	5.0	6%
II Cagayan Valley	4.2	4.6	10%
III Central Luzon	9.3	9.9	6%
IV-A CALABARZON	12.2	12.9	5%
IV-B MIMAROPA	3.8	4.0	5%
V Bicol Region	4.1	4.4	8%
VI Western Visayas	5.2	5.3	2%
VII Central Visayas	6.0	6.5	8%
VIII Eastern Visayas	1.6	1.8	14%
IX Zamboanga Peninsula	3.1	3.3	6%
X Northern Mindanao	4.3	4.4	3%
XI Davao Region	9.1	9.6	5%
XII SOCCSKSARGEN	5.0	5.5	10%
XIII Caraga	2.9	3.0	0%
ARMM	0.2	0.2	0%
Philippines	7.2	7.5	5%

Number of banks per 10,000 adults

Region	2017	2018	Growth
NCR	3.99	4.02	1%
CAR	1.35	1.39	3%
I Ilocos Region	1.46	1.52	4%
II Cagayan Valley	1.47	1.58	8%
III Central Luzon	1.47	1.53	4%
IV-A CALABARZON	1.78	1.82	3%
IV-B MIMAROPA	1.25	1.27	2%
V Bicol Region	1.07	1.13	5%
VI Western Visayas	1.19	1.18	0%
VII Central Visayas	1.42	1.51	6%
VIII Eastern Visayas	0.68	0.76	12%
IX Zamboanga Peninsula	0.92	0.95	4%
X Northern Mindanao	1.16	1.17	1%
XI Davao Region	1.29	1.33	3%
XII SOCCSKSARGEN	0.81	0.87	7%
XIII Caraga	1.12	1.10	-1%
ARMM	0.07	0.07	-2%
Philippines	1.60	1.64	3%

Number of ATMs per 10,000 adults

Region	2017	2018	Growth
NCR	8.73	8.83	1%
CAR	2.13	2.15	1%
I Ilocos Region	1.69	1.74	3%
II Cagayan Valley	1.52	1.67	10%
III Central Luzon	2.32	2.37	2%
IV-A CALABARZON	3.09	3.17	2%
IV-B MIMAROPA	1.23	1.29	5%
V Bicol Region	1.22	1.31	8%
VI Western Visayas	1.66	1.71	3%
VII Central Visayas	2.72	2.83	4%
VIII Eastern Visayas	0.96	1.11	15%
IX Zamboanga Peninsula	1.26	1.37	8%
X Northern Mindanao	1.60	1.74	9%
XI Davao Region	2.35	2.42	3%
XII SOCCSKSARGEN	1.33	1.41	5%
XIII Caraga	1.47	1.51	3%
ARMM	0.14	0.16	11%
Philippines	2.76	2.84	3%

Legend

Top 3 Bottom 3

Number of banks per 100 sq. km.

Region	2017	2018	Growth
NCR	756.34	775.21	2%
CAR	5.17	5.43	5%
I Ilocos Region	7.20	7.66	6%
II Cagayan Valley	3.99	4.37	10%
III Central Luzon	10.04	10.68	6%
IV-A CALABARZON	16.51	17.35	5%
IV-B MIMAROPA	2.78	2.92	5%
V Bicol Region	3.80	4.08	8%
VI Western Visayas	4.87	4.96	2%
VII Central Visayas	8.18	8.87	8%
VIII Eastern Visayas	2.21	2.53	14%
IX Zamboanga Peninsula	3.32	3.52	6%
X Northern Mindanao	4.84	4.98	3%
XI Davao Region	6.06	6.37	5%
XII SOCCSKSARGEN	3.42	3.76	10%
XIII Caraga	3.95	3.96	0%
ARMM	0.30	0.30	0%
Philippines	8.27	8.68	5%

Number of ATMs per 100 sq. km.

Region	2017	2018	Growth
NCR	1,656.37	1,702.19	3%
CAR	8.15	8.41	3%
I Ilocos Region	8.35	8.77	5%
II Cagayan Valley	4.11	4.61	12%
III Central Luzon	15.86	16.51	4%
IV-A CALABARZON	28.74	30.11	5%
IV-B MIMAROPA	2.74	2.96	8%
V Bicol Region	4.31	4.74	10%
VI Western Visayas	6.81	7.18	5%
VII Central Visayas	15.67	16.66	6%
VIII Eastern Visayas	3.15	3.70	17%
IX Zamboanga Peninsula	4.57	5.04	10%
X Northern Mindanao	6.65	7.42	12%
XI Davao Region	11.04	11.56	5%
XII SOCCSKSARGEN	5.63	6.08	8%
XIII Caraga	5.19	5.45	5%
ARMM	0.59	0.67	14%
Philippines	14.28	14.99	5%

*Based on habitable land area

Number of deposit accounts per 10,000 adults

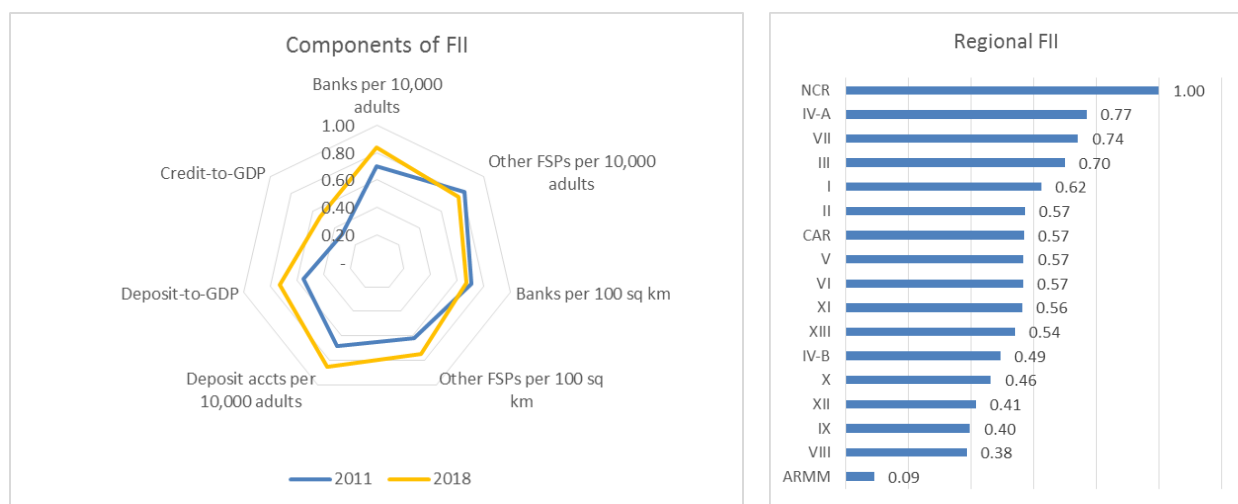
Region	2017	2018	Growth
NCR	24,998	26,948	8%
CAR	7,013	6,944	-1%
I Ilocos Region	5,173	5,541	7%
II Cagayan Valley	4,462	4,773	7%
III Central Luzon	5,615	5,988	7%
IV-A CALABARZON	7,898	8,583	9%
IV-B MIMAROPA	5,319	5,738	8%
V Bicol Region	4,453	5,007	12%
VI Western Visayas	5,168	5,605	8%
VII Central Visayas	6,395	6,631	4%
VIII Eastern Visayas	2,791	3,043	9%
IX Zamboanga Peninsula	4,132	4,479	8%
X Northern Mindanao	4,531	4,780	5%
XI Davao Region	5,967	6,468	8%
XII SOCCSKSARGEN	4,100	4,364	6%
XIII Caraga	4,248	4,547	7%
ARMM	528	549	4%
Philippines	7,750	8,321	7%

C. Financial Inclusion Index

National

Dimension	Indicator	2011	2012	2013	2014	2015	2016	2017	2018
Access	Banks per 10,000 adults	1.40	1.42	1.47	1.50	1.52	1.55	1.60	1.67
	Other FSPs per 10,000 adults	4.09	5.16	5.35	5.28	5.43	5.93	7.15	10.66
	Banks per 100 sq. km	6.35	6.60	6.96	7.27	7.55	7.84	8.27	8.68
	Other FSPs per 100 sq. km	18.52	23.94	25.38	25.59	26.88	30.00	36.95	55.32
Usage	Deposit accounts per 10,000 adults	6,776	6,328	6,730	6,886	7,090	7,492	7,750	8,455
	Deposit-to-GDP ratio	0.55	0.54	0.65	0.67	0.69	0.71	0.74	0.73
	Credit-to-GDP ratio	0.33	0.34	0.37	0.40	0.44	0.47	0.51	0.53
FII		0.622	0.624	0.663	0.683	0.701	0.705	0.711	0.734

Regional



Provincial

Top 10 Provinces	FII	Bottom 10 Provinces	FII
LAGUNA	0.931	NORTHERN SAMAR	0.183
BENGUET	0.915	APAYAO	0.174
BATANGAS	0.896	DINAGAT ISLANDS	0.165
DAVAO DEL SUR	0.884	DAVAO OCCIDENTAL	0.127
SOUTH COTABATO	0.834	LANAO DEL SUR	0.108
CAVITE	0.822	TAWI-TAWI	0.083
CEBU	0.806	SULU	0.067
PAMPANGA	0.775	SARANGANI	0.055
BATAAN	0.757	MAGUINDANAO	0.036
ZAMBALES	0.721	BASILAN	0.029

D. Core Set of Financial Inclusion Indicators

	2017	2018
Background Indicators		
Adult population (in millions)	73.4	74.9
Total number of relevant administrative units	1,634	
Total number of branches (banking offices)	11,744	12,316
Total number of e-money agents	41,990	27,993
Total number of other cash-in & cash-out access points ^{1/}	45,158	34,469
Access Dimension:		
Number of access points per 10,000 adults	16.4	10.0
% of administrative units with at least one access point	91.8%	93.6%
% of adult population living in administrative units with at least one access point	97.7%	98.2%
Usage Dimension:		
% of adults with at least one type of regulated deposit account ^{2/}	34.5%	
Number of deposit accounts per 10,000 adults	7,750	8,395
% of adults with at least one type of regulated credit account ^{2/}	9.7%	

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

^{2/} Source: World Bank Global Findex (2017)

About the Center for Learning and Inclusion Advocacy (CLIA)

The BSP established the CLIA to ensure that the financial system caters to all market segments and that financial consumers are adequately informed and protected. The CLIA works on creating a policy and regulatory environment that enables the private sector to deliver innovative and responsive financial products and services in a safe, sound and sustainable manner; ensuring that financial consumers acquire the knowledge and skills to make informed decisions and are able to enjoy the full benefits of their financial access; and building effective partnerships and public-private sector cooperation toward broad based and inclusive growth through the implementation of the National Strategy for Financial Inclusion.





Report on the State of Financial Inclusion in the Philippines 2018

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