



Financial Inclusion  
Steering Committee

# 2022 Annual Report

National Strategy for  
Financial Inclusion





## *About the Cover*

Bucana Beach, El Nido, Palawan.  
Photo by [Jules Bassoleil](#) on Unsplash.

The Filipinos are a proud people, reveling in their rich land, breathtaking landscapes, and multifaceted heritage. Tied to this deep pride of place are their hopes and aspirations for a better present and future—to be financially included, whether living in a remote island or a busy city, and to be resilient in the face of life’s many typhoons.

## *Contents*

Foreword	<u>01</u>
About financial inclusion	<u>03</u>
Financial inclusion snapshot	<u>11</u>
The National Strategy for Financial Inclusion (NSFI) 2022-2028	<u>17</u>
Accomplishment report	<u>23</u>
Engaging the broader community	<u>113</u>
Annex A: NSFI KPI Update	<u>127</u>
Annex B: List of Abbreviations	<u>131</u>



# *The 2022 Annual Report of the NSFI 2022-2028*

## *FISC Member Agencies*

This first issue of the National Strategy for Financial Inclusion (NSFI) 2022-2028 Annual Report highlights the progress made to accelerate financial inclusion in the country under the guidance of the interagency Financial Inclusion Steering Committee (FISC).

Established in 2016 through Executive Order No. 208, the FISC provides direction in the implementation of the strategy and serves as a platform for the whole-of-nation pursuit of the NSFI's vision to achieve "financial inclusion toward inclusive growth and financial resilience."

**BSP** Bangko Sentral ng Pilipinas  
**CDA** Cooperative Development Authority

**CFO** Commission on Filipinos Overseas

**DA** Department of Agriculture

**DAR** Department of Agrarian Reform

**DBM** Department of Budget and Management

**DepEd** Department of Education

**DICT** Department of Information and Communications Technology

**DILG** Department of the Interior and Local Government

**DOF** Department of Finance

**DOLE** Department of Labor and Employment

**DOST** Department of Science and Technology

**DOTr** Department of Transportation

**DSWD** Department of Social Welfare and Development

**DTI** Department of Trade and Industry

**IC** Insurance Commission

**NEDA** National Economic and Development Authority

**PCW** Philippine Commission on Women

**PDIC** Philippine Deposit Insurance Corporation

**PSA** Philippine Statistics Authority

**SEC** Securities and Exchange Commission



# Foreword

BY DR. FELIPE M. MEDALLA  
GOVERNOR, BANGKO SENTRAL NG PILIPINAS AND  
CHAIR, FINANCIAL INCLUSION STEERING COMMITTEE



The last two decades have witnessed leaps and bounds in the country's financial inclusion journey. Following the launch of the first National Strategy for Financial Inclusion or the NSFI in 2015, the interagency Financial Inclusion Steering Committee (FISC) has since been at the helm of driving the country's financial inclusion objectives. Much headway has been achieved through FISC initiative, with financial inclusion evolving from a regulator advocacy to a whole-of-government clarion call to ensure that no Filipino gets left behind.

The importance of providing everyone, especially the vulnerable sectors, access to a wide range of financial services—the essence of financial inclusion—was brought to the fore by the COVID-19 crisis.

The pandemic, coupled with fast-paced developments in the digital financial landscape, have further underscored the need for a recalibrated financial inclusion strategy.

In November 2021, the FISC decided to update the NSFI to sharpen its focus, targets, and priorities given the significant developments since its launch six years before. The NSFI 2022-2028 aims to ensure that the strategy remains a responsive and relevant blueprint for mobilizing the nation to accelerate financial inclusion and help lay the groundwork for sustainable and equitable national development.

This maiden issue of the NSFI 2022-2028 Annual Report covers the broad-based support and collective efforts to accelerate

financial inclusion in the country under the direction of the FISC, which has since grown in membership from 13 to 21 government agencies, and with the newly updated NSFI as a guiding framework. Together, we will work hard to attain a stronger, more technologically advanced, and more inclusive post-COVID economy, with our eyes going beyond financial inclusion and toward financial resilience and inclusive growth for all Filipinos.

*“Financial inclusion has indeed evolved from a regulator advocacy to a whole-of-government clarion call to ensure that no Filipino gets left behind.”*



## *About financial inclusion*

Financial inclusion is a state wherein effective access to finance-related products and services is ensured for everyone, especially the vulnerable sectors. “Effective access” means that these products and services are not merely available, but are appropriately designed, of good quality, and responsive to the varied needs of its users—whether for spending, saving, borrowing, or planning ahead.

Beyond accessibility, financial inclusion also aims to enhance the financial health of Filipinos, which is the ability to meet financial obligations, absorb and recover from financial shocks, reach long-term goals, and develop a sense of control over finances.<sup>1</sup> Adequate access to financing for businesses, in particular, can enable entrepreneurial growth and livelihood opportunities for many citizens.<sup>2</sup>

---

<sup>1</sup> UNSGSA, 2021

<sup>2</sup> The empirical literature on financial deepening indicates that its pro-growth effect comes mostly through enterprise credit while its pro-poor nature is linked to the changing of the structure of the economy and allowing more entry into the labor market. Effects of financial deepening on employment and poverty alleviation do not necessarily come through the democratization of credit but rather a more effective credit allocation within the economy (Beck, 2016).



Financial inclusion then helps lay the groundwork for sustainable and equitable national development.<sup>3</sup> As the world begins moving from recovery to resilience in view of the COVID-19 pandemic, the pursuit of financial inclusion continues to be just as urgent and crucial than when it first started to gain momentum.

### Financially included

Beyond account ownership, being financially included also facilitates Filipinos' access and use regarding an appropriate financial product for a particular need. Examples of this include building an emergency fund; remitting money to family; starting a business; buying property; and protecting cashflow in times of crises and exigencies.

Being financially included therefore means having access to



Farmers of Nueva Ecija. Photo by [Levi Nicodemus](#) on Unsplash.

*“Being financially included therefore means having access to a wide range of fit-for-purpose financial services in line with one’s capabilities and needs”*

<sup>3</sup> The supporting role of financial inclusion is explicitly recognized in seven of the 17 Sustainable Development Goals.

a wide range of fit-for-purpose financial services in line with one’s capabilities and needs. It does not mean never having to worry about money again, but that one will have more and better options when it comes to handling one’s finances. Interest-bearing bank accounts, e-wallets, pooled funds, housing loan products, credit cards, and life insurance are just a few financial products that help consumers and micro, small and medium enterprises (MSME) smooth consumption, manage risk, and



Cyclist in Makati City. Photo by [Gerard Escamos](#) on Unsplash.

confidently pursue long-term financial goals.

Among these instruments, account ownership is deemed a core financial inclusion indicator as this facilitates basic financial transactions. With appropriate use of these tools bolstered by financial literacy, consumers and businesses can become more financially resilient.

### Financial exclusion

At present, it can be observed that financial exclusion disproportionately affects millions of Filipinos in the lower income classes as well as those who are unemployed, less educated, and belonging to the younger generation. Other underserved and unserved segments include senior citizens, migrant workers and their families, persons with disabilities, indigenous peoples, forcibly displaced persons, those who are excluded due to their religious beliefs, and other marginalized segments.





Bankehoran Public Market in Davao City. Photo by [Frank Lloyd de la Cruz](#) on Unsplash.

Currently, there are significant gaps with regard to a number of indicators such as account ownership, savings, credit, insurance, and investments across characteristics of age, gender, employment status, socio-economic class, and occupation. In terms of owning an account for example, disparities in account penetration exist and may be more pronounced when it comes to Filipinos' socioeconomic class, employment status, and age.<sup>4</sup>

Additionally, unlike in most countries where men tend to be more financially included than their counterparts, women in the Philippines are more financially included than men based on indicators such as account ownership, savings, credit, insurance, remittance, and making payments.<sup>5</sup>

For financially excluded sectors of the economy such as informal workers, MSMEs, and

smallholder farmers, and fisherfolk, inclusion of these productive segments into the financial system remains crucial as the country continues to pursue economic growth and resilience following the crisis.

The agriculture and MSME sectors, especially, are the primary sources of livelihood for many Filipinos. In 2020, MSMEs accounted for 99.5% of total enterprises in the country and generated 63% of total employment,<sup>6</sup> but recent trends show that the total amount of bank loans to MSMEs as a percentage of their total loan portfolio has been declining.<sup>7</sup>

### Opportunities and challenges

In view of promising trends and movements that can aid the country toward greater financial inclusion, the Philippines

continues to be a large, growing market with an abundance of young and productive talent. An increase in economic output through more investments and job creation can lead to steadily rising savings and investment rates.<sup>8</sup>

In the sphere of digitalization, great strides have also been taken for a more inclusive digital infrastructure. This includes the implementation of Philippine Identification System (PhilSys), the national digital identity system, among others. PhilSys will not only address the lack of identity documents as an oft-cited barrier to account opening but can also facilitate greater innovation in digital financial services.

On the other hand, there remain unaddressed issues that hamper financial inclusion in the country.

<sup>4</sup> Socioeconomic classifications: AB - upper class; C1 - upper middle class; C2 - upper lower class; D - middle class; and E - lower class.

<sup>5</sup> 2019 Financial Inclusion Survey

<sup>6</sup> DTI, 2020

<sup>7</sup> Based on BSP's historical data from 2015 to 2022

<sup>8</sup> The Philippines is expected to benefit from the demographic dividend between the years 2025-2070 (NEDA, 2018)



One such challenge is that a lack of presence of financial institutions in certain regions due to less regional economic output impedes financial inclusion. Support systems and infrastructure such as roads, power supply, and health and education are also required to advance financial inclusion. However, these need to be further improved to compensate for the country's high rural population.

Sufficient financing for agriculture workers and MSMEs is also impeded by lacking structures that could reduce the lending risks and costs to these sectors. These include, among others, a robust credit information system, a credible warehouse receipt system, and credit and agriculture insurance.

Lastly, in digital financial services, further gains can be achieved if the country's internet

connectivity improves. In terms of increasing digitalization, more progress can be made with regard to cyber-resilience and consumer protection capabilities to address the current level of lack of awareness and trust among Filipinos. ♦

---

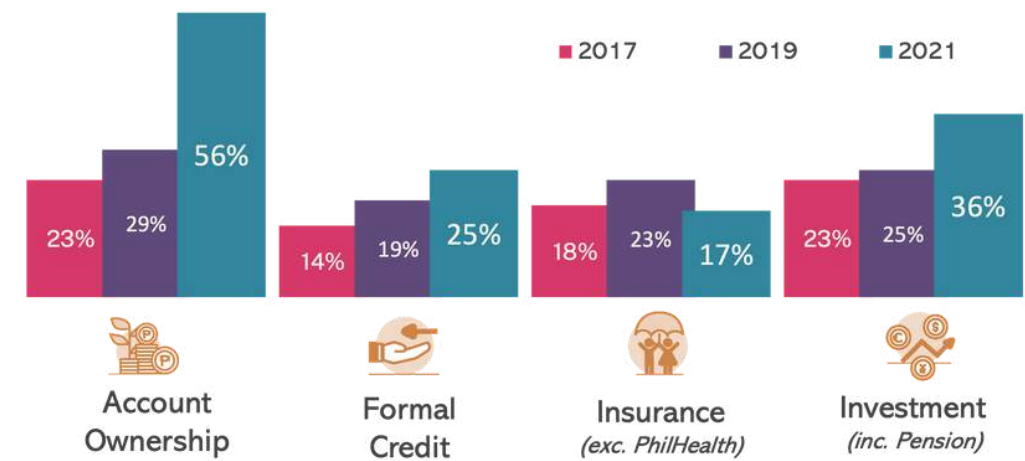
*Opposite page: Fisherman in Manila Bay at sunset.  
Photo by Gerard Escamos on Unsplash.*





# Financial Inclusion Snapshot

## USE OF FORMAL FINANCIAL SERVICES - INDIVIDUAL



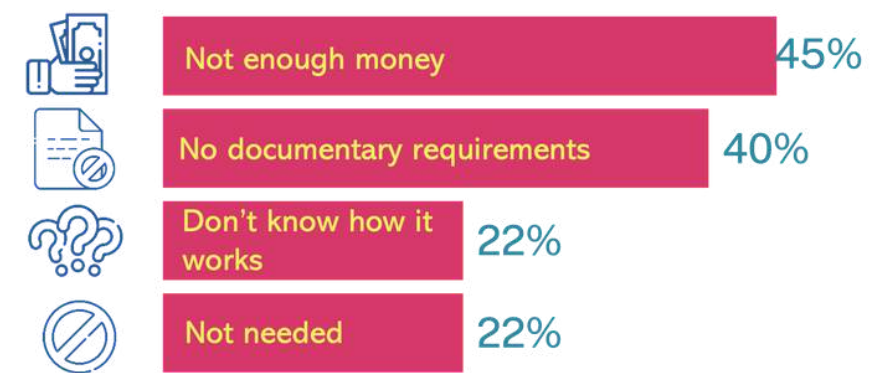
### Individual Account Ownership

**3** out of **5** or **43** million Filipino adults have a formal account

(65% of households have an account in Q4 2022)

Source: Consumer Expectations Survey

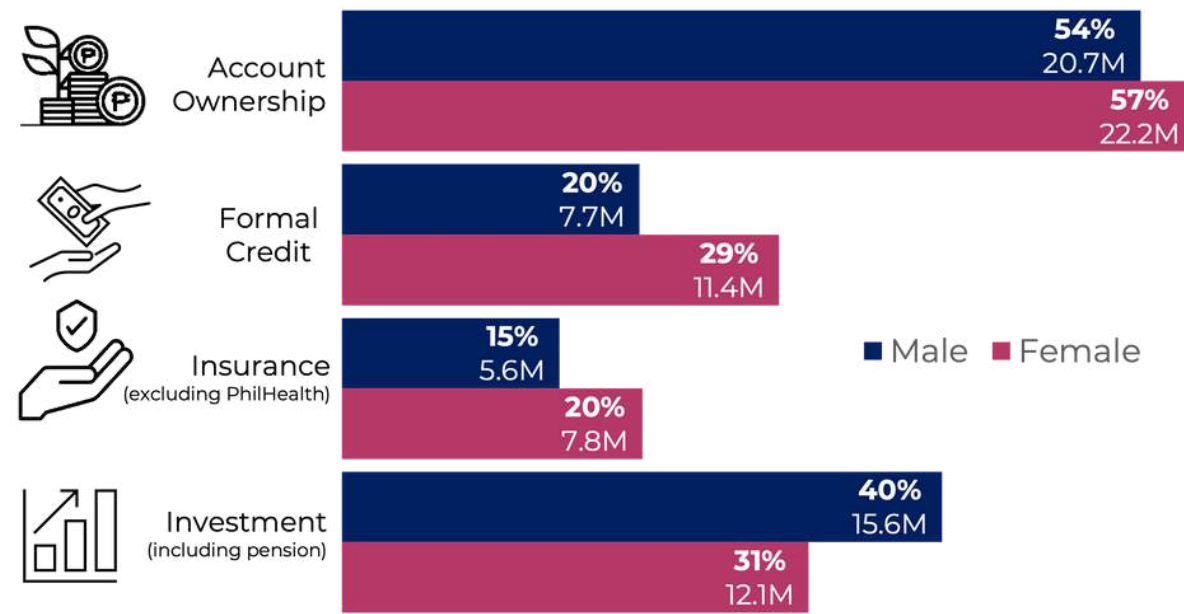
## BARRIERS TO ACCOUNT OWNERSHIP



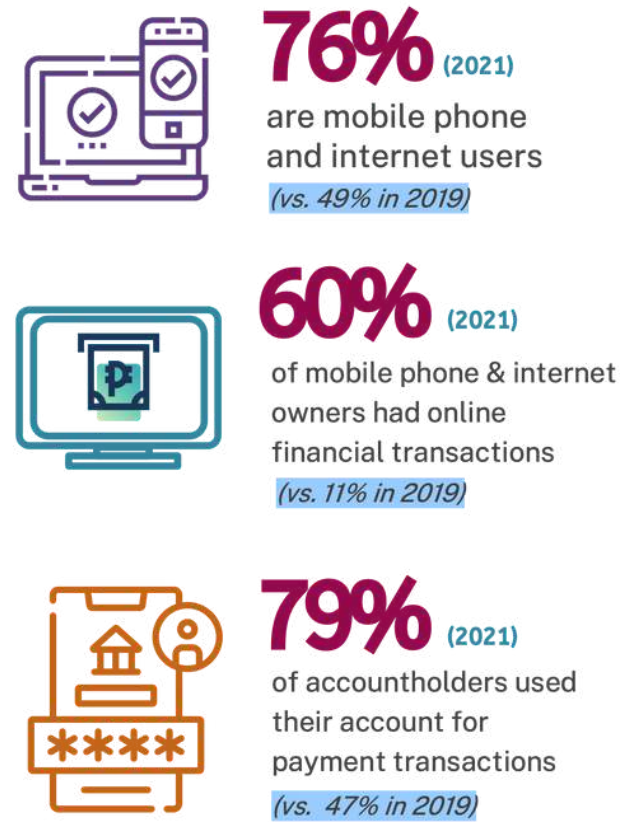
Source: Financial Inclusion Survey, unless otherwise stated



## USE OF FORMAL FINANCIAL SERVICES, BY SEX (2021)



## DIGITAL FINANCE

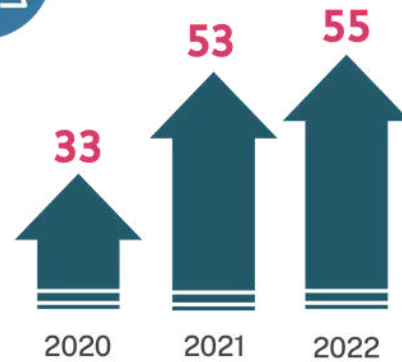


Source: Financial Inclusion Survey, unless otherwise stated

## DIGITAL BANKS

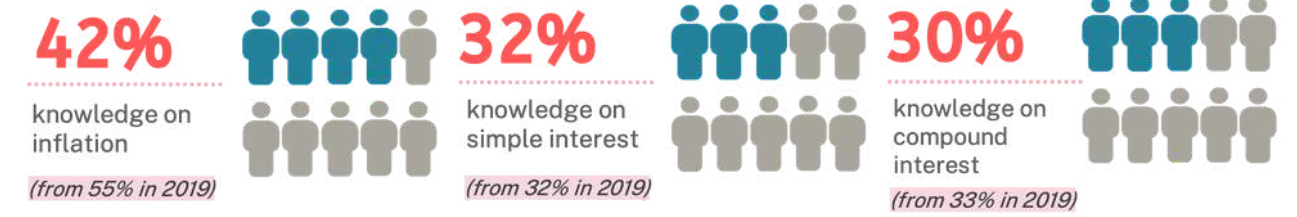
**6** digital banks in 2022

**Banks with digital onboarding capability**



Source: Financial Inclusion Dashboard

## FINANCIAL LITERACY

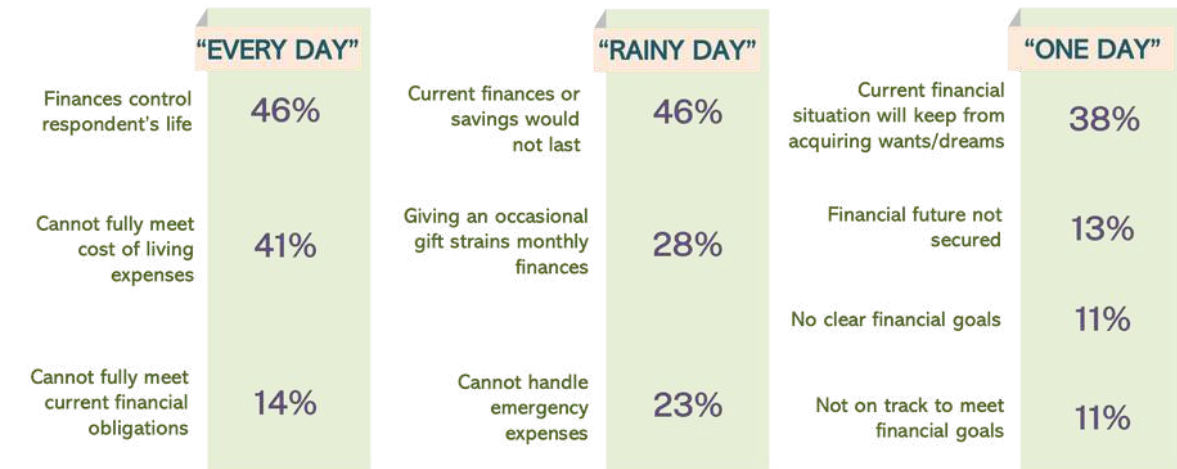


## FINANCIAL CAPABILITY



## FINANCIAL HEALTH

While majority of Filipino adults have financial goals, almost half of them feel that finances control their lives. Nearly half are also not prepared for "rainy days".



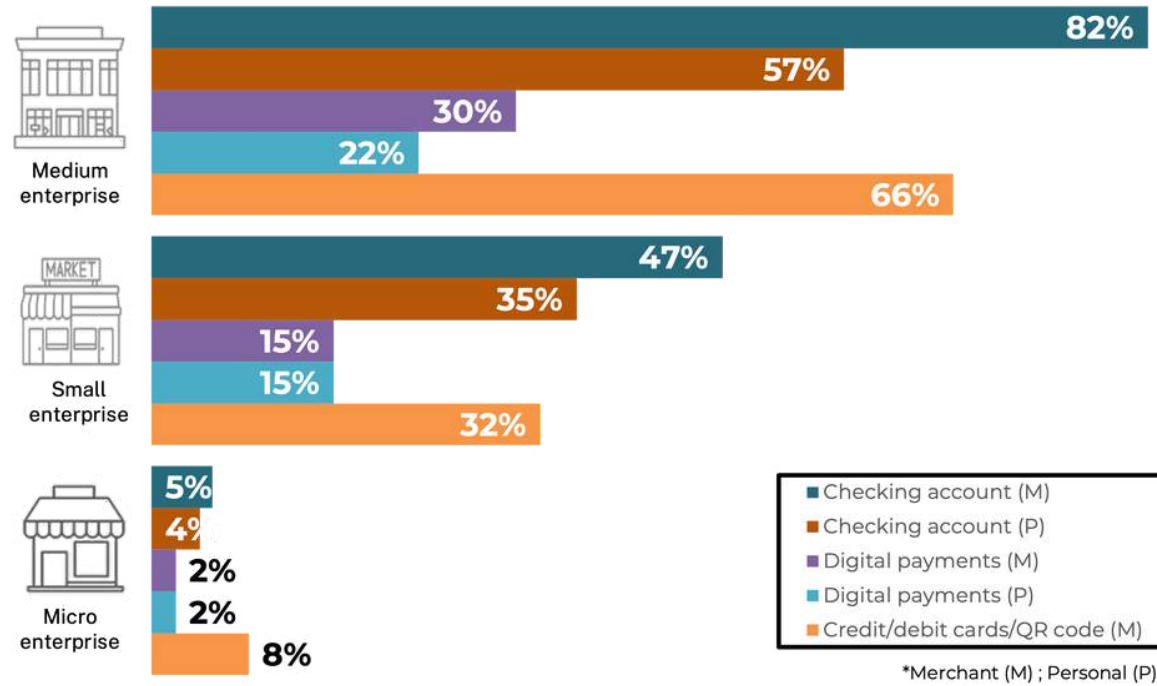
\*Percentages refer to the share of respondents who either strongly agree or agree with the statement.

Source: Financial Inclusion Survey



## USE OF FINANCIAL SERVICES - MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs)

Micro Enterprises significantly use fewer formal financial services than Small and Medium enterprises.



More than half of **women entrepreneurs (52%)** and **27% of men entrepreneurs** still use **cash in financial transactions**

**46% of men entrepreneurs** and **23% of women entrepreneurs** still prefer transacting **over-the-counter**

ATM terminals were used by **28% of men entrepreneurs** and **15% in women entrepreneurs**

Use of QR codes are gaining traction at **27% for men entrepreneurs** and **16% for women entrepreneurs**

Internet banking via web browser and mobile/banking apps is still low at **22% and 21% for men entrepreneurs** and **10% for both services in women entrepreneurs**

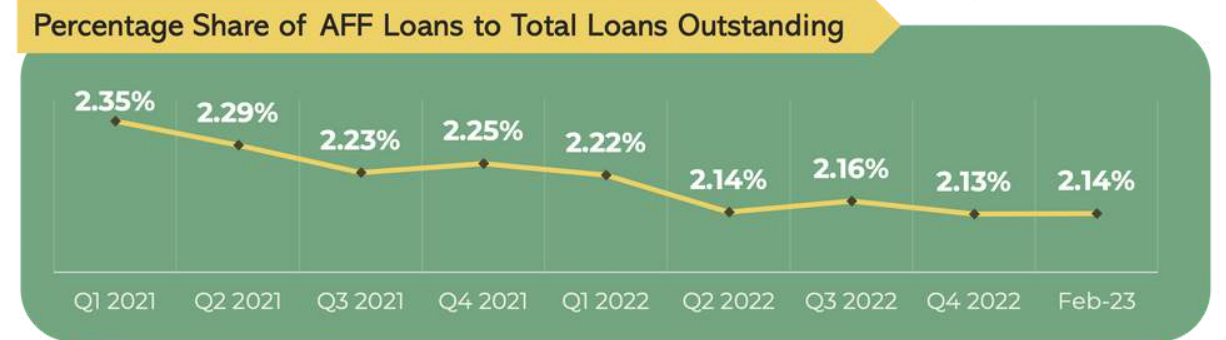
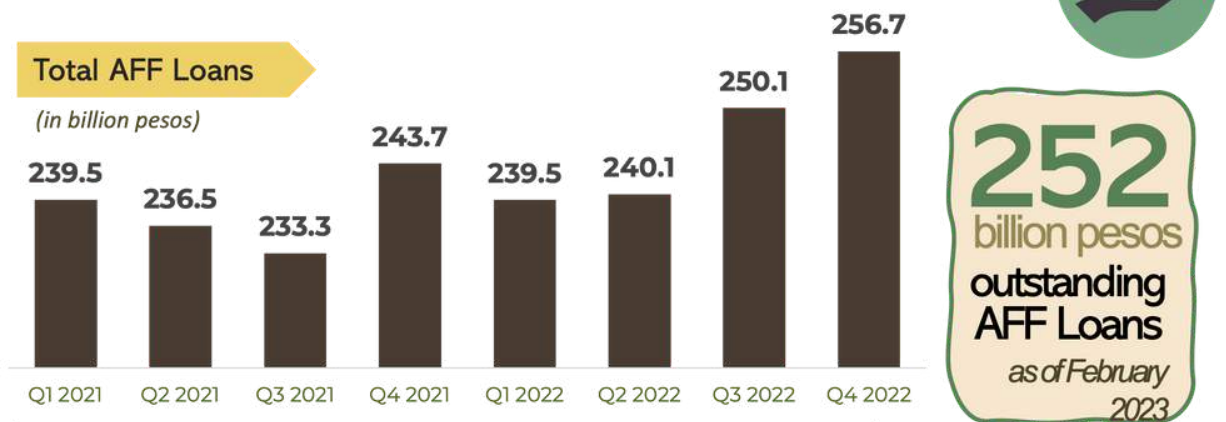
Less than a third of women entrepreneurs use digital financial services (DFS) compared to over 40% men entrepreneurs



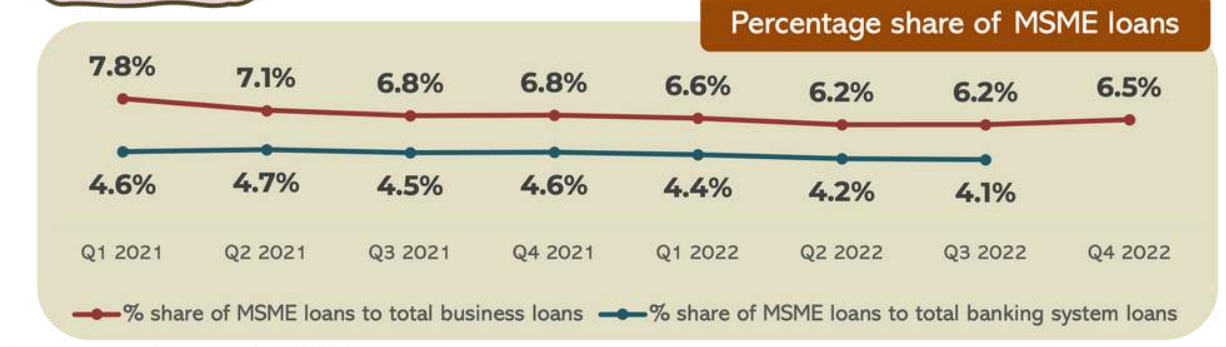
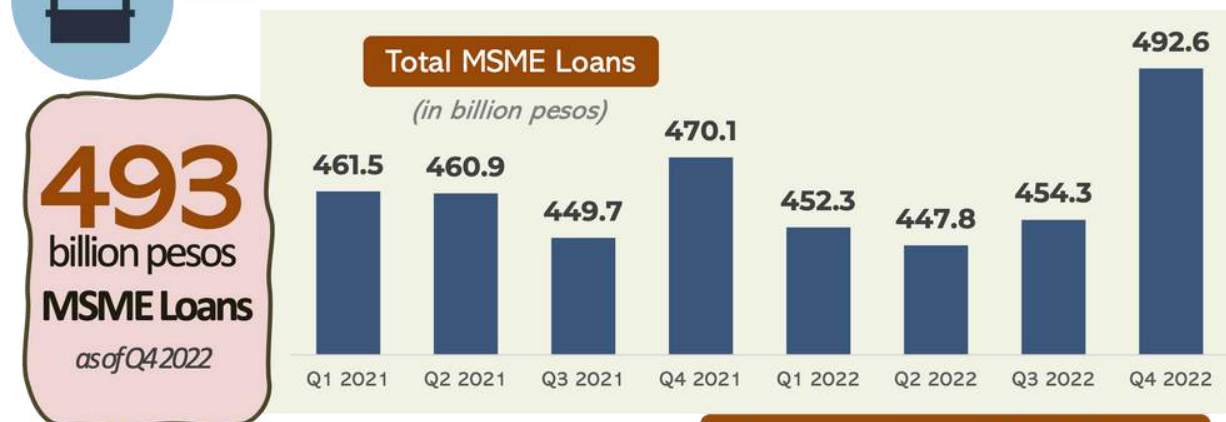
Note: As a percentage of 600 women-owned and 400 men-owned MSMEs.

Source: Asian Development Bank "Promoting Transformative Gender Equality Agenda in Asia and the Pacific": 2021 MSME Survey

## Agriculture, Forestry and Fishing (AFF) Loans



## Micro, Small and Medium Enterprises (MSME) Loans



Source: Bangko Sentral ng Pilipinas



# The National Strategy for Financial Inclusion 2022-2028

---

*Opposite page: Gumamela (local name for hibiscus) in full bloom. Photo by [Zeke Tucker](#) on Unsplash.*



## The National Strategy for Financial Inclusion 2022-2028

As early as 2014, there have been efforts to harmonize the country's policies and programs on financial inclusion, which culminated in the launch of the first NSFI on July 1, 2015. The following year, the FISC, the interagency committee that would provide strategic guidance and oversight in the implementation of the NSFI, was formed with the issuance of Executive Order No. 208.

Rapid technological advances in

financial services brought about by the COVID-19 pandemic, recent developments, and changing realities eventually prompted the FISC to update its strategy to keep up with emerging consumer needs and digitalization. The goal was to sharpen the document's targets and priorities given the significant developments since the original strategy was set into motion six years before.

Launched in January 2022, the NSFI 2022-2028 is a blueprint for accelerating financial inclusion

toward broad-based growth and enabling more Filipinos to build financial resilience that is supportive of inclusive and sustainable growth. With its overall vision of "financial inclusion toward inclusive growth and financial resilience," the NSFI 2022-2028 emphasizes financial resilience as a lens for the country's financial inclusion initiatives.

This approach also recognizes that many Filipinos are facing increased vulnerabilities from the health crisis, climate change, and inevitable shift in the economic and labor landscape. The NSFI 2022-2028 is likewise designed to align with and support the broader national aspirations of the Philippine Development Plan and AmBisyon Nation 2040 vision.

### Whole-of-government support

To further promote an inclusive economy, the Office of the President issued Memorandum Circular No. 97 on June 23, 2022,

institutionalizing whole-of-government support for the implementation of the NSFI 2022-2028 and bolstering the adoption of financial inclusion as a development agenda at the national and subnational levels.

This circular directs all government agencies to incorporate relevant priority initiatives in their agency work programs, policies, and budgets. Further, it encourages the Regional Development Councils (RDC) and equivalent bodies, together with Local Development Councils (LDC), to adopt financial inclusion objectives, targets, and programs in line with the NSFI and their respective plans. Local government units (LGU) are also urged to promote financial inclusion in their jurisdictions and include it in their capacity development programs, provincial development and physical framework plans, and comprehensive development plans.



## Monitoring and evaluation

The monitoring and evaluation framework of the NSFI 2022-2028 forms part of the key performance indicators and four desired outcomes as pathways to the vision by which performance of the strategy is measured. These are: (a) reduced disparities in financial inclusion; (b) improved financial health and resilience; (c) more financially capable and empowered consumers; and (d) increased access to finance for MSMEs, including startups, and the agricultural sector.

The NSFI 2022-2028 highlights financial inclusion, enhancing consumer welfare and financial resilience as a centerpiece of renewed vision. This serves as a powerful tool for communicating a bold commitment to the country's financial inclusion agenda.

Finally, the NSFI 2022-2028 is a continuing journey that is pursued

*“With its overall vision of “financial inclusion toward inclusive growth and financial resilience,” the NSFI 2022-2028 emphasizes financial resilience as a lens for the country’s financial inclusion initiatives”*

with even greater purpose so as to open opportunities for every Filipino to become beneficiaries and foundations of growth and prosperity. ♦

Scan the QR code to view the National Strategy for Financial Inclusion 2022-2028



NSFI 2022-2028 Launch. Photo by the Bangko Sentral ng Pilipinas



## #KabilangAko: Launch of the NSFI 2022-2028

Building on the success of the first NSFI launched in 2015 which outlined the vision, strategic objectives, and the guiding principles for promoting financial inclusion in the Philippines, the interagency FISC launched an updated strategy on Jan. 28, 2022 at the Philippine International Convention Center (PICC) in Manila.

Among the launch highlights included the ceremonial donning of the financial inclusion pin, which represented the shared mission of

FISC members and stakeholders to enable universal access to welfare-enhancing financial services.

The financial inclusion logo serves as the central focus of the pin. The logo features two hands joined to form a heart, symbolizing the collective commitment of the champions of financial inclusion in the country.

With the tagline “#KabilangAko” sending a clear message that no one will be left behind, the FISC enjoined various sectors including, among others, consumer groups, basic sectors, MSMEs, social development agencies, LGUs, the financial services industry, and the academe to work hard to ensure all Filipinos can thrive and prosper in an ever-evolving landscape. ♦



# NSFI 2022-2028

## Strategic Objectives:

### Milestones and Accomplishments

The NSFI 2022 – 2028 provides four strategic objectives that are identified as the major areas of intervention to achieve the financial inclusion vision and desired outcomes of the strategy. To promote greater focus and accountability on how these objectives can be realized, priority initiatives were identified along with the primary responsible entities (e.g., government agencies, private institution partners) and indicative timelines.

The section presents the major accomplishments of the FISC for each strategic objective thus far, including the commendable financial inclusion milestones and other initiatives championed by various responsible entities.

---

*Opposite page: Sleeping Dinosaur Island in Davao Oriental. Photo by [Lester Casio](#) on Unsplash.*



# Basic Deposit Accounts and E-Money

*Pink caballero. Photo by Zeke Tucker on Unsplash.*

Transaction accounts such as bank and e-money accounts are considered as the gateway to financial inclusion. A formal account not only allows Filipinos to save money and utilize digital payments but also enables them to access a wide array of financial services ranging from credit to investments.

One of the BSP's main strategies is to make it easy to own a Basic Deposit Account (BDA), which is specially designed to meet the needs of the unbanked. The BDA is a vital infrastructure component as it addresses many barriers to inclusion such as cost and a lack of identification documents. With simplified identification requirements and a minimal deposit of just one hundred pesos, every Filipino can open an account through their nearest bank, cash agent, or even via mobile app.

The sustained uptake since its inception is a testament to the BDA's utility and value. The number of holders has reached 8.1 million in 145 banks as of Q1 2022. This is an increase from seven million depositors in 136 banks offering BDAs in Q1 2021. BDA policy enhancement work was also done in 2021, which led to the issuance of Memorandum No. M-2022-003 dated Jan. 12, 2022. The policy issuance provides additional guidance and further clarifications on the implementation of the BDA Framework (Circular No. 992).

The number of active e-money accounts also grew by 93 percent from 17.9 million in 2019 to 34.7 million accounts in 2020, showing an increase of 16.8 million. A total of 71 electronic money issuers (EMI) have been offering e-money accounts as of April 20, 2022.

## Strategic Objective 01:

### *Promote Inclusive Digital Finance*

Digital technologies can facilitate significant cost-efficiencies and innovation that enable the viable delivery of financial services to the low-income mass market and small enterprises. To fully harness the inclusion and welfare-enhancing potential of digital innovations, we need to put in place a conducive regulatory environment with the necessary digital infrastructure that enable, if not compel, diverse market players to deliver innovative financial services that meet the varying needs and capabilities of

the broader population and MSMEs.

Digital innovations should improve the customer experience, affordability, and availability of welfare-enhancing financial services beyond accounts and payments.



## **Promote adoption of the Philippine Identification System in the financial sector**

### **Co-location strategy of the Philippine Statistics Authority and Landbank of the Philippines<sup>1</sup>**

In line with the objectives of Republic Act No. 11055 or the PhilSys Act to strengthen financial inclusion through the establishment of a single national identification system, the Philippine Statistics Authority (PSA) implemented a co-location strategy in PhilSys registration centers with the Landbank of the Philippines (LANDBANK). Under the strategy, LANDBANK co-located in targeted PhilSys registration centers, especially those in provinces with low account ownership, to onboard unbanked registrants for a bank account on site and free of charge.

Over the course of its implementation from 2021 to 2022, LANDBANK onboarded over 8.3 million individuals who had not possessed a formal bank account prior to registration. In its efforts to continue the strategy in 2023, the PSA is engaging with other financial institutions (e.g., rural banks through the Rural Bankers Association of the Philippines).

### **PhilSys registration of social protection program beneficiaries**

In its efforts to ensure that members of vulnerable sectors are registered to the PhilSys, the PSA is partnering with various government agencies with social protection programs in registering program beneficiaries to the PhilSys in their program activities (e.g., assistance distribution). The PSA envisions this initiative to help enable the beneficiaries to open bank or transaction accounts, where a valid

identification system is the number one requirement.

One of these programs is the Registry System for the Basic Sectors in Agriculture. The PSA-Department of Agriculture (DA) Memorandum of Agreement that would enable PSA to register beneficiaries during beneficiary distribution<sup>2</sup> activities was signed in May 2023. Other programs include:

1. Commission on Higher Education's Unified Financial Assistance for Tertiary Education;
2. Department of Education's Senior High School Voucher Program;
3. Department of Transportation's Pantawid Pasada – Fuel Subsidy Program;
4. Tricycle drivers under the fuel subsidy program; and
5. Delivery riders under the fuel subsidy program.

<sup>1</sup> <https://www.philsys.gov.ph/psa-landbank-maximizes-colocation-strategy-smartphone-ownership-to-boost-financial-inclusion/>

<sup>2</sup> Update as of May 2023





***Promote shared agent network framework to increase ubiquity and affordability of cash agent services***

**Cash and e-money agents**

The BSP's regulation on cash agents has enabled banks to use convenience stores, pharmacies, pawnshops, and other retail outlets as low-cost and non-intimidating service points for clients to conveniently open an account, make deposits and withdrawals, pay bills, and conduct other transactions.

The number of touchpoints through this channel has since expanded to over 58,417 cash agents and over 84,299 e-money agents in the country as of 2020.

These agents enable financial institutions to serve a wider client base, particularly in low-income and rural areas, at a lower cost than setting up a full branch and deploying automated teller machines or ATMs. This translates to 95.5 percent of local government units with access to an agent.



# The Agent Registry System

The agent network is instrumental in expanding access to low-cost touchpoints to reach the unbanked segments of society. In the Philippines, this service channel comprises cash agents, e-money agents, and remittance sub-agents, as well as their service points.

By tapping ubiquitous retail outlets and other establishments as service points for their agent network, financial institutions are able to serve a wider consumer base, including those residing in areas where there is relatively low commercial incentive to establish a physical office. These efficiencies have made serving the unbanked more viable and sustainable.

The BSP launched the Agent Registry System (ARS) project as a regulatory technology (RegTech) solution that aims to effectively monitor agent operations in support of the BSP's financial supervision, consumer protection, and financial inclusion objectives. Through technical support from the Alliance for Financial Inclusion (AFI), the development of the ARS will also advance the ease of doing business of BSP-supervised financial institutions (BSFI) by setting a uniform reporting framework for all types of agents as well as streamlining the submission of agent data.

The system will likewise provide a publicly available directory of accredited service points to further improve consumer experience in agent-assisted transactions.

The ARS is identified as a priority initiative under the BSP's Digital Payments Transformation Roadmap (DPTR) 2020-2023. It is targeted to go live by mid-2023 with a preliminary service point directory for the public. The policy to institutionalize the ARS is targeted to be issued within H1 2023.

*Manila at daytime. Photo by Christian Ang on Unsplash.*

<sup>2</sup> *The physical touch points where agent services are provided.*





***Expand digital payment use cases such as interoperable bills payment, government collections and disbursements, and cross-border remittances***

**Electronic fund transfer facilities**

Formed under the framework of the National Retail Payment System, electronic fund transfer (EFT) facilities PESONet and InstaPay aim to bring about safe, efficient, affordable, and reliable retail payments in the country, specifically for real-time, low-value EFT transactions.

The volume of PESONet transactions amounted to 1.40 trillion for the first quarter of 2022, representing a 47.4 percent growth from the first quarter of 2021.

Similarly, the volume of InstaPay transactions for the same period increased to 772.3 billion, posting a 49.3 percent growth over the same period.

In addition, the number of PESONet and InstaPay participants totaled 103 (96 banks and 7 EMIs) and 62 (77 banks and 16 EMIs), respectively, as of Nov. 30, 2022.

**Implementing Rules and Regulations of EO 170**

Through the efforts of the Department of Finance (DOF) and the Bureau of Treasury (BTr), the Implementing Rules and Regulations (IRR) of Executive Order (EO) No. 170 s. 2022 or the “Adoption of Digital Payments for Government Disbursements and Collections” was signed on Oct. 26, 2022. EO 170 mandates all departments, agencies, and instrumentalities of the government and enjoins local government units to utilize digital payments for their respective collections and disbursements.

The EO aims to accelerate the development of an inclusive digital finance ecosystem that will enable the vulnerable and underserved sectors to have access to formal

financial services. In addition to the BTr, the following agencies comprise the EO 170 Technical Working Group (TWG): Department of Budget and Management (DBM), Bureau of Internal Revenue (BIR), and the Government Procurement Policy Board– Technical Office.

To support the implementation of EO No. 170, the Department of Budget and Management (DBM) launched various initiatives that aimed to facilitate the efficient digital disbursement espoused under the EO:

- DBM Action Document Releasing System, a web-based document releasing application that is expected to save the government around Php 33 million per year with the reduced costs for printing, transportation, and use of security papers;
- Implementation of Expanded Modified Direct Payment Scheme for accounts payables due to creditors and payees of all national government

- agencies, and;
- Digital Requests Submission for Local Government Support Fund, an initiative that aims to streamline the process of submitting requests for financial assistance of LGUs.





National Museum of Natural History in Manila. Photo by Eryka Rose Ratan on Unsplash.

## eGov PH

eGovernment Philippine Mobile or eGov PH is an online one-stop-shop application being developed by the Department of Information and Communications Technology (DICT) that aims to enhance the efficiency, accessibility, and accountability of informational and transactional exchanges between the government and its citizens.

The application is embedded with various features, which include (1) eGov Pay where users can pay utility bills and fees for government services and process such as contributions to Government Service Insurance System (GSIS), Social Security System (SSS), and Philippine Health Insurance Corporation (PhilHealth); (2) Philippine eCommerce Platform, which aims to help MSMEs and farmers grow and expand their businesses by allowing users to receive profits in full; and 3) eLGU, which local citizens can use to access and

transact online local government social services, such as social amelioration programs and applications for business permits, barangay clearances, and police clearances.

The DICT is currently in discussion with private gateway payment services on the integration of online payment services in eGov PH. Development of the application commenced in November 2022 and is expected to be launched in the 2nd quarter of 2023, with additional functionalities gradually rolled out in the succeeding quarters of the year.





Mobile branch of Landbank during the Davao City Paleng-QR Ph launch. Photo by the Bangko Sentral ng Pilipinas

### Landbank of the Philippines Entitlements Distribution Mechanism

The Department of Transportation (DOTR) has partnered up with LANDBANK in the implementation of the Entitlements Distribution Mechanism, which aims to facilitate the timely, orderly, and transparent distribution of non-housing cash entitlements to project affected persons (PAP) using cash cards or regular passbook savings accounts. Under the initiative, PAP beneficiaries can monitor the balance and usage of the cash cards or savings accounts.

The program also prevents the prevalence of ghost recipients through the added security of the Know-Your-Customer (KYC) process. The initiative is currently being implemented for the PAPs of the North-South Commuter Railway Project and the Malolos-Clark Railway Project.

### Enable digital payments for all community markets and local transportation

#### Paleng-QR Ph

The Paleng-QR Ph program, jointly developed by the BSP and the Department of the Interior and Local Government (DILG), aims to build the digital payments ecosystem in the country by promoting cashless payments in public markets and tricycles. Capitalizing on the QR Ph initiative, the program seeks the policy championship and enjoins LGUs to push for the acceptance

vendors, community shopkeepers, and tricycle operators and drivers in all cities and municipalities in the country.

The main objective of the program is to promote account ownership using QR Ph which is the national QR Code standard that allow transfers between participating banks and e-wallets.

In 2022, the City Governments of Baguio, Davao, Tagbilaran, Lapu-Lapu, Naga, Pasig, Antipolo, and Alaminos issued ordinances on the implementation of the Paleng-QR Ph program.

Signing of the Joint Memorandum Circular (JMC) on the Paleng-QR PH with former DILG Secretary Eduardo M. Año and former BSP Governor Benjamin E. Diokno. Photo by the Bangko Sentral ng Pilipinas





### National Interoperable Automated Fare Collection System<sup>3</sup>

As part of the government's commitment to improve the urban public transportation system and support the public utility vehicle (PUV) modernization program, the DOTr, in partnership with the Land Transportation Franchising and Regulatory Board and the Office of Transport Cooperatives, is implementing the National Interoperable Automated Fare Collection System or NIAFCS. The project aims to enhance public transport services by providing convenient payment options to the riding public, an improved commuting environment, and a better transfer system among all public transportation modes.

The AFCS also allows for the convenient use of Europay-Mastercard Visa (EMV)-compliant contactless credit, debit, and prepaid bank cards as cashless payment instruments in public transport modes. In 2022, the EMV pilot production testing with LANDBANK was launched in Manila, Quezon, and Pampanga. The pilot testing is envisioned to continue until September 2023.

<sup>3</sup> <https://pia.gov.ph/press-releases/2022/09/01/dotr-landbank-roll-out-automated-fare-system>





**Support the digital transformation of rural financial institutions and other last-mile providers, including microfinance institutions MFIs**

**Co-opbiz.ph<sup>4</sup>**

The Cooperative Development Authority (CDA) launched the online marketplace platform Co-opbiz.ph in 2022 as part of its efforts to integrate digital technology that can institute reforms and innovations among its member-cooperatives in the agency.

Co-opbiz.ph aims to bring local market products produced by merchants and vendors of CDA-registered cooperatives to the domestic and global market chain through a digital platform with integrated payment and logistics providers. To enable seamless transactions with international

customers, the CDA engaged cross-border payment providers for online transactions and international logistics providers for courier services.

Co-opbiz.ph builds on the success of the Cooperative Business Matching Information System, which had assisted cooperatives in marketing their goods and services online during the height of the pandemic.

<sup>4</sup> <https://coopbiz.ph/about-us/>; <https://cda.gov.ph/updates/co-opbiz-ph-is-now-on-line/>



## Promote adoption of insurtech<sup>5</sup>

### Guidelines on the adoption of a regulatory sandbox framework for insurance technology innovations<sup>6</sup>

In its efforts to promote the adoption of insurance technology or insurtech, the Insurance Commission (IC) issued Circular Letter No. 2020-73 or the Guidelines on the Adoption of a Regulatory Sandbox Framework for Insurance Technology Innovations in June 2020. The guidelines aim to recognize the benefit that can be derived from further developing insurtech through experimentation, testing, and learning, without compromising the protection of the interests of the insuring public. Under the circular, a regulatory sandbox is set up where licensed insurance providers can conduct small-scale live testing of technological

innovations for up to one year, subject to the evaluation of the Commission.

In 2021 and 2022, a Singaporean insurance company associated with a multinational technology conglomerate specializing in e-commerce acquired two local non-life insurance companies. One of them was rebranded and launched as a digital insurance company. The IC, which found the acquisition to be compliant with its regulatory frameworks, recognized this as a significant milestone in the development of the local digital insurance business and insurtech.

<sup>5</sup> *Insurtech is a combination of the words “insurance” and “technology”. It refers to the use of technological innovations in the conduct of insurance business (IC, 2020).*

<sup>6</sup> [https://www.insurance.gov.ph/wp-content/uploads/2022/02/CL2020\\_73.pdf](https://www.insurance.gov.ph/wp-content/uploads/2022/02/CL2020_73.pdf);  
<https://www.insurance.gov.ph/wp-content/uploads/2022/07/IC-Press-Release-22-June-2020.pdf>





***Promote the implementation of an industry sandbox for digital finance innovations***

**BSP Circular No. 1153 on the Regulatory Sandbox Framework**

In 2022, the BSP has approved the regulatory sandbox rules formalizing the “test and learn” approach for startups and innovators to experiment with new financial products and services in a controlled environment.

BSP Circular No. 1153, or the Regulatory Sandbox Framework, enumerates the guidelines for a "controlled, time-bound, live testing environment which may feature regulatory waivers at the (BSP’s) discretion." The testing environment may involve limits or parameters within which firms must operate.

By issuing this policy, the BSP aims to foster an enabling environment for responsible innovation to promote the development of an inclusive digital financial ecosystem that is complemented by sound risk management system.



Quitinday Hills in Camalig, Albay.  
Photo by [Jamie Matociños](#) on Unsplash.



## ASTERisC

In 2022, pioneering cloud-based RegTech and SupTech solution ASTERisC went live and was deployed to BSFIs. The system seeks to automate BSP's cybersecurity supervision while easing regulatory compliance of BSFIs.

ASTERisC generates real-time dashboards on cyber profiles, compliance gaps and threat intelligence, enabling BSP to deploy early interventions. These include proactive issuance of cyberthreat advisories and engaging industry stakeholders. The system also brought tremendous efficiency gains and provides richer insights on critical cybersecurity issues requiring immediate action. ♦







To promote digital payment acceptance for market purchases and local transportation, the BSP and DILG issued a joint memorandum circular (JMC) on the Paleng-QR Ph program in June 2022. The JMC enjoined all LGUs to implement the program based on the guidelines provided.

In November 2022, the Paleng-QR Ph Plus program branding was introduced. The use of “Plus” aims to capture the broader target market of the program to expand the digital payment acceptance in every city and municipality in the country. It also better reflects the coverage of LGU ordinances that include other business establishments in addition to market vendors and tricycle operators and drivers (TODA) as specified in the JMC.

The Paleng-QR Ph Plus program also seeks to encourage more Filipinos to open transaction accounts and become digitally ready for financial transactions. It is also seen to boost the delivery of social services and transfers at the last mile and provide opportunities to build other use cases at the local level.

“The program aims to build the collective financial resilience of more Filipinos and help them maximize economic opportunities through inclusion in the formal financial system,” BSP Governor Medalla explained. He also added that with the promotion of digital payments through the Paleng-QR Ph Plus, more Filipinos can take advantage of the benefits of owning a digital transaction account.

*Photos by the Bangko Sentral ng Pilipinas. From the left: Paleng-QR Ph launch in Davao City with BSP Governor Felipe Medalla and Mayor Sebastian Duterte; and Paleng-QR Ph launch in Pasig City with Governor Medalla, Deputy Governor Puyat, and Mayor Vico Sotto.*

A tool is now also being developed to regularly monitor the program implementation specifically in terms of number of accounts onboarded by participating financial service providers. ♦

*SM Supermalls President Steven Tan with BSP Deputy Governor Bernadette Romulo Puyat. Photo by the Bangko Sentral ng Pilipinas.*

**Private sector support  
Cashless Malling at SM**

Inspired by the Paleng-QR PH and in support of the objective of the NSFI to promote inclusive digital finance, SM Supermalls launched its “Cashless Malling at SM” campaign in November 2022. The initiative aims to encourage its tenants and shoppers through incentives to accept and use cashless payments, particularly the QR Ph. The BSP expressed its support for the campaign as part of its envisioned whole-of-nation approach in achieving broad-based growth and shared prosperity through financial inclusion. ♦



# The first *Digital Financial Inclusion Awards*

With the aim of motivating MSMEs and microfinance institutions (MFI) to adopt digital solutions to empower local businesses and to expand digital financial services, the Microfinance Council of the Philippines (MCPI) and Citi Philippines (Citi) with the support of the BSP rolled out the first Digital Financial Inclusion Awards (DFIA) in 2022.

The DFIA is an offshoot of the Citi Microentrepreneurship Awards (CMA), an annual recognition ceremony for outstanding Filipino microentrepreneurs that was first launched in 2002. The CMA, a testament to the concerted support for the growth and development of the microfinance sector, had sought to highlight exceptional microentrepreneurs across the country and promote the positive impact of financial inclusion.

On Dec. 6, 2022 in a virtual ceremony, the DFIA honored the efforts of 24 outstanding microentrepreneurs who have successfully adopted digital solutions for the growth of their businesses. The DFIA likewise recognized four MFIs that pursued digital innovations to improve their digital financial services programs amid the pandemic.

The 10 winners recognized for being more advanced in the use of digital solutions and awarded Php 110,000 each were: Angelita Dagoc, Rosalinda Espana, Maxima Forbes, Merlyn Jolo, Ma. Sol Manlabe, Nida Lyn Paculba, Laly Reporas, Adela Rivadeneira, Melanie Valenzuela, and Alfredo Villocino.

The 14 winners awarded with Php 100,000 each were: Norma Alcrates, Lorie Jane Almazora, Phoebe Borce, Margie Bunzol, Ofelia Cabral, Marilyn Centeno, Vicente Cristobal, Rosalyn Espenorio, Jeriel Gelito, Josie May Iroy, Susana Malabanan, Sarah Jane Pascual, Leonie Reyes, and Ma. Hazel Vitamog.

---

*Opposite page: Woman weaving in Argao, Cebu. Photo by [Ralph Labay](#) on Unsplash.*



The MFI winners who also received Php 100,000 each were Cantilan Bank, Inc., CARD Mutually Reinforcing Institutions, Kabalikat para sa Maunlad na Buhay, Inc., and Taytay Sa Kauswagan, Inc.

BSP Governor Felipe Medalla co-chaired the DFIA National Selection Committee (NSC) together with Citi Philippines Chief Executive Officer Aftab Ahmed. Other members of the NSC include SM Investments Corporation independent director Ramon Lopez; Inquirer Group of Companies CEO Sandy Prieto Romualdez; financial trainer and adviser Salve Duplito; RFM Corporation president and CEO Joey Concepcion; Trade and Industry Secretary Alfredo Pascual; Asian Development Bank financial sector specialist Kelly Hattel; and International Finance Corporation global digital finance specialist Lowell Campbell.

Under the NSFI 2022–2028, the FISC is pushing for the digital transformation of rural financial institutions and other last-mile providers, including MFIs. ♦



Angelita Dagoc, owner of Ferangeli Guitar in Cebu. Photo by MCPI.



## Empowering Persons with Disabilities

### Strategic Objective 02: *Strengthen Financial Education and Consumer Protection*

An empowered and capable financial consumer needs to develop the right financial knowledge, skills, and behavior. Well-designed, comprehensive, and sustainable digital financial literacy programs are crucial interventions which can be delivered by various stakeholders, guided by a common framework.

However, equally important for consumer empowerment is having an appropriate regulatory environment to strengthen the market conduct of all types of providers.

Financial exclusion disproportionately affects millions of Filipinos in the lower income classes and those who are unemployed, less educated, and belonging to the younger generation. The NSFI 2022-2028 specifically identifies persons with disabilities as among the underserved and unserved segments, along with senior citizens, migrant workers and their families, indigenous peoples, forcibly displaced persons, and those who are excluded due to religious beliefs.

Members of the FISC actively engage the National Commission for Disability Affairs (NCDA) in highlighting the importance of empowering persons with disabilities. The Department of Social Welfare and Development (DSWD), Department of Labor and Employment (DOLE), Department of Education (DepEd), Department of Trade and Industry (DTI), DOTR, and DILG are involved in the NCDA governing board and sub-committees that work toward disability inclusive development.

The BSP also participates in the various NCDA activities such as webinars on digital financial inclusion and consumer protection. BSP resource persons talked about financial planning, savings, budgeting, debt management, investing, and financial consumer protection in webinars held from July 17-23, 2022 in celebration of National Disability Prevention and Rehabilitation Week.

The BSP's constant dialogue with the persons with disabilities sector has likewise resulted in policy issuances such as BSP Memorandum 2021-040, which reminds all BSFIs to refrain from discriminatory practices toward persons with disabilities and provide express lanes, mobility ramps, and Braille markings in their premises. ♦



***Develop and implement a common framework for effective, consistent, and sustainable delivery, monitoring, and evaluation of financial literacy programs***

**Financial education policy<sup>1</sup>**

Recognizing the vital role of financial education in inclusive economic development and the importance of enhancing the competencies of learners, teachers, and its personnel in improving the level of financial literacy and financial capability of Filipinos, the DepEd issued Department Order No. 22, s. 2021 or the Financial Education Policy in June 2021.

The policy aims to institutionalize and intensify the integration of financial education in the K to 12 Basic Education curriculum by providing the guiding principles

and procedures for the efficient and effective teaching and learning of financial education concepts and core messages, such as earning, saving, spending, budgeting, donating, investing, and protecting consumers.

To support the Financial Education Policy, the DepEd also integrates financial literacy education in curriculum-based process of teaching and learning about financial knowledge and skills anchored on the key concepts of earning, saving, spending, sharing, donating, investing, consumer protection, and entrepreneurship.

These core concepts are integrated in various areas of discipline across grade levels through the identified entry points or learning competencies. This integration began in 2017 in collaboration with Aflatoun International, BSP, BDO Foundation, and Asian Development Bank (ADB).

<sup>1</sup> [https://www.deped.gov.ph/wp-content/uploads/2021/06/DO\\_s2021\\_022.pdf](https://www.deped.gov.ph/wp-content/uploads/2021/06/DO_s2021_022.pdf)



In October 2022, the DepEd conducted an online orientation on financial literacy for school heads and supervisors handling financial education. The activity identified possible issues, concerns, and challenges encountered in the implementation of the Financial Education Policy.

The 170 participants also shared their best classroom practices in teaching financial education and exemplary practices in the conduct of other relevant activities in their respective schools, divisions, or regions.

To further intensify the integration of financial education into the K to 12 Basic Education Curriculum, the DepEd is planning to: (1) finalize its financial literacy education monitoring and evaluation tool; (2) conduct a consultation conference on the alignment of financial education concepts on the newly revised curriculum; and (3) finalize the lesson exemplars on identified financial education concepts entry points.





***Support the immediate passage of the Financial Consumer Protection Act as a comprehensive legal framework for promoting financial consumer protection by all financial service providers***

The Republic Act No. 11765, also known as the Financial Products and Services Consumer Protection Act (FCPA), was enacted on May 6, 2022 and went into effect on June 3, 2022. This law provides a much-needed, all-encompassing legal foundation for instilling market discipline and protecting financial consumers' rights in the country.

On Nov. 28, 2022, the BSP issued Circular No. 1160 to implement the provisions of the FCPA. The Circular echoes the law and covers all financial products and services of all BSP-supervised institutions (BSIs). It was published in newspapers of general circulation on Dec. 5, 2022

and became effective on Dec. 20, 2022. Furthermore, the IC issued its IRR on the FCPA on March 8, 2023.

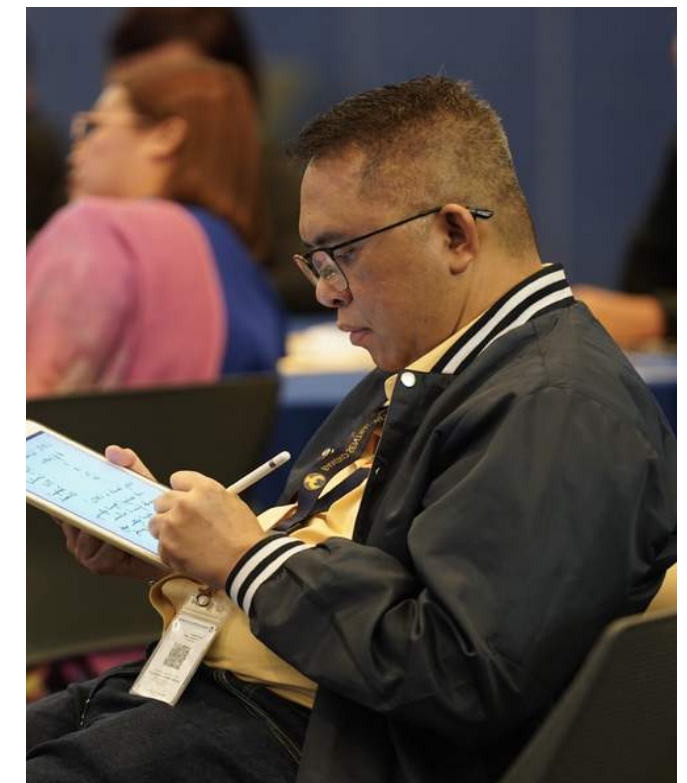
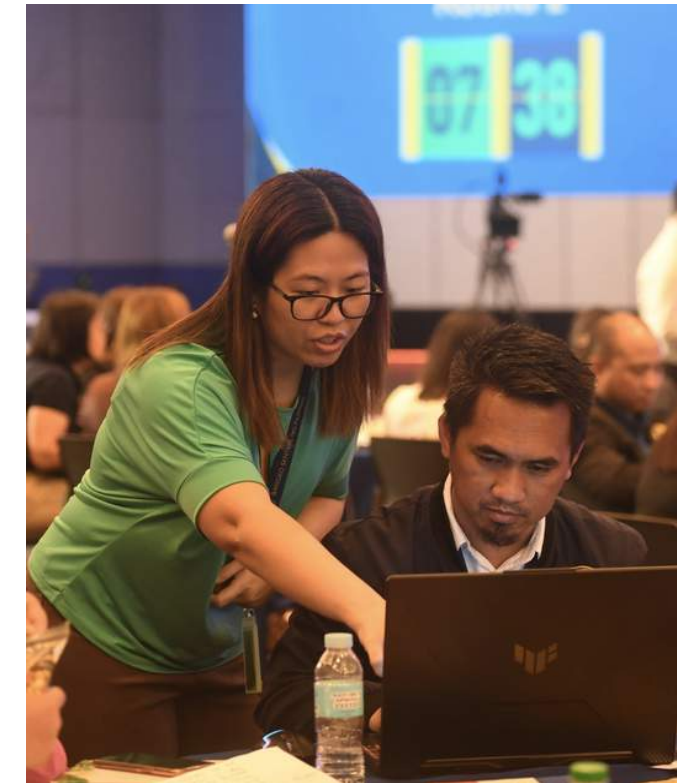
The BSP also developed five audio-visual presentations (AVP) designed for public information on consumer protection. The AVPs have been posted on the BSP website and social media pages, and disseminated to the BSP Regional Offices and Branches for use in their public information campaigns.

These AVPS cover the following: (1) *Ano ang* BSP Consumer Assistance Mechanism (CAM); (2) *Kilalanin si* BSP Online Buddy (BOB); (3) *Mag-ingat sa* fraud at scam; (4) *Mga karapatan at tungkulin ng isang* financial consumer; and (5) Key provisions of the FCPA.

***Develop innovative platforms for financial literacy training, including online and alternative modes of delivery***

***Training of Trainers on financial education***

The BSP conducted year-round Trainings of Trainers (TOT) on financial education (fin-ed) with key government partners in 2022. A total of 554 trainers and officers from the Bureau of Fire Protection (BFP), Bureau of Fisheries and Aquatic Resources (BFAR), Civil Service Commission (CSC), Department of Social Welfare and Development (DSWD), and the Overseas Workers Welfare Administration (OWWA) participated in the training.



*Training of Trainers participants. Photos by the Bangko Sentral ng Pilipinas.*



## Fin-Ed Expo and PisoLit

The BSP likewise led the virtual 5th Financial Education Stakeholders Expo or FinEd Expo from Nov. 21-25, 2022. The Expo comprised seven virtual learning sessions on various fin-ed topics, garnering 91,000+ views from Filipinos worldwide on the Facebook accounts of BSP and PisoLit. The Expo received an average rating of 4.9 (out of 5.0) from Expo participants based on content and substance, event management, virtual platform, and mobile application.

The central bank also engages social media to amplify fin-ed messages and skills through its PisoLit Facebook community, which grew to 60,105 followers as of Jan. 3, 2022.

<sup>2</sup> Link to Expo screenshots: <https://tinyurl.com/expo2022screenshots>

## Interagency Committee on Economic and Financial Literacy

As the lead agency for the Economic and Financial Literacy (EFL) Week Celebration, the National Economic and Development Authority (NEDA) aims to establish an Interagency Committee on Economic and Financial Literacy (IAC-EFL) in 2023. The IAC-EFL is envisioned to plan, recommend, and coordinate programs and activities on economic and financial literacy among public and private stakeholders.

NEDA is also aiming to establish in 2023 an internal NEDA EFL Committee that shall develop campaigns and programs on economic literacy and develop information, education, and communication materials in support of the EFL Week Celebration.



Library in Far Eastern University, Manila. Photo by [Wander Fleur](#) on Unsplash.

## Financial Literacy Manual under the 4Ps Family Development Sessions

The DSWD launched an enhanced the Financial Literacy (FinLit) Manual as part of the mandatory Family Development Sessions of the beneficiaries of the Pantawid Family Program (4Ps). It comprises (4) modules with fifteen (15) sessions starting with the basic understanding of budget, savings, and transaction accounts and leading to more advanced modules on expanding livelihood through job opportunities and entrepreneurship, micro-insurance, and microcredit.

The FinLit Manual started its rollout in December 2021 and continued for the entire 2022. The first of the four FinLit modules has the orientation on transaction accounts and their benefits as the last topic. The Finlit Manual has been aligned with the Family Development Session (FDS) 7-Year Transformative Learning Path (7YTLP).



### Be a Wise Saver (BAWS) Campaign

The Philippine Deposit Insurance Corporation's (PDIC) Be a Wise Saver Campaign is the agency's flagship program that promotes safe and responsible banking. The program offers financial literacy sessions on responsible banking habits to its target participants, which include existing depositors, depositors of closed banks, and vulnerable groups. In 2022, the PDIC conducted a total of 28 financial literacy sessions in various government and private offices. Similar virtual roadshows were also conducted in schools and universities in the NCR and Luzon. The program has been implemented since 2009 by the PDIC in partnership with the Government Service Insurance System, Social Security System, DepEd, and various bank associations.

### Maniguro, Magbangko

Maniguro, Magbangko is a multi-media public awareness campaign that aims to promote responsible banking habits among Filipinos. Launched in 2021 by the PDIC, the campaign promotes two key messages in protecting one's finances: "Maniguro", or the mindset of securing one's future; and "Magbangko", or the habit of saving in banks as a secure way of handling hard-earned money. Since its launch, the campaign has aired two national television advertisements and several radio advertisements nationwide. The campaign also featured the use of the BDA in its efforts to help the financial inclusion agenda of the country.

### PESO Sense<sup>3</sup>

The Philippine Financial Freedom Campaign or PESO Sense is an online financial literacy portal launched in 2013 by the Commission on Filipinos Overseas (CFO) in partnership with the United Nations Development Programme and Western Union Foundation. PESO Sense aims to improve the financial acumen of Overseas Filipinos (OFs) and their family members and beneficiaries through online training modules, informational videos, interactive games, reflection exercises, and online mentorship services. The program's online content is strategically tailor-fitted to its six target groups: students, young adults, micro and small-scale business owners, employees, home makers, and retirees.

By the end of 2022, the PESO Sense Facebook page, which serves as an extension of the main website to reach a broader audience, had around 3.9 million

followers and a total of over 84 million total page reach with more than 48 million total page engagements.

### Development of the FiLi Web Application<sup>4</sup>

In line with its advocacy for financial literacy and inclusion, the Bureau of the Treasury (BTr) launched the website Financial Literacy Application or FiLi in 2022. Designed for Filipino investors, the application features five financial planning tools that can help guide users in achieving their financial goals: (1) risk tolerance calculator, which determines a user's risk tolerance level; (2) cash flow tracker, which visualizes and projects a user's cash flows and determines funds available for investment; (3) portfolio recommender, which determines optimal investment strategy; (4) portfolio simulator, which determines the projected portfolio value and portfolio returns based on the allocation of



<sup>3</sup> <https://pesosense.com/>

<sup>4</sup> <https://www.treasury.gov.ph/?p=45325> ; <https://filiapp.treasury.gov.ph/faq.html>



selected assets the user intends to invest in; and (5) investor education section where the user can learn the basics of personal finance, investment risk, budgeting, and portfolio diversification.

The FiLi is a product of the collaboration of the BTr, Philippine Stock Exchange, Inc., Philippine Investment Fund Association, and GCash.



## SEC CAN!

The Securities and Exchange Commission (SEC) Communication, Advocacy, and Network or SEC CAN! is a social media-based investor education program that aims to further increase public awareness and participation in safe and sustainable investments. The initiative also aims to reduce vulnerability to investment scams by leveraging on the strong network of 89 local and national-level government agencies and private organizations and on the support of content creators, social media influencers, and other celebrity investor champions.

Under the program, SEC has conducted various webinars and virtual events on investor education and has disseminated financial education information, education, and communication materials (e.g., equity market updates, fixed income market updates, sustainable finance market updates) produced by the agency. SEC also spearheaded the celebration of the Investor

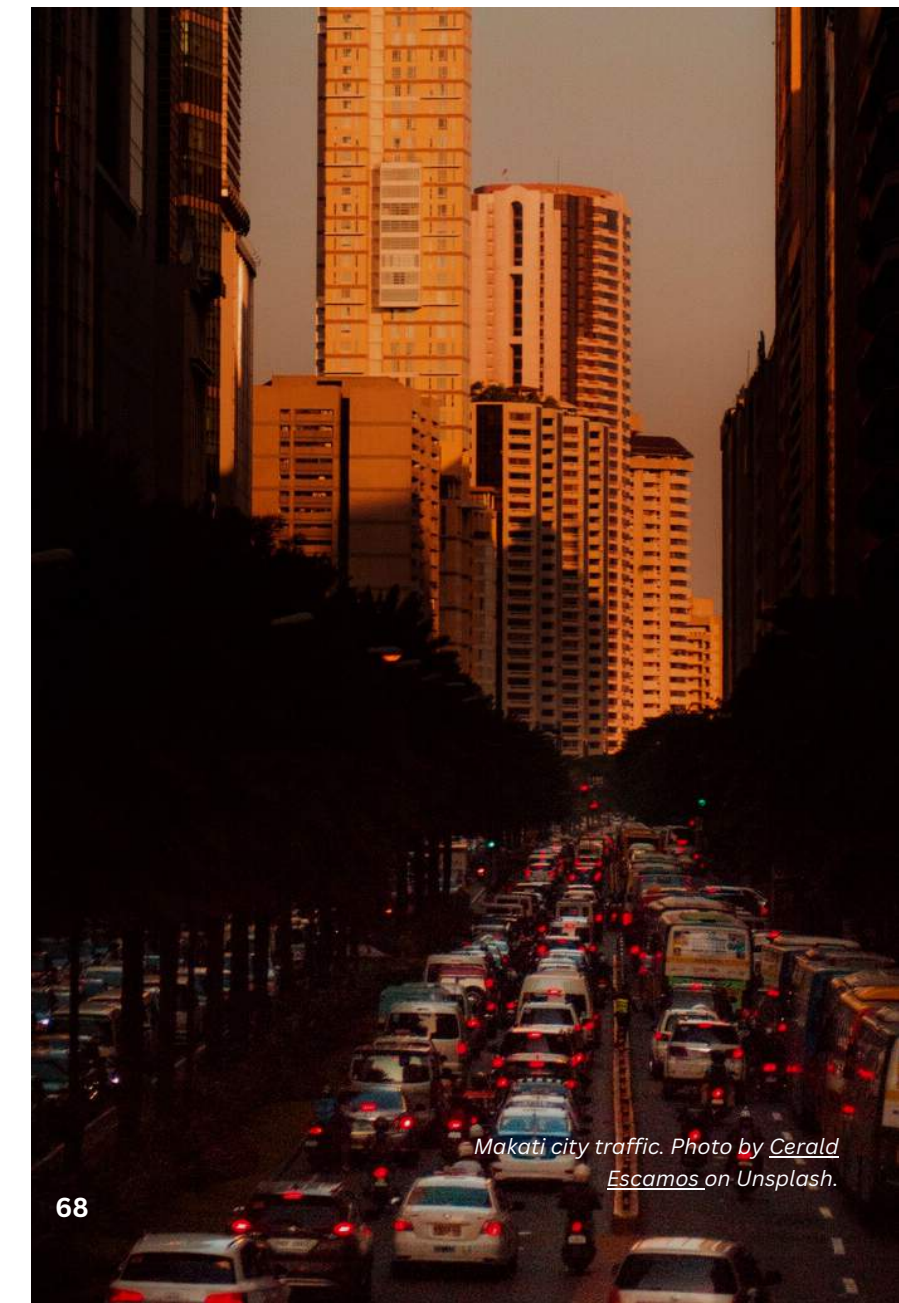
Protection Week and World Investor Week under the initiative. To date, the SEC Campaign Network has achieved a social media reach of four million. The program was launched in 2020 by the SEC in partnership with national and local government agencies and is envisioned to continue until 2025.

## Fin-ed partnerships

The BSP minted new fin-ed partnerships with the DTI and BFAR, as well as an upcoming partnership with the Technical Education and Skills Development Authority (TESDA).

Under its partnership with BFAR and BDO Foundation, the BSP developed the gameplay, tools, and monitoring and evaluation (M&E) framework for “Fish N’ Learn,” an innovative fin-ed game for fisherfolk. “Fish N’ Learn” was launched in May 2022 during the celebration of Farmers’ and Fisherfolk’s Month. The BSP received the BFAR Gawad ng Pagkilala Award for the fin-ed game in September 2022.

As convenor of the Financial Sector Forum–Consumer Protection and Education Committee (FSF–CPEC), the BSP conducted two webinars on the Personal Equity and Retirement Account (PERA) for over 150 employees of the Department of Science and Technology (DOST) and the Armed Forces of the Philippines (AFP).



Makati city traffic. Photo by [Cerald Escamos](#) on Unsplash.





### GREAT Women Project 2

“Supporting Women’s Economic Empowerment in the Philippines” Project or GREAT Women Project 2 is an initiative funded by the Government of Canada that aims to improve the economic empowerment of women micro-entrepreneurs (WMEs) and their workers. The Philippine Commission on Women (PCW) serves as the lead executing agency for GREAT Women Project 2, in partnership with the DTI, DA, DOST, and private sector partners.

Programs under the GREAT Women Project 2 include the following, among others: (1) technical assistance on market development and expansion and product development; (2) capacity development on entrepreneurial management skills, green and gender-responsive value chain analysis, production management, entrepreneurship, financial literacy, pricing, and costing; (3) policy discussions on access

to finance and ease of doing business for WMEs in the coffee value chain; (4) roundtable discussions on expanding economic opportunities and readiness and adaptability to information and communications technology; and (5) consultation meetings with duty bearers in government and civil society organizations focused on addressing priority gender issues on the Women Economic Empowerment sector. ♦



# *The 15th National Convention on Statistics*

## Session on Financial Education and Financial Inclusion

Metro Manila skyline. Photo by Gerald Escamos on Unsplash.



A session on financial education and financial inclusion was conducted during the 15th National Convention on Statistics (NCS) organized by the PSA, featuring recent studies that addressed information gaps and made an impact on policy decisions related to access to financing and financial literacy.

The event was held on Oct. 3, 2022 in Ortigas, Manila.

The first paper, which explored the relationship between digital financial inclusion and household welfare in the Philippines, was presented by BSP Research Academy Senior Researcher Faith Christian Cacnio. The second paper by Ian Miguel Landrito of the BSP Department of Economic Statistics focused on the composition of informal borrowers in the country. Lastly, BSP Central Bank Associate Neil Fidelle Lomibao examined how monetary authorities may be able to create sound policies to aid in tackling inequality.

The NCS is a triennial event spearheaded by the PSA that serves as a venue for statisticians, researchers, government planners, academicians, students, and other data users to discuss recent advances in statistics in the country and emerging developments in related fields affecting the Philippine statistical system. ♦



## Strategic Objective 03: *Enhance access to risk protection and social safety nets*

Well-designed public and private mechanisms such as cash assistance, health and unemployment insurance, disaster risk insurance, and pension can promote financial inclusion and resilience especially in the vulnerable sector.

Strategic interventions should support the development and enhancement of these mechanisms toward optimizing the financial inclusion and resilience impact on the target beneficiaries. Financial inclusion can also enhance the efficiency and coverage of the program through digital finance.

---

Opposite page: Puerto Galera, Mindoro Oriental.  
Photo by [Jules Bassoleil](#) on Unsplash.





### ***Convert limited-purpose cash card accounts used for government cash transfer programs into full-service transaction accounts***

#### **Upgrading of 4Ps Cash Cards into transaction accounts**

In line with its efforts to ensure its beneficiaries can fully harness the benefits of a transaction account, the DSWD continues its cash card conversion for the beneficiaries of the Pantawid Pamilyang Pilipino Program (4Ps). As of end of 2022,<sup>1</sup> 91.93 percent of the cash cards of program beneficiaries have been converted to BDAs.

The conversion of the cash cards enables 4Ps beneficiaries to use the account to deposit savings, receive funds, and enjoy other financial inclusion-enhancing features, thereby making the account a valuable tool in the

As of end-2022

# 91.93%

4Ps cash cards are basic deposit accounts

development of financial skills and in the improvement of household well-being and self-reliance.

### ***Develop pension market and promote inclusive social insurance coverage***

#### **Support for the CMDA**

The DOF supports the passage of the proposed Capital Market Development Act or CMDA that aims to mobilize long-term capital into the capital markets. The Act enables the transition of the country's private pension system into a defined contribution scheme, thereby improving the

adequacy and portability of employee pensions.

The CMDA bill was previously passed by the House of Representatives in 2021 and is targeted to be filed in the Senate in 2023.

### ***Promote the development of microinsurance products that cover disaster risk***

#### **PAYONG Application<sup>2</sup>**

The PAYONG is a web and mobile-based application for MSMEs designed to provide risk assessment services and serve as a learning management system for e-learning modules. The application is the main output of the Covid-19 Emergency Measures to Support MSMEs project, which aims to improve the operational readiness and resilience of MSMEs in the face of the pandemic and natural disasters, funded by the

German Federal Ministry of Economic Cooperation and Development.

The application supports this objective by (1) assessing the various hazards MSMEs face in their operations and recommend measures to address them; (2) providing access to online training on various aspects of entrepreneurship that enhances the sustainability of their operations, including disaster risk reduction; and (3) introducing insurance products for MSMEs to instill the importance of insurance in addressing residual risks brought about by pandemics and natural disasters.

The PAYONG Application was launched in May 2021 and was created by German development agency GIZ RFPI III, in partnership with the DTI, Philippine Trade Training Center, Cebuana Lhuillier Insurance Foundation, and the Philippine Disaster Resilience Foundation. ♦

<sup>1</sup> <https://pantawid.dswd.gov.ph/wp-content/uploads/2023/04/4Ps-Fourth-Quarterly-Accomplishment-Report.pdf>

<sup>2</sup> <https://www.dti.gov.ph/archives/archived-speeches/srml-payong-app-launch/>



## ***Promote the development of microinsurance products that cover disaster risk***

### **Microinsurance Awareness Program**

The IC launched the Microinsurance Awareness Program as part of its efforts to promote the development and increase awareness of microinsurance products. The program, which was conducted in selected cities in the National Capital Region, Region III, and Region IV-A, aimed to explain the features of microinsurance, micro-agriculture insurance, and micro-health insurance products, in accordance with existing circulars of the agency. One of the highlights of the program was a video presentation on how microinsurance had provided immediate assistance to the survivors of Typhoon Yolanda.

In addition to the program, the IC has also conducted trainings on the use of the financial literacy

manual with the DSWD. The agency aims to conduct more trainings that promote awareness on microinsurance products in 2023, together with local government units and industry associations in the life, non-life, and mutual benefit associations.

---

*Opposite page: View of the San Juanico Bridge from Tacloban City, Leyte. Photo by [Lance Lozano](#) on Unsplash.*





## Strategic Objective 04: *Enhance agriculture and MSME Financing System*

A sustainable financing ecosystem is one that enables and attracts diverse players to serve the agriculture and MSME clients, including startups, as a strategic market segment. This necessitates having in place the financial infrastructure (e.g., credit guarantees, credit information registry) and legal frameworks (e.g., secured transactions framework) aimed at reducing the risks and associated costs of serving these sectors, whether in the form of credit or equity.

Government assistance programs, financial or non-financial, can be designed in a way that increases

the income potential and bankability of their beneficiaries. As the agriculture and MSME sectors are increasingly recognized as a strategic market, more financial institutions would invest in developing the specialized skills, tools, and approaches to effectively compete for this market.

## *Fast-track implementation of RA 11337 (Innovative Startup Act)*

### ATBI Program

The National Agri-Aqua Technology Business Incubation or ATBI Program aims to use and commercialize mature technologies in the agriculture, aquatic, and natural resources sectors by establishing and developing viable agribusinesses through technology incubation. The program, which creates greater demand for science, technology and industry, is a policy intervention adopted from the Medium-Term Development Plan, and a strategy under the Philippine National Innovation Strategy 2001 – 2010 and Philippine Development Plan.

The program also supports the implementation of key legislations, which include Republic Act (RA) No. 10055 or the or the Technology Transfer Act, RA 11293 or the Philippine Innovation Act, and RA 11337 or the Innovative Startup Act.



The ATBI program is implemented by the DOST, DOST–Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development, and various state universities and colleges. The program commenced implementation in October 2017 and is envisioned to continue until February 2024.



## DOST Venture Financing Programs

In 2022, the DOST completed three venture financing programs (VFPs) for (1) start-ups and technology-based projects, including intellectual property rights owners or assignees; (2) environmentally-sound technologies or those that promote waste reduction measures; and (3) other DOST-generated or funded technologies.

These programs aim to accelerate commercialization through funding support or assistance in complying with standards to enter the local or international market. By the end of 2022, the programs were able to support two projects and eight start-ups. The programs were implemented in partnership with DOST regional offices, other government agencies, startups, technology-based companies, research and development institutes, state universities and colleges, councils, and MSMEs.

## SET-UP 4.0

The Small Enterprise Technology Upgrading Program 4.0 or SETUP 4.0 is the banner program of the DOST that provides firm-level assistance to MSMEs that are part of critically important industries. Under the program, DOST and its regional offices and research and development institutes help MSMEs in upgrading their products and process technologies through technology transfers, trainings, laboratory services, packaging assistance, consultancy services, and access to innovation-enabling funds. The program also aims to transform the MSMEs into ‘SMARTER’ (i.e., “Sustainable Economy, Market Competence, Able Human Capital, Responsive Science and Technology, Support Infrastructure, Technology and Innovation, Enterprise Support, Resilience, and Continuity) MSMEs to support the vision of an “Innovative, Resilient, Sustainable, and Globally-Competitive SME Sector.” In 2022, 758 MSMEs availed of the SET-UP program assistance.

Overall, the DOST SETUP program has supported over 9,064 MSMEs since 2002. The program is envisioned to continue until 2030.

## iFWD PH

The Innovations for Filipinos Working Distantly from the Philippines or the iFWD PH aims to empower returning Overseas Filipino Workers (OFWs) to establish their own technology-based enterprise in the country by equipping them with the needed skills and expertise. In 2022, the iFWD PH supported 16 technology-based enterprises. Since its launch in 2021, the program has supported over 37 enterprises. iFWD PH is implemented by the DOST, its regional offices, the Philippine Council for Agriculture, Aquatic, and Natural Resources Research, Department of Migrant Workers, Overseas Workers Welfare Administration, Office of the Presidential Adviser on OFWs, Entrepinoy Volunteers Foundation, Inc., state universities and colleges, and non-government organizations. iFWD PH is envisioned to continue until 2028.



*Bridgeway in Makati City. Photo by Cerald Escamos on Unsplash.*





Wet market in Manila. Photo by Dan Kirk Formentera on Unsplash.

### oneStore

To market the products of DOST-assisted MSMEs, the DOST launched the online e-commerce platform oneStore in 2015. The platform allows these MSMEs to promote their products domestically and internationally, thereby widening their customer base and increasing business opportunities. OneStore, which has supported over 4,227 MSMEs since its launch in 2015, is implemented by the DOST, its regional offices, state universities and colleges, and local government units.

### SGF Program

The DOST-Startup Grant Fund or the DOST-SGF Program aims to further support RA No. 11337 or the Innovative Startup Act by supporting the upscaled operations of innovative enterprises toward full technology commercialization. The DOST, through the DOST-Philippine Council for Agriculture, Aquatic, and Natural Resources Research

and Development (PCAARRD), provides direct assistance to startup or spinoff companies that are preferably under the DOST-PCAARRD National Agri-Aqua Technology Business Incubation Program and are intending to or have already commercialized PCAARRD-funded or assisted technologies. The DOST also caters to non-PCAARRD-funded technologies on a case-to-case basis. The DOST-SGF program commenced in 2022 and is envisioned to continue until February 2023. By the end of 2022, the SGF Program supported 33 enterprises. The program is implemented by the DOST, DOST-PCAARRD, and partner organizations of DOST.



**Develop, enhance, and promote the use of credit risk information support (e.g., Credit Information System, Credit Risk Database) for all financial institutions**

**Standard Business Loan Application Form**

The Standardization of Business Loan Application Form (SBLAF) project was introduced in 2020 with the creation of a technical working group<sup>1</sup> to oversee and spearhead the project implementation, including the development of a standard business loan application template. The SBLAF aims to promote the adoption of a standard business loan application document in the financial services industry to make

the loan application process more streamlined and borrower friendly for MSMEs.

Given the concerted efforts of relevant stakeholders, including the MSMEs and financial institutions as target users of the SBLAF, the initiative yielded a separate standard loan application form template for two main groups of business loan borrowers: (1) Individual and Sole-Proprietorship (ISP); and (2) Cooperative, Partnership, and Corporation, including One-Person Corporation (CPC). A fillable PDF version of the SBLAF was also developed for easier transition to digital loan application platforms.

Following the standard internal policy development process and formal industry exposure, the BSP issued Circular No. 1156 on Sept. 30, 2022, which requires the adoption of a standard business loan application form among banks and other covered institutions under BSP supervision.<sup>2</sup> Moreover, coordination with relevant BSP units on a possible regulatory incentive for early adopters of the SBLAF templates is already underway.

The salient features of the SBLAF Circular are as follows:

- The circular espouses mandatory adoption of the SBLAF documents as the primary application screening tool by covered BSFIs offering secured or unsecured loans to MSMEs, including startups and natural persons proposing to do business, for financing business operations and capital expenditures.

- The covered entities may still request additional information, as necessary, in support of their credit underwriting process. They are to make the SBLAF available in all loan application channels (i.e., branches, agents, and online portals), with electronic formats mirroring their paper-format counterpart.
- Sex-disaggregated data, particularly on women-owned or -led businesses, are gathered through the SBLAF templates and reporting requirements.
- Covered entities are given 18 months from the effectivity of the circular to comply with the requirements, in consideration of the requisite changes to the covered BSFIs' systems and processes.

<sup>1</sup> The TWG initially comprised the following government agencies and industry associations: BSP as TWG Secretariat, DTI, Philippine Guarantee Corporation (PGC), BAP, CTB, and RBAP. In 2021, the Credit Information Corporation (CIC) and the Cooperative Banks Federation of the Philippines (BANGKOOP) were onboarded as additional TWG members given their crucial role in facilitating the collection and standardization of borrower information that fit the requirements of the existing credit database and providing business loans to MSMEs through qualified member-cooperative banks, respectively.

<sup>2</sup> Covered entities include banks and their subsidiary/affiliate financing and leasing companies; government non-bank financial institutions (NBFIs); and financing/leasing companies with quasi-banking (QB) license that are not subsidiary of banks.



## Demand-side Survey

In support of the NSFI 2022-2028, the ADB commissioned in 2021 a national MSME Demand-Side Survey to generate granular data on MSMEs' access to finance, with a focus on women entrepreneurs. This is part of the development bank's regional knowledge support and technical assistance on Promoting Transformative Gender Equality Agenda in Asia and the Pacific.

Specifically, the survey looked into: (1) the key characteristics of MSMEs; (2) access and use of financial products, including digital financial products; and (3) the impact of the COVID-19 pandemic on businesses. Likewise, the survey pioneered national-level reporting on the challenges and opportunities for women's businesses from a demand-side perspective.

The final consultant's report was uploaded in the ADB website in March 2022. The results of this survey aim to support evidence-based policymaking and provide deeper market insight for financial service providers to help them broaden and tailor product offerings for MSMEs.

### *Roundtable on women's financial inclusion*

On Dec. 12, 2022, the ADB and BSP co-organized a roundtable discussion at the ADB Headquarters in Mandaluyong City to explore policy insights and support gender financing.

The importance of an official definition of "women-owned and women-led businesses" was also discussed during the meeting. The DTI-endorsed official Philippine definition was approved by the Micro, Small, and Medium Enterprise Development Council on Dec. 29, 2022. The said definition will be used in formulating policies, developing and monitoring programs, projects, and activities, providing benefits or incentives for women entrepreneurs, and collecting sex-disaggregated data to support interventions for women's economic and financial inclusion.

In addition, the ongoing initiative on gender-responsive procurement in the Philippines was deliberated on to raise awareness on the need for enabling mechanisms (i.e., policies, programs/projects) to facilitate better and more opportunities for women-owned businesses in public procurement.

Representatives from ADB, BSP, DTI, PCW, PSA, SEC, CDA, Government Procurement Policy Board, and We Connect International participated in the event to provide input and feedback on gender-related policy actions under the Inclusive Finance Development Program. ♦



## Enhancing MSME Financing Ecosystem

### Credit Risk Database

The Credit Risk Database (CRD) project, which commenced in April 2022, is a joint initiative of the BSP and the Japan International Cooperation Agency (JICA) that aims to enhance access to credit of small and medium enterprises (SME).

The project involves the development of a scoring model that determines the probability of default of an average SME borrower. The CRD scoring model utilizes a large-scale database of anonymized financial, non-financial and default-related data of SMEs.

By serving as an additional tool for banks and other lenders to assess the creditworthiness of SMEs, the CRD scoring model aims to boost lender confidence in financing SMEs that may otherwise be unable to borrow due to lack of collateral and credit history, among others.

The Philippines is the first country to adopt the CRD outside Japan, where the project has been successful in improving access to finance of SMEs. In Japan, where the CRD was pioneered in 2001 and extensively used beginning 2006, the average annual percentage increase in SME loans from 2006 to 2019 grew to 2.63 percent compared to a 0.30 percent from 2001 to 2005.

Furthermore, the percentage of guaranteed loans in Japan without collateral has significantly increased from 62.44 percent in 2001 to 91.90 percent in 2014. The CRD also improved the guarantee policy for SMEs in Japan: instead of a fixed rate, the guarantee charging rates are based on the credit risk of the SME, ensuring the equitability of the charging system.

The project is supported by the following 32 participating banks that provide on a voluntary basis the required data for building the CRD (see table on right).

Universal and Commercial Banks	Thrift Banks	Rural Banks
<ul style="list-style-type: none"> <li>Rizal Commercial Banking Corporation</li> <li>Bank of the Philippine Islands</li> <li>Metropolitan Bank and Trust Company</li> <li>Philippine National Bank</li> <li>Security Bank Corporation</li> <li>Maybank Philippines</li> <li>Asia United Bank</li> <li>Philippine Bank of Communications</li> <li>Land Bank of the Philippines</li> <li>Development Bank of the Philippines</li> </ul>	<ul style="list-style-type: none"> <li>Philippine Business Bank</li> <li>Sterling Bank of Asia</li> <li>China Bank Savings</li> <li>Malayan Bank</li> <li>Philippine Savings Bank</li> <li>UCPB Savings Bank</li> <li>1st Valley Bank</li> <li>Bangko Kabayan</li> <li>Queen City Development Bank</li> <li>Wealth Development Bank</li> <li>Sun Savings Bank</li> <li>AllBank</li> <li>CARD SME Bank</li> <li>First Consolidated Bank</li> <li>Luzon Development Bank</li> </ul>	<ul style="list-style-type: none"> <li>Camalig Bank</li> <li>Rural Bank of Paracale (Camarines Norte)</li> <li>Rural Bank of Pilar (Sorsogon)</li> <li>Rural Bank of San Mateo (Isabela)</li> <li>BOF Inc.</li> <li>Lipa Bank</li> <li>Bangko ng Kabuhayan</li> </ul>





Farmer riding his carabao in Sargao Island. Photo by [Beth Macdonald](#) on Unsplash.

### **Strengthen the Credit Surety Fund (CSF) as an LGU-based credit enhancement scheme for rural and small and microenterprises**

The Credit Surety Fund (CSF) is an advocacy program of the BSP to support MSMEs in their role as drivers of inclusive economic growth. It aims to increase the creditworthiness of MSMEs that are experiencing difficulty in obtaining loans from banks due to a lack of acceptable collateral, credit knowledge, and a credit track record. The CSF serves as an alternative to hard collaterals by providing a maximum surety cover of 80% to loans granted by banks to MSMEs. The fund is created from the pooled contributions of participating cooperatives/non-government organizations, LGUs, and partner institutions, including the Development Bank of the Philippines (DBP), LANDBANK, and Philippine Guarantee Corporation (PGC).

RA 10744 or the “Credit Surety Fund Cooperative Act of 2015” mandated the CDA as the lead implementing government agency

of the CSF and is responsible for the registration, regulation, monitoring and supervision of CSF cooperatives. The BSP, on the other hand, spearheads the promotion, encouragement, creation, and organizational development of CSF cooperatives all over the country; facilitates TA such as training and seminars; assists the CDA in setting the criteria and qualifications for CSF cooperatives; and provides other forms of assistance as may be determined by the BSP Monetary Board.

From the program’s launch to the present, 55 CSFs have been established nationwide, 33 of which have already been registered with the CDA. Eighteen of these cooperatives are Provincial Credit Surety Fund Cooperatives (CSFC) and 15 are City CSFCs. Membership to these cooperatives consists of 437 cooperatives, six NGOs, LGUS, DBP, LBP, and PhilGuarantee, each of which have contributed to each CSF with an accumulated

amount of contributions from members in the amount of Php 447.59 million. In addition, according to data as of Dec. 31, 2022, the accumulated loans facilitated through the CSF program for the 33 registered CSF Cooperatives have reached a total of Php 2.9 billion.

In line with the CSF law, the BSP continues to provide capability enhancement programs for the CSF. In 2022, the BSP procured the training services of Spartan Allied Services (SAS) Management, Inc., which provided five webinar sessions to registered CSF Cooperatives from May to July 2022. This is in addition to the webinars that were facilitated by the BSP in collaboration with other government agency. Other webinar topics focused on inclusive digital finance and the NSFI 2022-2028, and credit data submission toward recovery and inclusion. An aggregate of 454 participants attended the seven webinar sessions, including the procured training.



## **Strengthen capabilities of rural financial institutions for sustainable and innovative agriculture and MSME lending**

### **ALERT ARBOs / APCP**

The Accessible Loans for Empowered, Resilient, and Transformed Agrarian Reform Beneficiaries' Organizations or ALERT ARBOs caters to Agrarian Reform Beneficiaries (ARBs) whose organizations are not yet eligible to avail of loans from the Landbank of the Philippines. Under the program, eligible ARBOs can avail of loans which they can re-lend to eligible ARBs for financing agri-production projects and activities, including crop production, agri-enterprise, and other livelihood projects.

The program also aims to provide other support services and institutional capacity-building

that can ensure sustainable and income-generating crop production. ALERT ARBOs commenced in 2022 and is implemented by the DA and the Department of Agrarian Reform (DAR), in partnership with LANDBANK and Agricultural Credit Policy Council (ACPC). The program was previously under the name Agrarian Production Credit Program (APCP) from 2016 to 2022.

### **Rural Bank Strengthening Program (RBSP)**

The RBSP, developed by the Interagency Working Group of the RBSP (IAWG-RBSP)<sup>3</sup>, was approved in March 2022. The program seeks to enhance the operations, capacity, and competitiveness of rural banks in view of their vital role in promoting countryside development and inclusive economic growth.

It features the following time-bound tracks aimed at strengthening the capital position of rural banks alongside the corresponding supervisory actions: 1) merger/consolidation; 2) acquisition/third party investment; 3) voluntary exit/upgrading of banking license; 4) capital build-up program; and 5) supervisory intervention.

<sup>3</sup> The IAWG-RBSP is composed of the Steering Committee (SC) and Technical Working Group). The SC is chaired by the BSP and includes the DA and the Small Business Corporation. The BSP likewise chairs the TWG, which includes members from the ACPC, PDIC, SEC, LANDBANK, DBP and RBAP.



Fresh produce in Carbon Market, Cebu City. Photo by Hitoshi Namura on Unsplash.





### Anyo Program<sup>4</sup>

The Agri-Negosyo Loan or ANYO Program was launched by the DA in 2020 to provide accessible and affordable credit to eligible small farmers and fishers (SFFs) and micro and small agri-fishery enterprises (MSEs) that can help boost the efficiency, productivity, and profitability of agri-fishery farms and other non-

farm income-generating activities.

The program offers zero interest collateral-free loans payable up to five years to eligible SFF borrowers and MSEs and includes two loan options: (1) the micro agri-negosyo loan, where the beneficiary can borrow up to Php 300,000 to finance production, processing, or

marketing of agri-fishery products; and (2) the small agri-negosyo loan, where the beneficiary can borrow up to Php 15 million to finance working capital requirements or fixed asset acquisition. Together with the Kapital Access for Young Agripreneurs Program, ANYO has extended Php 1.25 billion in loans to over 10,00 SFFs and 100 MSEs and farmer and fisherfolk organizations since its launch.

### Agri-Aqua Innovation Challenge

The Agri-Aqua Innovation Challenge is a market-driven, team-based innovation competition that aims to empower Filipino farmer-entrepreneurs and students to spur innovation in the agri-aquaculture sector. The participants are guided from the insight, ideation, and implementation phases and in the creation of processes and systems that will scale the reach of the initiatives.

The competition also provides avenues for the industry, government, and academe to support and nurture the initiatives. The Agri-Aqua Innovation Challenge is implemented by the DOST, DOST-Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development, Asian Institute of Management, and Management Association of the Philippines. It was commenced in December 2021 and is envisioned to continue until March 2023.

<sup>4</sup> <https://acpc.gov.ph/agri-negosyo-loan-program-anyo/>;  
<https://www.gmanetwork.com/news/money/economy/855942/palace-marcos-admin-s-kadiwa-outlets-served-1-22-million-households/story/>



# Micro Agrikabuhayan para sa Balikbayan Program

Arrival at Ninoy Aquino International Airport. Photo by [Ina Carolino](#) on Unsplash.

Micro Agrikabuhayan para sa Balikbayan Program aims to help Overseas Filipinos and their families who are looking for alternative livelihood opportunities in starting or expanding small-scale agribusiness ventures. Under the program, the DA and the DOLE provide loan and credit facilities, informational, educational, and communication materials, trainings, orientations, and other technical assistance on the various agribusiness opportunities, programs, and projects implemented by the DA and partner agencies.

The program supported 2,725 individual OFs and 137 OF individuals from OF cooperatives and associations in 2021 and 1,689 individual OFs in 2022. Thirty-five OF borrowers have also availed of loan facilities in the implementation of various agri-fishery projects and an additional 186 OF applications are in the pipeline. A new Memorandum of Agreement with the newly created DMW is in progress to further strengthen the program. The program has been implemented since 2021 by the DA, DOLE-OWWA, ACPC, LANDBANK, Agricultural Training Institute, and other attached agencies and bureaus of the DA.



## **Promote agriculture value chain and supply chain financing for MSMEs**

### **RA 11901 or “The Agriculture, Fisheries, and Rural Development Financing Enhancement Act of 2022”**

On July 28, 2022, RA 11901 or “The Agriculture, Fisheries, and Rural Development (AFRD) Financing Enhancement Act of 2022” lapsed into law. The new law provides a comprehensive financing framework for the development of the agriculture and fisheries sector and rural communities. In particular, it broadens activities for agricultural credit and rural development financing to include agritourism, digitalization of agricultural activities and processes, public rural infrastructure, programs that promote health and wellness of rural communities, and activities that improve livelihood skills. Likewise, it promotes financing toward environmental, social, and governance projects, including

green projects that support sustainable and inclusive economic growth.

In line with this, the BSP issued Circular No. 1159 on Nov. 4, 2022, outlining the implementing rules and regulations of the mandatory AFRD financing. Banks would no longer be required to reserve 10 percent of their lending portfolio for agrarian reform beneficiaries and 15 percent for agricultural activities. Instead, they will be afforded with greater flexibility in allocating the combined 25 percent mandatory credit quota to a range of borrowers in the agriculture, fisheries, and agrarian reform sectors.

Moreover, banks that are unable to directly lend to rural community beneficiaries may contribute through other means, such as investing in debt and equity securities, undertaking agricultural value chain financing, and granting agribusiness loans to fund agricultural and community-enhancing activities.



## Agriculture Value Chain Finance

Agriculture Value Chain Financing or AVCF is an information-based lending approach that provides a sustainable way for banks to finance the agricultural sector. It encourages the linking of various actors and players in an agricultural value chain, which can help reduce the credit risk of participating smallholder farmers and fisherfolk. As a result, this type of financing would facilitate and allow small farmers and fisherfolk to have basic, if not more, access to credit.

The BSP and the ADB implemented the pilot AVCF project to demonstrate the viability of this kind of approach. Under the project, ADB provided the six participating pilot banks with capacity-building support<sup>5</sup> and technical assistance on their AVCF implementation. Corollary to these activities, the pilot banks identified priority commodities and potential actors in the value

chains. These banks were introduced as well to consolidators and anchor firms as ready markets for individual farmers and farmers' cooperatives.

The final output of the project, which include the AVCF toolkit and case study, will be used to inform possible programs and interventions that may be undertaken by stakeholders, including the ACPC and other development partners, to further promote AVCF.

<sup>5</sup> Rural Bank of San Leonardo, Rural Bank of Sta. Catalina, 1st Valley Bank, Producers Bank, Metro South Cooperative Bank, and Rizal Microbank







Man driving a motorcycle around the island of Siargao. Photo by [Alejandro Luengo](#) via Unsplash.

### Purchase Order Financing

The Purchase Order Financing Program of the DOST aims to provide financing without interest for purchases of raw materials that are needed to produce products or goods. The program is implemented in partnership with the regional offices, research and development institutes, and councils of DOST, MSMEs, inventors, state universities and colleges, higher education institutions, industry associations, and other government agencies. By the end of the program in 2022, it was able to support a total of six individuals / MSMEs.



# Microfinance

Microfinance continues to be a crucial source of financing for the entrepreneurial poor who remain highly vulnerable to shocks as highlighted by the pandemic. MFIs offer small-value loans to the informal sector that includes wet market vendors and homebased eatery owners, who are typically unable to borrow from banks and other formal lenders. Through their cashflow-based lending with simple requirements, fast processing, and frequent amortization, MFIs serve as a viable source of working capital for microentrepreneurs so that they can start, revive, or expand their business.

Nearly one-fourth or 23 percent of Filipino borrowers obtained their loans from MFIs, making them the top choice among formal loan providers. More than three-fourths of these borrowers are female, while more than half of them come from socioeconomic class D and are followed by those from class E.<sup>6</sup>

As is the case with the banking system, the microfinance sector was not spared by the effects of the pandemic. Loan growth of microfinance in the banking system prior to the pandemic grew by double-digits, averaging 25 percent year-on-year (YoY) growth from 2016 to 2019. This is in stark contrast to 2020 wherein microfinance loans contracted by 2.5 percent from the 21 percent in 2019. Nevertheless, the sector has shown its resilience and is poised to rebound alongside the recovery in economic activity.

Lending has shown signs of recovery in 2021, with growth at a modest four percent. Meanwhile, in the first three quarters of 2022, YoY growth of microfinance loans inched higher at roughly one percent.

	2019	2020	2021	Q3 2022
Microfinance loans (in PhP millions)	27,294.69	26,605.38	27,704.27	26,200.1
Year-on-year growth (%)	20.7	-2.5	4.1	1.3

Table 1. Microfinance in the Banking System. Source: BSP Department of Supervisory Analytics (DSA)

Part of the BSP’s digitalization agenda is the support for the digital transformation of MFIs. Shifting to digital could allow MFIs to reach more clients, improve delivery of services, and lower operating costs. Likewise, this will be a push for the BSP’s goals under the DPTR of increasing the share of digital payments to total volume of retail payment transactions to 50 percent and the percentage of Filipino adults onboarded to a formal account to 70 percent by 2023. ♦

<sup>6</sup> Based on the 2021 BSP Financial Inclusion Survey (FIS)



## Supply Chain Finance Market Development Study

Supply Chain Finance (SCF) plays an important role in enhancing smaller firms' access to finance based on their supply chain relationships with more established corporate clients. In fact, promoting SCF is an identified priority initiative in the NSFI 2022-2028 under the strategic objective of *enhancing agriculture and MSME financing ecosystem*.

To promote SCF as an innovative approach to MSME and agriculture financing, the BSP provided logistical and technical support to the SCF Market Development Study launched in 2021 by the International Finance Corporation (IFC). For the project's duration, consultative meetings with various stakeholders were conducted to gather valuable insights and perspectives on SCF development. The participants included banks and non-bank lenders, relevant

government agencies, and fintech providers with adequate knowledge of the current SCF market environment, opportunities, and challenges.

On Nov. 22, 2022, the BSP co-hosted the 11th Financial Infrastructure Development Network (FIDN) Conference that launched the results of the SCF Market Development Study in the Philippines. The said conference was attended by FISC members, providing policymakers with key insights.

Key findings of the study indicate that the Philippines already has the necessary legal foundation to develop SCF products, including the Personal Property Security Act (PPSA). Notwithstanding, the current share of commercial finance involving movables in the country is merely three percent.

Understanding about SCF by market players<sup>8</sup> also remains low, and the SCF sector-level organizations may need to be established to help educate the market, set up standards, disseminate practices, collect statistics, and interact with regulators, among others. Moreover, there is a need for extensive training of legal professionals on the modern PPSA framework, as well as court ruling cases that appropriately interpret the provisions of the PPSA geared toward increasing the confidence of lenders.



Carbon Market in Cebu City. Photo by Hitoshi Namura via Unsplash.

<sup>7</sup> Co-organizers include the Financial Executives Institute of the Philippines (FINEX) and the Asia-Pacific Economic Cooperation Business Advisory Council (APEC-BAC)/Asia-Pacific Financial Forum (APFF).

<sup>8</sup> Suppliers/distributors, lead firms, service providers, government agencies, among others.





### Warehouse Receipts Financing

The Warehouse Receipts (WR) bill aims to modernize the century old WR Law and make it more responsive to the current development needs of the agriculture and MSME sectors. As such, the proposed bill intends to (1) professionalize the warehousing activity through accreditation of warehouses and warehouse operators; and (2) establish an electronic warehouse receipts registry.

In the 19th Congress, bills have been filed in both the Lower House and the Senate to modernize the country's WR system.<sup>9</sup> The proposed WR bill was also endorsed by three business groups (Philippine Chamber of Commerce and Industry, Employers Confederation of the Philippines, and Philippine Exporters Confederation Inc) to the Congress as priority legislation for the 19th Congress.<sup>10</sup>

<sup>9</sup> SB No. 1053, HB No. 198, HB No. 1394, HB No. 1938, HB No. 4947

<sup>10</sup> "Business pushes 24 priority bills", Manila Bulletin, 14 July 2022. <https://mb.com.ph/2022/07/14/business-pushes-24-priority-bills/>

The BSP will continue to monitor the progress of the bills and voice its support through appropriate venues and means. The unwavering support reflects the promotion of a credible warehouse receipts system as an identified priority initiative in the NSFI 2022-2028 under the strategic objective of enhancing agriculture and MSME financing ecosystem.

As part of its efforts in advocating for the enactment of the WR bill, the BSP organized a Virtual Warehouse Receipts Financing Forum on Nov. 8, 2022. The forum was aimed at raising awareness on the strategic interventions for the development and promotion of warehouse receipts financing in the country.

The forum was successfully conducted with over 266 participants from the agriculture, banking, trade and civil society sectors, and key executive and legislative offices from both houses of Congress, including FISC members. Following this initiative, many have explicitly

expressed support for the passage of an updated WR bill.

### **Expand PhilGuarantee's MSME Credit Guarantee Program targeting priority MSME and agriculture segments, including women-owned and women-led enterprises**

The PhilGuarantee Corporation's MSME Credit Guarantee Program (MGCP) aims to enable MSMEs to catalyze their businesses with the necessary working capital to thrive in the country's competitive landscape. First implemented in 2020, the MGCP grants a 50-percent guarantee for working capital loans and a guarantee of up to 80 percent of the amount for term loans of up to seven years for capital expenditures.

Opposite page: Siquijor Island. Photo by [Michael Louie](#) on Unsplash.





## Promote Islamic financing

The enactment of RA 11439 or the Islamic Banking Law (IBL) in 2019 has paved the way for an expanded Islamic banking and finance in the Philippines.

The BSP, for its part, has crafted regulatory issuances supportive of foreign and domestic Islamic banking players to enter and operate viably in the country, under a flexible and enabling regulatory environment.<sup>11</sup> Moreover, prudential regulations on the minimum capital requirements and profit-sharing investment accounts are in the pipeline.

In June 2021, the BSP institutionalized its effort of promoting the Islamic banking industry by creating the Islamic Banking Supervision Group (IBSG), which is tasked to oversee the development of Islamic banking framework/policies, engage with stakeholders, conduct capacity-building activities, and provide secretariat assistance.

The BSP also reconstituted the Interagency Working Group (WG) on Islamic Banking and Finance, through Office Order No. 1064 dated August 2021. The WG comprises 10 agencies/organizations,<sup>12</sup> with the BSP as the

as the lead agency. Building on this, the BSP is in the process of constituting the Islamic Finance Coordination Forum (IFCF) that will expand membership under the Interagency WG on Islamic Banking and Finance to include high-level/senior officers from the Bangsamoro Government and the Auditing Assurance Standards Council. Once duly constituted, the IFCF, to be chaired by the BSP, will replace and continue the responsibilities and functions of the Interagency WG.

To reinforce oversight functions, a joint circular was issued by the founding agencies<sup>13</sup> on April 26, 2022, which implements relevant provisions of RA 11054 or the BARMM. The issuance intends the creation of the Shari'ah Supervisory Board (SSB), which serves as the Shari'ah Governance Oversight body for Islamic banking and finance.

As to the mandate under Section 16 of the IBL to increase consumer awareness and build capacity, various regulators, supervisors, bankers, and key stakeholders have completed the Islamic Finance Capacity Building Programme in 2020 under the technical assistance granted by the ADB.<sup>14</sup>

<sup>11</sup> Establishment of Islamic banks and Islamic banking units (Circular No. 1069), Shari'ah Governance framework (Circular No. 1070), the Guidelines on Management of Liquidity Risk (Circular No. 1116), and the Guidelines for Reporting Islamic Banking and Finance Transactions/Arrangements (Circular No. 1139).

<sup>12</sup> The 10 member agencies/organizations are the BSP, SEC, IC, PDIC, BTr, BIR, National Commission on Muslim Filipinos, DTI, Financial Reporting Standards Council, and ADB.

<sup>13</sup> Led by the BSP, DOF, Bangsamoro Government and National Commission on Muslim Filipinos.

<sup>14</sup> The TA also facilitated the capacity building of the officers and staff of the Al Amanah Islamic Investment Bank of the Philippines, in support of the latter's commitment to become a full-fledged Islamic bank.



More recently, the BSP successfully co-organized a four-day workshop with the Islamic Financial Service Board on Islamic Financial Sectors on June 27-30, 2022. The BSP also participated in the TA program on Islamic Banking and Finance under the guidance of Bank Indonesia and Otoritas Jasa Keuangan (Indonesia Financial Services Authority) held from Sept. 12-16, 2022 in Jakarta, Indonesia.<sup>15</sup>

Meanwhile, the BSP and the Philippine Economic Zone Authority (PEZA) signed a Memorandum of Understanding on Oct. 19, 2021 for the development of Islamic banking and green finance through the establishment of green ecozones and halal hubs in the PEZA economic zones, which are envisioned to spur economic activity and generate investments.

With the foregoing developments on Islamic finance in the country, the BSP envisions to sufficiently address the challenges that have surfaced in the survey above by helping to advance a financially included BARMM, owing to increased availability of and access to Shari'ah-compliant products and services for Muslims and non-Muslims alike. ♦

<sup>15</sup> The TA Program covered Indonesia's processes and practices on supervision and oversight of Islamic banks and financial institutions, Shari'ah-compliant central bank loan and liquidity facilities, and Islamic financial market operations.



Siargao Island. Photo by [Rolands Varsbergs](#) on Unsplash.



## *Strategy on Wheels:*

Engaging the broader community

To ensure the continued support and buy-in of stakeholders and the public for the NSFI 2022-2028 and its milestones, it is essential that efforts are also taken to effectively impart the strategy to all those involved. Helping Filipinos to understand how the strategy may impact their day-to-day lives and how they would be able to participate in achieving its goals for the benefit of all is a worthwhile endeavor.

With this, a number of initiatives have been developed to champion the NSFI and bring it closer to the Filipino people.

---

*Opposite page: Colon Street in Cebu City. Photo by [Hitoshi Namura](#) on Unsplash.*



## FISC Website

Following the launch of the NSFI 2022-2028 in January 2022, the FISC body deemed it necessary to create a dedicated website that will serve as the information hub for all data and updates anchored on the national strategy, which shall then promote greater appreciation for financial inclusion as a national development agenda and generate broad-based support for its priority initiatives.

Through this platform, the website shall feature important information about the NSFI 2022-2028 such as the governance framework, key indicators and data, and updates on the priority initiatives and other relevant programs of the FISC-member agencies and other stakeholders. The website is targeted to be launched by 2023.



Coming soon: a sneak peek of the proposed FISC website



BSP Deputy Governor Bernadette Romulo Puyat receives BSP's Institutional Leadership Award during the AFI GPF 2023 in Jordan. Photo by AFI.

## Localizing the strategy

RDCs and LDCs are tapped to endorse the national financial inclusion plans, programs, and projects proposed for granular implementation in the regions, provinces, and municipalities. Currently, the BSP has conducted presentations to promote the NSFI 2022-2028 in 15 regions of the country (RDC meetings and Regional Development Plan 2023-2028 Consultation Workshops).

NSFI-related milestones and accomplishments will also be communicated through the NSFI Annual Report.

## International recognition

Awards and recognition also serve as instruments in strengthening stakeholder confidence, paving the path for more opportunities to champion the NSFI and financial inclusion efforts.

For instance, the BSP received Institutional Leadership Award in AFI GPF 2022. The Award is given to an AFI member institution that demonstrated excellence through its leadership role, engagement, and commitment in the AFI network during the past year.

Awards such as this aim to celebrate financial policymakers and regulators who have made a significant impact through their work on the accessibility of formal financial services for all, especially the underserved. ♦



The Nestor Espenilla, Jr.  
*Financial Inclusion  
 Innovation Award*



To honor the dedication and leadership of AFI network members in accelerating financial inclusion, the first AFI 2022 Global Financial Inclusion Awards was held at the AFI-Global Policy Forum in Jordan, where the Nestor Espenilla, Jr. Financial Inclusion Innovation Award was introduced.

This award in particular honors the memory and legacy of the late former Governor Nestor Espenilla Jr. of BSP, who played a critical role in advocating financial inclusion in the Philippines.

Espenilla became a key figure in many of the BSP's groundbreaking policies, including the use of the "test and learn" approach to promote high-impact innovations in a prudent manner.

The Central Bank of Egypt received the first Nestor Espenilla Jr. Financial Inclusion Innovation Award for its numerous far-reaching and detailed digital transformation activities to drive financial inclusion.

The award winner received AFI support to implement an innovation project aimed at leveraging innovation and technology for financial inclusion. ♦



A photograph of a man with white hair, wearing a dark suit, white shirt, and red patterned tie, speaking at a podium. He is looking slightly to his right. In front of him on the podium are a water bottle and a glass. The background is a blue wall with a yellow and white emblem.

## FISC Holds First Meeting Under Marcos Administration

The Financial Inclusion Steering Committee held its first meeting under the new administration on Oct. 7, 2022. It was also its first in-person gathering post-pandemic.

The 13th FISC Meeting, held at the BSP Head Office in Manila, served as the new agency representatives' introductory meeting to the NSFI 2022-2028, which serves as a six-year blueprint to accelerate financial inclusion toward broad-based growth and financial resilience.

The meeting aimed to highlight the FISC's work moving forward—ensuring priority initiatives are implemented or adjusted as needed to achieve the NSFI's strategic outcomes. These key outcomes include reduced disparities in financial inclusion, improve financial health and resilience, more financially capable and empowered consumers, and increased access to finance for MSMEs, including startups, and the agriculture sector.

The FISC has become instrumental in the passage of important policies on financial inclusion, which include the following: a) EO No. 127 that expands the provision of internet services through inclusive access to satellite services, b) EO No. 170 on the adoption of digital payments for government disbursements and collections, c) DOLE's Labor Advisory No. 26-20, which encourages private sector employees to use transaction accounts for the payment of workers' wages and other monetary benefits and d) DILG advisory dated Jan. 26, 2022 on the promotion of digital disbursement through transaction accounts.





To promote financial inclusion and resilience, the FISC conducts meetings twice a year to spearhead the development and implementation of action plans supporting priority initiatives and national development goals. The FISC meetings also shed light on strategic decisions in various financial inclusion-related policies, regulations, supervisory frameworks, programs, and activities. Moreover, they provide members with updates on important initiatives that serve to build the financial resilience of communities and businesses as the country emerges from the crisis.

Chaired by the BSP, the FISC has expanded its membership from 13 to 21 members providing strategic guidance in the implementation of the NSFI. The FISC was established through EO No. 208 in 2016 as the governing body that will provide strategic direction and guidance in line with the implementation of the NSFI and give advice to stakeholders on fulfilling its objectives.

The FISC is committed to serve as a platform for the whole-of-nation implementation of the country's financial inclusion strategy. ♦



# International Engagements

Engagement with foreign counterparts, stakeholders, and partners enriches the promotion of financial inclusion in the country. It provides opportunities to exchange insights and experiences, create common goals and standards, and more importantly, collaborate toward creating responsive and timely initiatives.

The Association of Southeast Asian Nations (ASEAN) established the ASEAN Economic Community (AEC) as part of reaching its principal objectives of regional integration. The ASEAN envisions the formation of a robust and well-integrated regional financial system, among other goals, through the AEC. Recent years have seen greater effort and commitment on the promotion of financial inclusion in the region as reflected in the AEC Blueprint

2025, which serves as the masterplan for fostering economic integration in the next decade.

The financial sector's integration vision for 2025 under the AEC Blueprint expressly cites financial inclusion as one of its strategic objectives, to be implemented, according to the AEC Blueprint, "through the delivery of financial products and services to a wider community that remain underserved, including micro, small, and medium enterprises (MSMEs)." Moreover, financial inclusion initiatives will also be created and implemented to bridge the digital gap and reflect significant demographic developments in the region.

Members of the FISC continue to play an active part both in participatory and leadership capacities in the various ASEAN

sectoral bodies with direct or cross-cutting financial inclusion workstreams, including the Working Committee on Financial Inclusion (WC-FINC) and ASEAN Coordinating Committee on Micro, Small, and Medium Enterprises (ACCMSME). Representation is likewise present in high-level groupings such as the ASEAN Capital Markets Forum (ACMF), ASEAN Insurance Regulators Meeting (AIRM), ASEAN Finance Ministers and Central Bank Deputies Meeting (AFCDM), Senior Level Committee (SLC) on ASEAN Financial Integration, and ASEAN Finance Ministers and Central Bank Governors Meeting (AFMGM). ♦



15th ASEAN WC-FINC Meeting in Bali, Indonesia. Photos by Bank of Indonesia.



# Philippines to host Alliance for Financial Inclusion Global Policy Forum 2023

With the aim of demonstrating its unrelenting commitment to global financial inclusion efforts and sharing catalytic developments in the country's financial inclusion journey, the Philippines is set to host the 2023 Alliance for Financial Inclusion Global Policy Forum (AFI GPF) in Manila.

The 2023 AFI GPF, to be organized by the BSP in partnership with the AFI team, will be held on Sept. 12-15, 2023 at the PICC in Manila. The AFI had unveiled the Philippines as next host during the 2022 GPF in Dead Sea, Jordan in September 2022.

The GPF is the AFI's landmark annual event, serving as an important and comprehensive international forum for policymakers and regulators to share knowledge, experiences, and initiatives on financial inclusion.

AFI GPF attendees include heads and senior officials of central banks, other government institutions, international organizations and partner institutions. The GPF usually takes place over a period of four days during the month of September, with the first two days reserved for the AFI Annual General Meeting, Working Group, and Regional Meetings.

Hosting the 2023 AFI GPF in Manila is an opportunity to help increase awareness and commitment at the national level with regard to financial inclusion initiatives. It will also bring to fore discussions on financial inclusion opportunities and challenges in the country and may thus generate stronger support from key stakeholders and partners.

The forum is also seen to give the country the opportunity to spotlight recent accomplishments of the Philippines in terms of financial inclusion and position the country as FI champion in the global arena.

The AFI is a global network of 83 member-institutions from 75 countries comprising central banks and regulatory financial institutions that work together to promote financial inclusion across the globe. The AFI provides tools, resources, and knowledge to develop and implement evidence-based, cutting-edge financial inclusion policies and initiatives. ♦



# NSFI KPI Update

Annex A

---

*Opposite page: Somewhere in the Philippine Sea. Photo by [Rene Padillo](#) on Unsplash.*



Desired Outcome and KPI	Baseline (2019, except when indicated otherwise)	Target (2028)	Data Source	2021
<b>1. Reduced disparities in financial inclusion</b>				
<ul style="list-style-type: none"> <li>Percentage of adults with transaction accounts <ul style="list-style-type: none"> <li>*Lead indicator: number of BDAs (in millions)</li> </ul> </li> </ul>	29%	90%	Demand-side survey (BSP)	56%
	7.4	20	Supply-side data (BSP)	7.9
<ul style="list-style-type: none"> <li>Gap in account ownership <ul style="list-style-type: none"> <li>➤ Income class: ABC vs. E</li> </ul> </li> </ul>	0.38	>0.75	Demand-side survey (BSP)	0.55
ABC	72%			80%
E	27%			44%
<ul style="list-style-type: none"> <li>Percentage of borrowers who obtained their loan from formal sources</li> </ul>	56%	75%	Demand-side survey (BSP)	56%
<ul style="list-style-type: none"> <li>Gap in access to formal credit <ul style="list-style-type: none"> <li>➤ Men- vs. women-owned/led SMEs</li> </ul> </li> </ul>	Not yet available	TBD	ADB MSME Finance Survey*	1.40
Men				20%
Women				28%
<ul style="list-style-type: none"> <li>Gap in ownership of insurance policies <ul style="list-style-type: none"> <li>➤ Income class: ABC vs. E</li> </ul> </li> </ul>	0.61	>0.75	Demand-side survey (BSP)	0.30
ABC	38%			39%
E	23%			12%
<ul style="list-style-type: none"> <li>Gap in ownership of investment products <ul style="list-style-type: none"> <li>➤ Men vs. Women</li> </ul> </li> </ul>	0.63	>0.75	Demand-side survey (BSP)	0.78
Men	30%			40%
Women	19%			31%
<ul style="list-style-type: none"> <li>    ➤ Urban vs. Rural</li> </ul>	0.47	>0.75		0.87
Urban	34%			38%
Rural	16%			33%
<ul style="list-style-type: none"> <li>Gap in use of DFS <ul style="list-style-type: none"> <li>➤ Income class: ABC vs. E</li> </ul> </li> </ul>	0.42	>0.75	Demand-side survey (BSP)	0.77
ABC	12%			71%
E	5%			55%
<b>2. Improved financial health and resilience</b>				
<ul style="list-style-type: none"> <li>Financial health index <ul style="list-style-type: none"> <li>*Lead indicator: number of accounts (banks, NSSLAs, cooperatives, MF NGOs, EMIs) with at least PHP 10,000</li> </ul> </li> </ul>	Not yet available	TBD	Demand-side survey (BSP)	TBD
	Not yet available	TBD	Supply-side data (BSP, CDA)	No data
<ul style="list-style-type: none"> <li>Percentage of adults with savings in formal financial institutions</li> </ul>	22%	50%	Demand-side survey (BSP)	20%
<ul style="list-style-type: none"> <li>Percentage of adults (aged 18-59) contributing to a pension scheme</li> </ul>	16%	TBD	Demand-side survey (BSP)	20%
<ul style="list-style-type: none"> <li>*Lead indicators: <ul style="list-style-type: none"> <li>▪ percentage share of Social Security System (SSS) members to total adult population (aged 18-59)</li> </ul> </li> </ul>	65%	TBD	SSS	68%
	(2020)			
<ul style="list-style-type: none"> <li>    ▪ number of Personal Equity &amp; Retirement Account (PERA) contributors</li> </ul>	4,237	5 million	Supply-side data (BSP)	4,382
	(2021)	(2025)		
<ul style="list-style-type: none"> <li>Number of microinsurance policy owners including dependents (in millions)</li> </ul>	50	TBD	Supply-side data (IC)	53.7
<ul style="list-style-type: none"> <li>Number of lives covered (in millions)</li> </ul>	45	TBD	Supply-side data (IC)	No data
<ul style="list-style-type: none"> <li>Percentage of adults with investment in financial assets <ul style="list-style-type: none"> <li>*Lead indicator: number of Mutual Funds and Unit Investment Trust Fund (UITF) accounts</li> </ul> </li> </ul>	25%	50%	Demand-side survey (BSP)	36%
	Not yet available	TBD		2,126,371
<b>3. More financially capable and empowered consumers</b>				
<ul style="list-style-type: none"> <li>Percentage of internet/mobile phone users who use DFS <ul style="list-style-type: none"> <li>*Lead indicator: number of registered online or mobile banking users</li> </ul> </li> </ul>	12%	50%	Demand-side data (BSP)	60%
	Not yet available	TBD	Supply-side data (BSP)	No data
<ul style="list-style-type: none"> <li>Percentage of adults with acceptable level of financial literacy<sup>[1]</sup> <ul style="list-style-type: none"> <li>*Lead indicator: percentage of adults who have attended a financial literacy seminar or webinar</li> </ul> </li> </ul>	35%	TBD	Demand-side survey (BSP)	29% <sup>[2]</sup>
	Not yet available	TBD	Demand-side survey (BSP)	7%



Desired Outcome and KPI	Baseline (2019, except when indicated otherwise)	Target (2028)	Data Source	2021
• Percentage of financial consumers with complaints who reported the issue or problem to the concerned financial institution	0.60%	TBD	Demand-side survey (BSP)	18%
• Average turnaround time (in number of working days) of financial institutions on the resolution of complaints	24 (for BSP-supervised financial institutions)	7	Supply-side data (BSP, IC, SEC)	8
<b>4. Increased access to finance for MSMEs, including startups, and the agriculture sector</b>				
• Percentage of i) MSMEs and ii) smallholder farmers with outstanding loan or line of credit in a formal financial institution	MSMEs 24% (2021) Farmers 65% (2021)	TBD	ADB MSME Finance Survey*  DA, DAR, ACPC	24%  No data
➤ Percentage of women-owned MSMEs with outstanding loan or line of credit in a formal financial institution	28% (2021)		ADB MSME Finance Survey*	28%
• Percentage of i) MSMEs and ii) smallholder farmers and their cooperatives with insurance	MSMEs 15% Farmers 26.7% (2021)	40%	ADB MSME Finance Survey*  DA, DAR, PCIC	No data  26.7%
• Percentage share of i) MSME loans and ii) agriculture loans with loan guarantee/surety to total MSME/agriculture loans	MSME 1% (2021) Agriculture 1% (2021)	10%	PhilGuarantee	1%  1%
• Percentage share of secured SME bank loans to total SME bank loans outstanding	Not yet available	TBD	Supply-side data (BSP)	No data
• Percentage of MSMEs with digital payment capabilities	46% (2021)	TBD	ADB MSME Finance Survey*	46%
*Lead indicator: number of merchant accounts (EMI and bank)	Not yet available	TBD	Supply-side data (BSP)	No data

[1] Answered at least two (2) or all of the three (3) financial literacy questions on inflation and interest (simple and compound).

[2] Meanwhile, 13% of adults were able to answer five or all of the six (6) financial literacy questions (knowledge on division, inflation, interest, investment risk, and investment diversification questions) in the 2021 FIS



# List of Abbreviations

## #

**4Ps** Pantawid Pamilyang Pilipino Program

## A

**ACPC** Agricultural Credit Policy Council

**ADB** Asian Development Bank

**AEC** Association of Southeast Asian Nations Economic Community

**AFP** Armed Forces of the Philippines

**AFRD** Agriculture, Fisheries, and Rural Development

**APCP** Agrarian Production Credit Program

**AR** accuracy ratio

**ARBs** Agrarian Reform Beneficiaries

**ARS** Agent Registry System

**ASEAN** Association of Southeast Asian Nations

**ATM** automated teller machine

**AVCF** Agriculture Value Chain Financing

**AVP** audio-visual presentation

## B

**BANGKOOP** Cooperative Banks Federation of the Philippines

**BAP** Bankers Association of the Philippines

**BARMM** Bangsamoro Autonomous Region in Muslim Mindanao

**BDA** Basic Deposit Account

**BFAR** Bureau of Fisheries and Aquatic Resources

**BFP** Bureau of Fire Protection

**BMAP** Bank Marketing Association of the Philippines

**BOB** BSP Online Buddy

**BSI** BSP-supervised institution

**BTr** Bureau of Treasury

## C

**CARD** Center for Agriculture and Rural Development, Inc.

**CIC** Credit Information Corporation

**CMDA** Capital Markets Development Act

**Coop** financial cooperative

**CRD** Credit Risk Database

**CSC** Civil Service Commission

**CSF** Credit Surety Fund

**CTB** Chamber of Thrift Banks

## D

**DBP** Development Bank of the Philippines

**DFS** digital financial services

**DMW** Department of Migrant Workers

**DPTR** Digital Payments Transformation Roadmap

## E

**E-Money** electronic money

**EFT** electronic fund transfer

**eGov PH** eGovernment Philippine Mobile

**EMI** e-money issuer

**EO** Executive Order

## F

**FCPA** Financial Products and Services Consumer Protection Act

**FIDN** Financial Infrastructure Development Network

**FinLit** financial literacy

**FIS** Financial Inclusion Survey

**FISC** Financial Inclusion Steering Committee

**FSF-CPEC** Financial Sector Forum–Consumer Protection and Education Committee

## G

**GDP** gross domestic product

**GSIS** Government Service Insurance System

## I

**IBL** Islamic Banking Law

**IBSG** Islamic Banking Supervision Group

**IFC** International Finance Corporation

**IFCF** Islamic Finance Coordination Forum

**IRR** Implementing Rules and Regulations

## J

**JCC** Joint Coordinating Committee

**JICA** Japan International Cooperation Agency

**JMC** joint memorandum circular

## K

**KPI** key performance indicator

**KYC** Know-your-customer

## L

**LANDBANK** Land Bank of the Philippines

**LDC** Local Development Council





**LDP** Local Development Plan

**LGU** local government unit

## M

**M&E** monitoring and evaluation

**MCPI** Microfinance Council of the Philippines, Inc.

**MFI** microfinance institution

**MFI NGO** microfinance nongovernment organization

**MSE** micro and small agri-fishery enterprise

**MSME** micro, small, and medium enterprise

## N

**NCDA** National Commission for Disability Affairs

**NCS** National Convention on Statistics

**NPC** National Privacy Commission

**NRPS** National Retail Payment System

**NSFI** National Strategy for Financial Inclusion

## O

**OWWA** Overseas Workers Welfare Administration

## P

**PAP** project affected persons

**PD** probability of default

**PDP** Philippine Development Plan

**PEZA** Philippine Economic Zone Authority

**PGC** Philippine Guarantee Corporation

**PhilHealth** Philippine Health Insurance Corporation

**PhilSys** Philippine Identification System

**PICC** Philippine International Convention Center

**PIT** Project Implementation Team

**PIU** Project Implementation Unit

**PPSA** Personal Property Security Act

## Q

**QB** quasi-banking

## R

**RA** Republic Act

**RDC** Regional Development Council

**RDP** Regional Development Plan

## S

**SBLAF** Standardization of Business Loan Application Form

**SCF** Supply Chain Finance

**SFFs** small farmers and fishers

**SME** small and medium enterprise

**SNPP** Samahan ng Nagkakaisang Pamilya ng Pantawid

**SSS** Social Security System

## T

**TESDA** Technical Education and Skills Development Authority

**TOT** Training of Trainers

**TPEC** third-party evaluation committee

**TWG** Technical Working Group

## U

**USAID** United States Agency for International Development

## W

**WG** working group

**WR** warehouse receipts

## Y

**YoY** year-on-year