

# Driving the SDGs – Financial Inclusion and Government Initiatives

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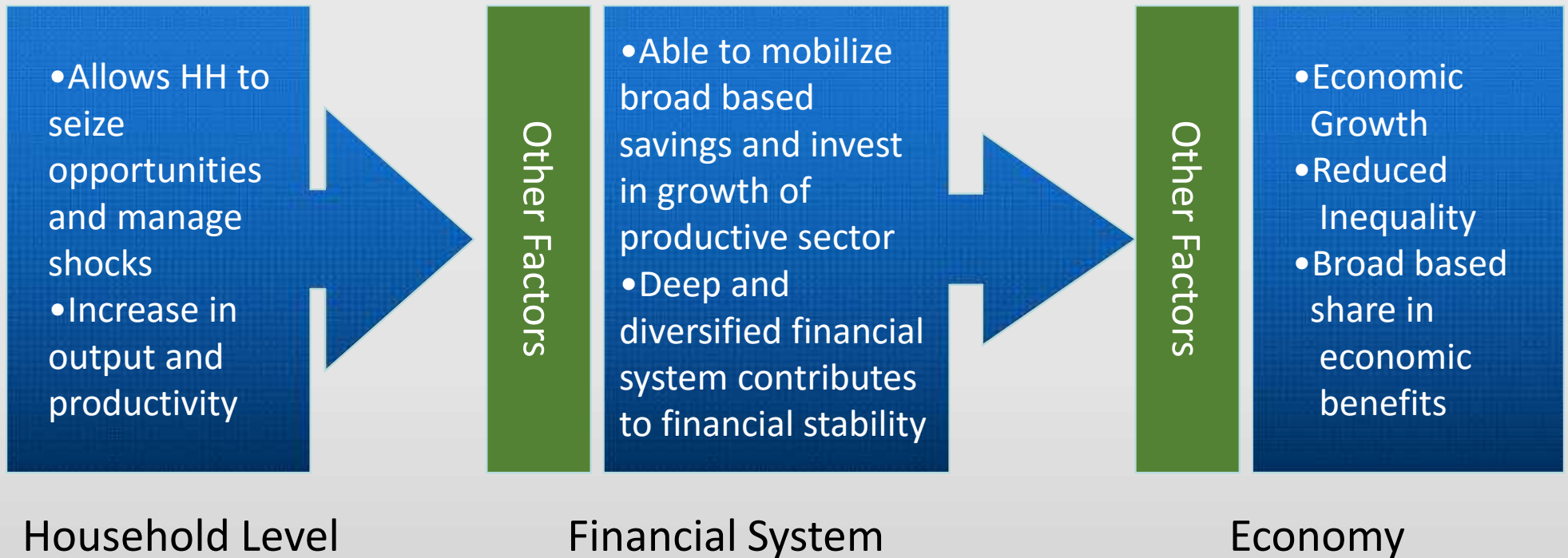


**BANGKO SENTRAL NG PILIPINAS**

# Financial Inclusion as an Enabler of SDGs



# Financial Inclusion Toward Inclusive Growth



*“A regionally responsive, development-oriented and **inclusive financial system** which provides for the evolving needs of its diverse public” and supports **inclusive growth***  
(Philippine Development Plan 2011-2016)

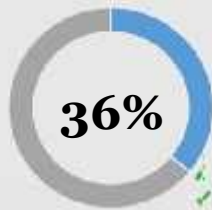
# What is Financial Inclusion?

A state wherein there is **effective access** to a **wide range of financial products and services** by all.



<u>Savings</u>	e.g., savings account, checking/ current account, pensions, youth savings, microdeposit	<u>Credit</u>	e.g., personal, consumer, credit card, education, mortgage, home improvement, microenterprise	<u>Payments</u>	e.g., paper-based, electronic fund transfers, payment cards, innovative payment products
<u>Insurance</u>	e.g., life, health, property, agriculture, microinsurance	<u>Remittances</u>	e.g., cross-border/ international, domestic	<u>Investments</u>	e.g., retail, debt, equity
<b><u>Unserved and Underserved</u></b> MSMEs Low-income population Population unserved due to religious barrier Farmers, fisherfolk, agrarian reform beneficiaries Population in frontier areas					

# Players in financial inclusion

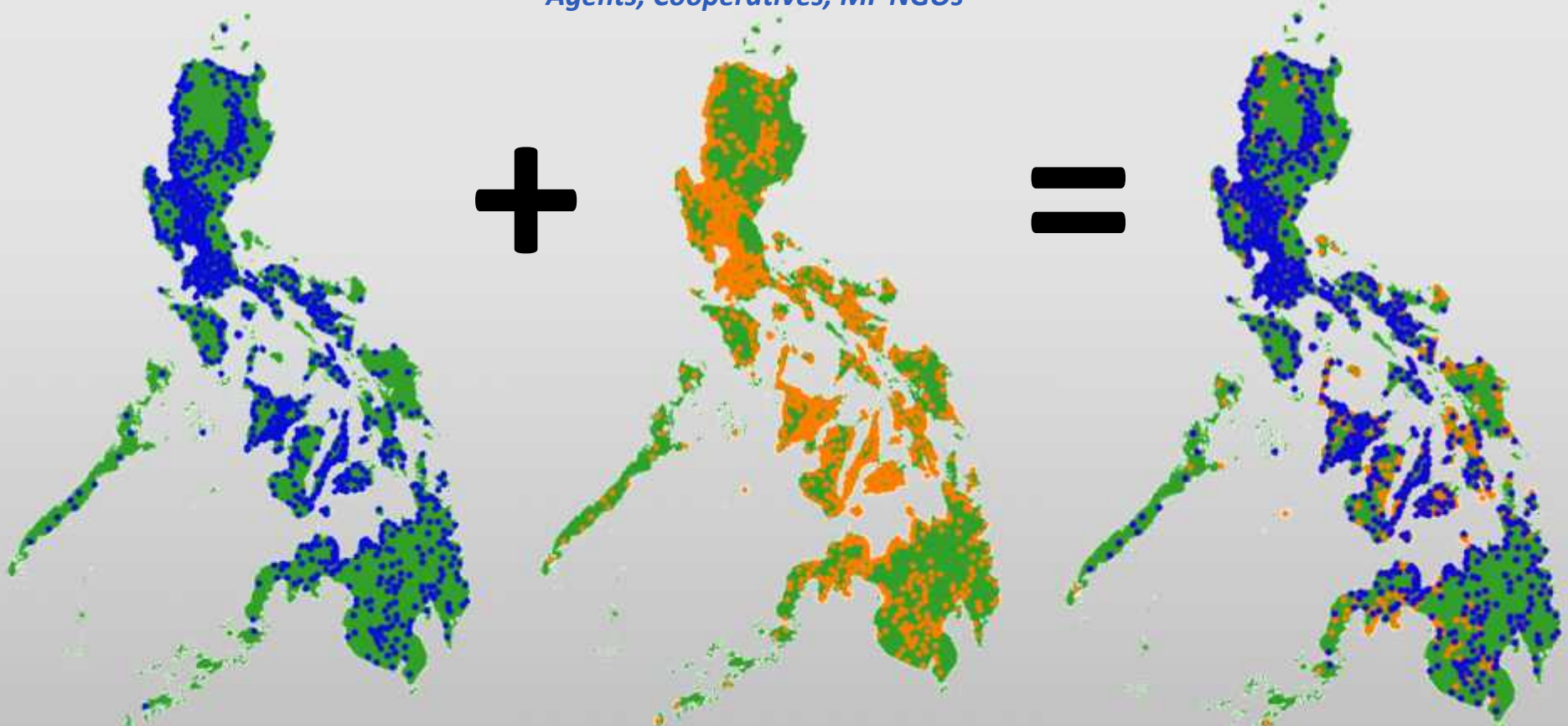


unbanked  
cities and  
municipalities

*but if we include non-bank financial  
service providers like Pawnshops,  
Remittance Agents, Foreign  
Exchange/Money Changers, E-Money  
Agents, Cooperatives, MF NGOs*



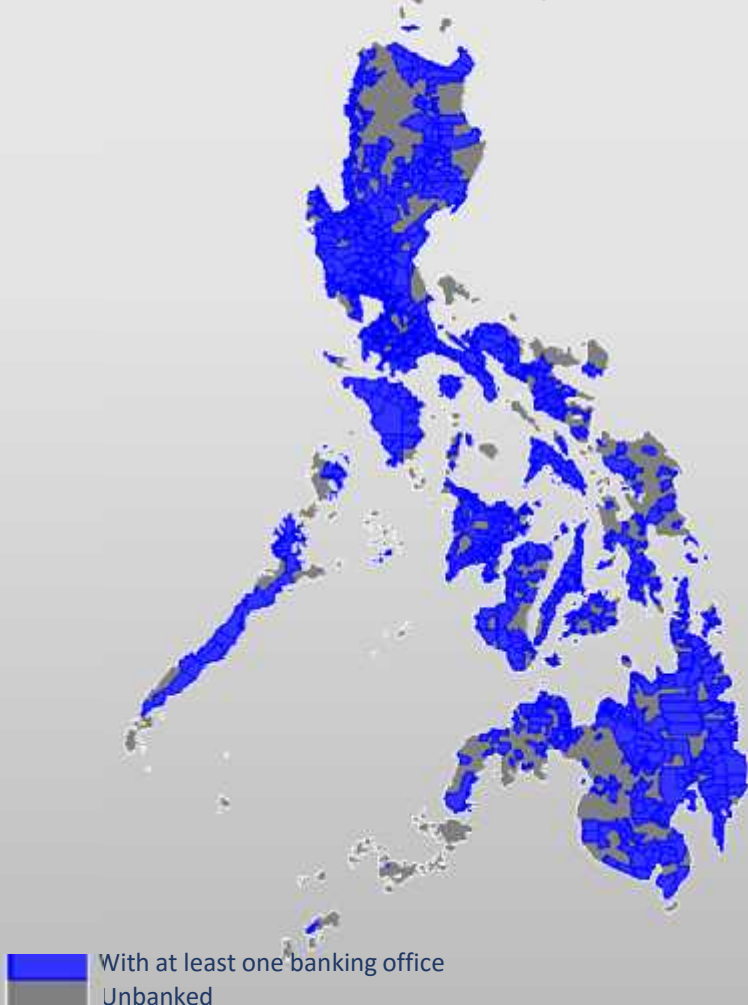
remain unserved



Transactional accounts thru non-banks as first step to inclusion...

# Financial Inclusion Scenario

No banks in **596** out of **1,634**  
cities and municipalities



**43%**

of Filipino adults  
save money but...

**68%**

save at home

**47%**

of Filipino adults  
borrow money but...



**72%**

borrow from  
informal sources

Fundamental barriers to access:  
culture, geography, cost,  
infrastructure, information

Requires new solutions and transformative  
innovations  
Market based solutions to market frictions

#### Role of Policy Makers and Regulators

- Understand the acceptable points of balance between the risks and returns of financial inclusion
- Balance of policy objectives of inclusion, stability and integrity
- Establish and enabling policy and regulatory environment for financial inclusion

### Widened range of products

Microdeposit Micro-agri loan  
Microenterprise loan      Housing microfinance  
Microfinance plus      Microinsurance  
Agri Value Chain Financing

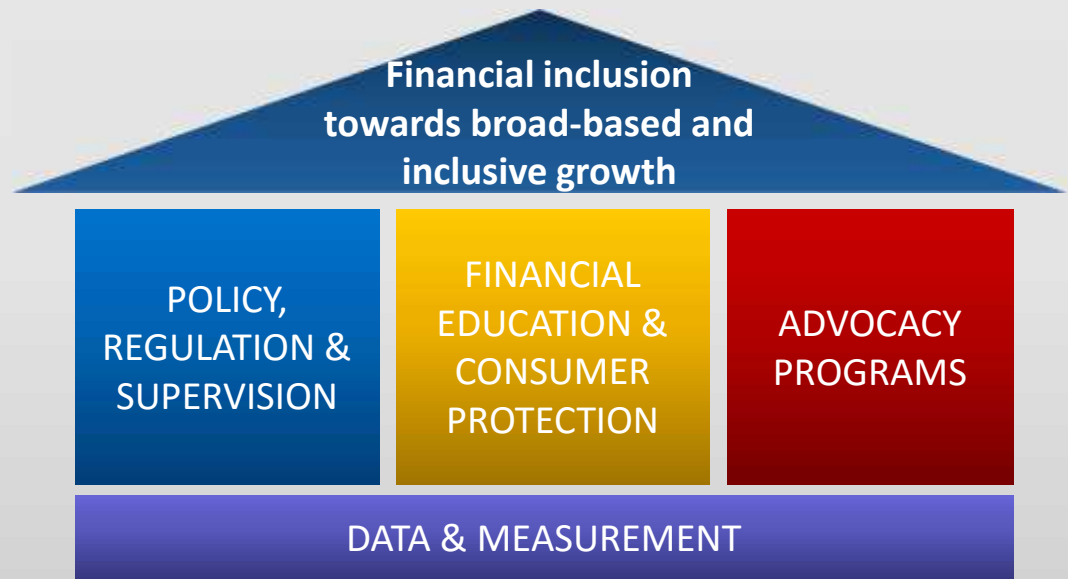
### Expanded virtual reach

E-money issuers  
E-money network service providers  
Technology-driven business models

### Expanded physical network

Liberalized bank branching  
Micro-banking offices

## BSP Initiatives



### Liberalized customer on-boarding

Updated anti-money laundering rules  
Outsourcing rules

### Enhanced consumer protection framework

Revised rules for Truth in Lending Act  
Market conduct regulation  
Consumer assistance mechanism

# Product Suitability

DESIGN



Terms and  
Conditions



Design that addresses their needs

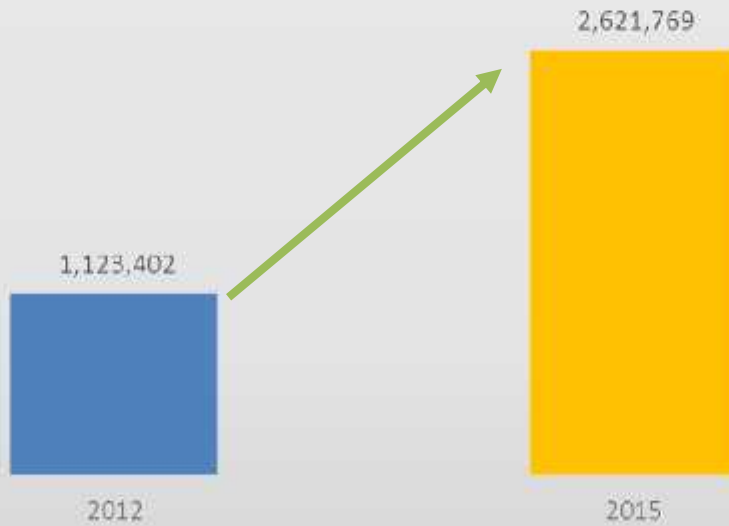
Pricing that is affordable

Terms and conditions that can be met

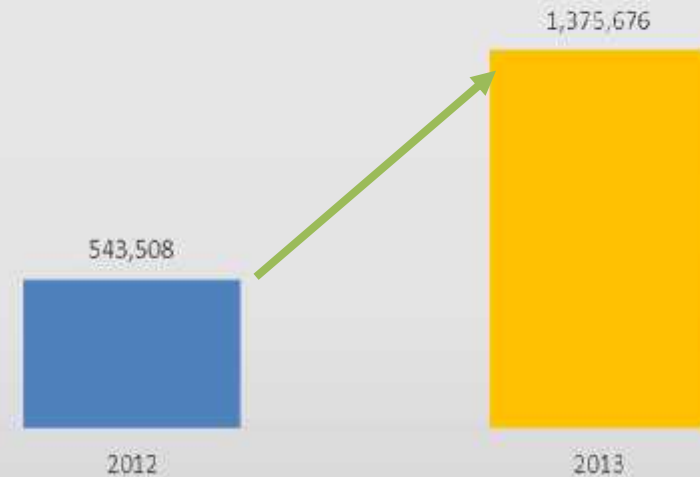
Clear and understandable

# Products

Number of micro-deposit accounts



Number of Rural Bank Clients With Microinsurance Coverage



Growth in account holders that are not yet necessarily banked

Number of e-money accounts



# Delivery Channel Suitability



Proximity



Time and cost to access



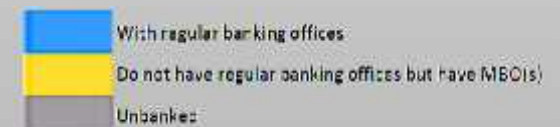
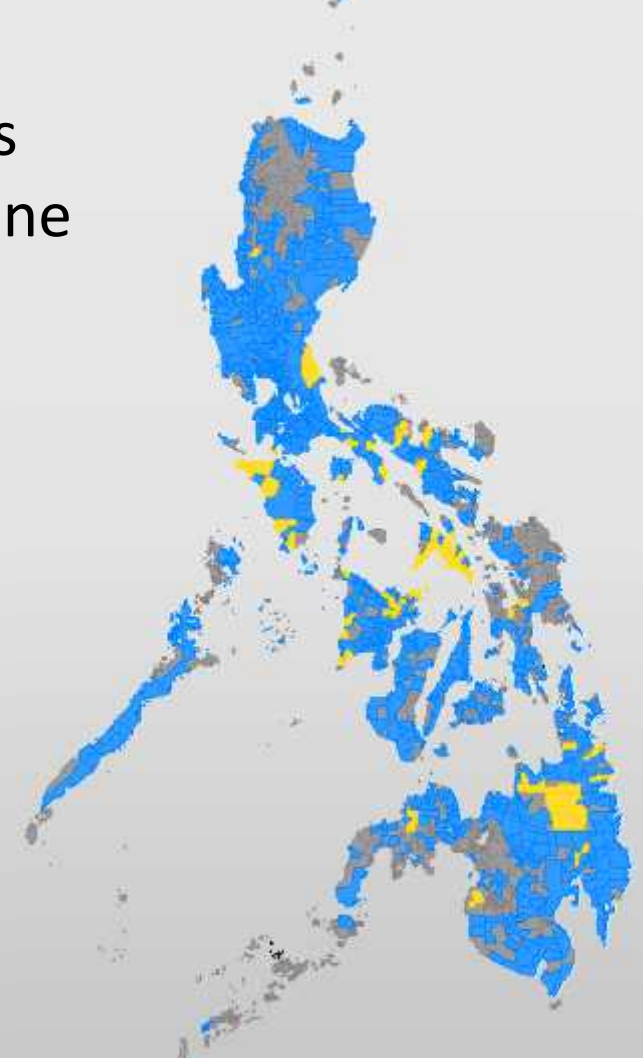
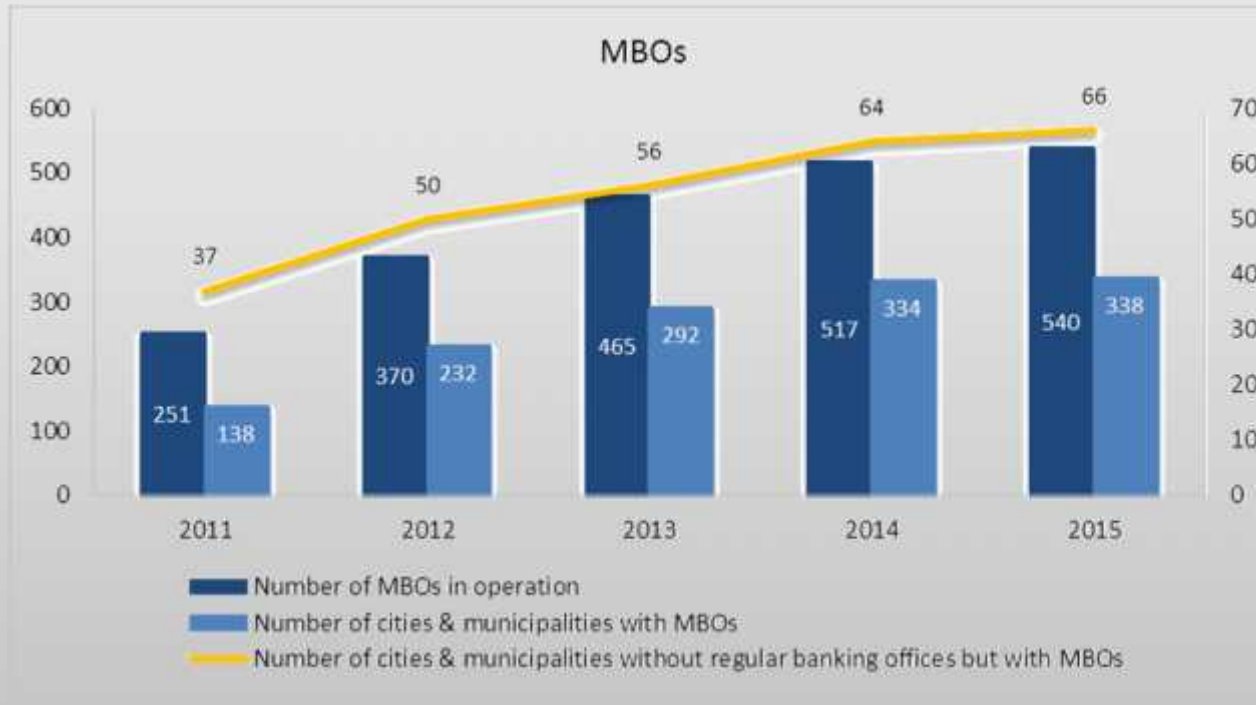
Comfort and trust in the channel



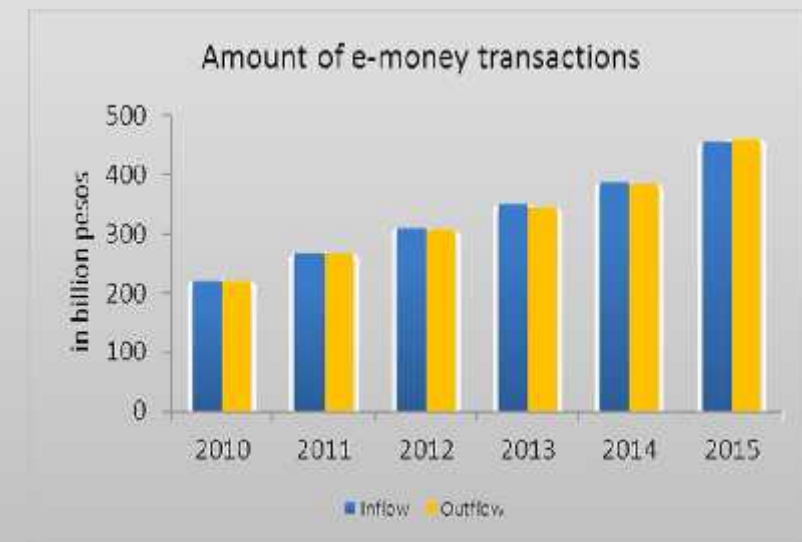
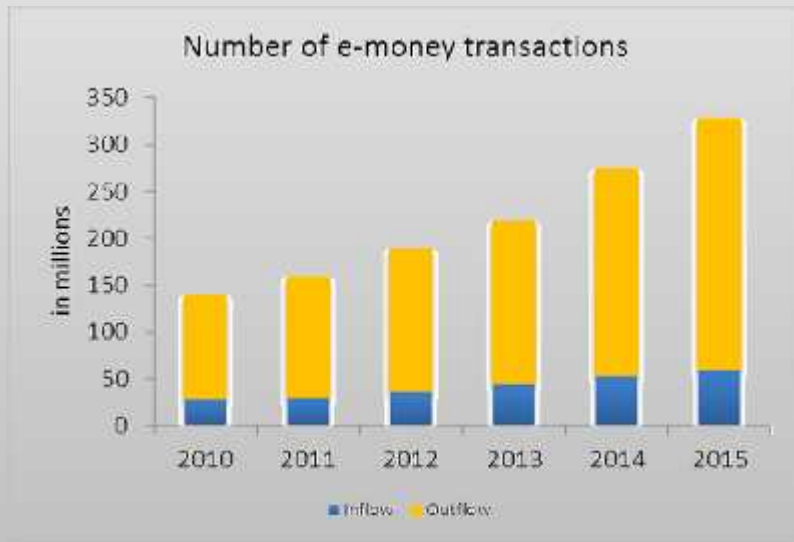
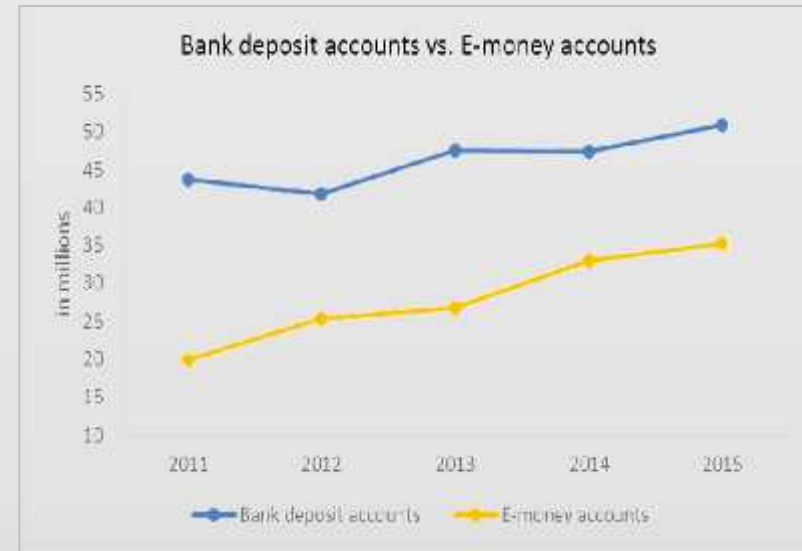
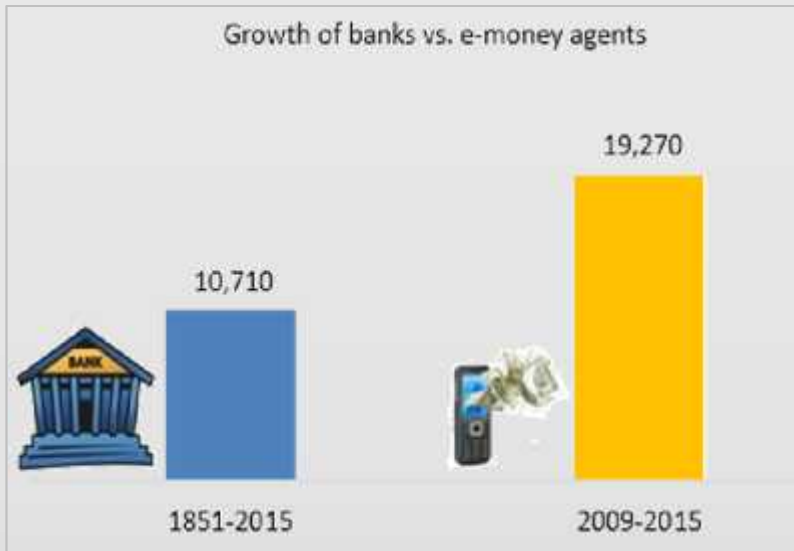
Suitability of requirements

# Access – Micro Banking Offices (MBOs) Bringing Service Points Closer to OFs and Beneficiaries

- ✓ 575 MBOs operating in 363 municipalities
- ✓ 67 municipalities are served by MBOs alone

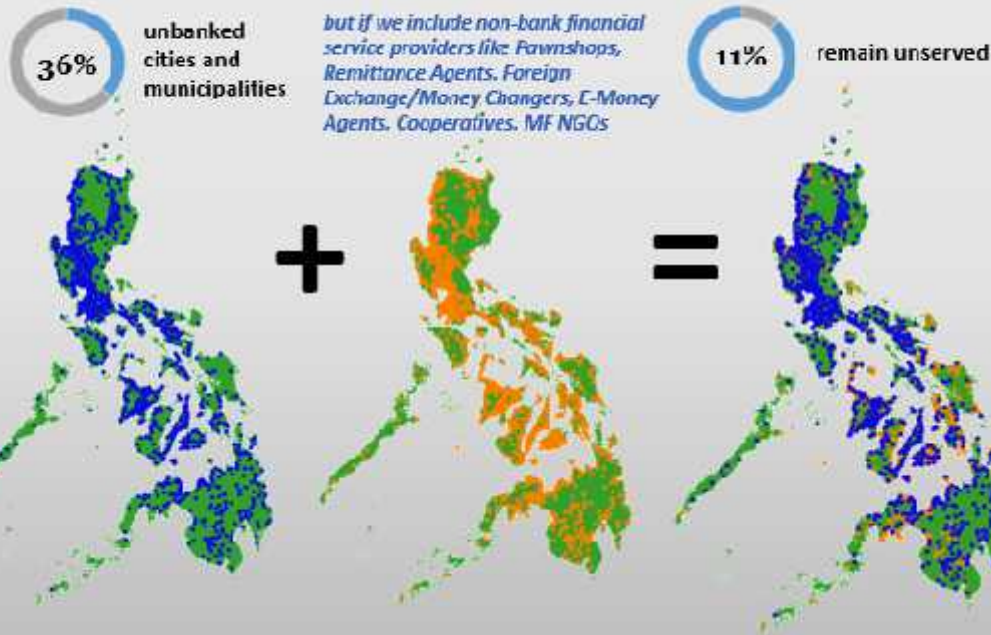


# Access – Electronic Money Ecosystems



# Why a National Strategy?

## Role of non-banks in financial inclusion



## Role of technology in financial inclusion



Infrastructure and other support and complementary services



Need for cooperation and convergence!

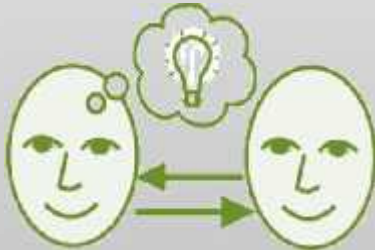
# National Strategy for Financial Inclusion



Coordination



Collaboration



Communication  
and awareness  
raising



*A financial system that is...*

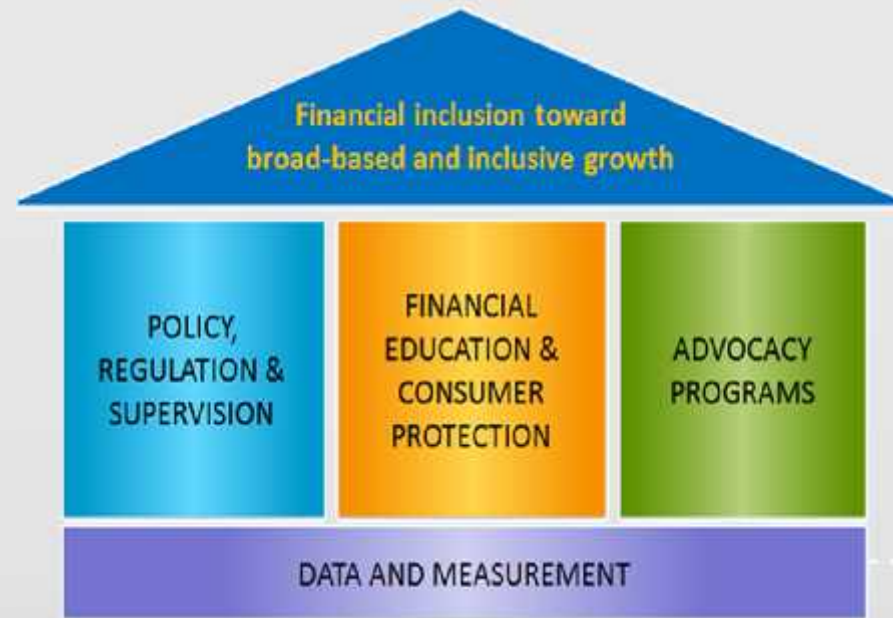
*Accessible, responsive*

*For all sectors, including the  
traditionally marginalized*

*Supportive of broad based,  
inclusive growth*

*Focused on clients*

# National Strategy for Financial Inclusion



# Financial Inclusion Steering Committee (EO No. 208)

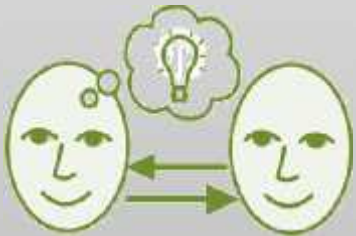
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Coordination



Collaboration



Raising awareness  
and understanding

1. Bangko Sentral ng Pilipinas
2. Cooperative Development Authority
3. Commission on Filipinos Overseas
4. Department of Budget and Management
5. Department of Education
6. Department of Finance
7. Department of Social Welfare and Development
8. Department of Trade and Industry
9. Insurance Commission
10. National Economic and Development Authority
11. Philippine Deposit Insurance Commission
12. Philippine Statistics Authority
13. Securities and Exchange Commission
14. Department of Agrarian Reform
15. Department of Science and Technology

**THANK YOU!**

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