



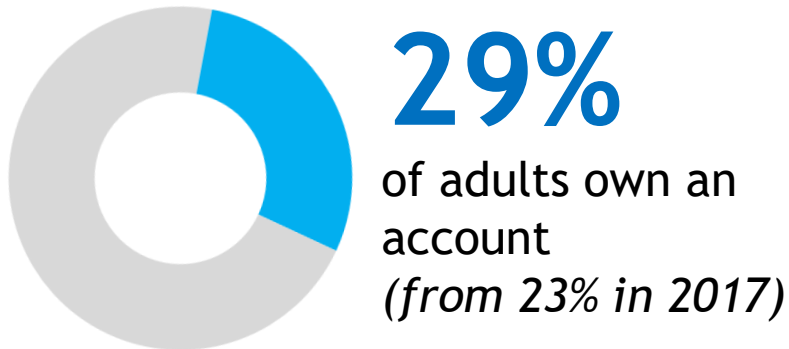
Financial Inclusion in the New Economy



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Current State of Financial Inclusion

ACCOUNT OWNERSHIP



TOP REASONS FOR NOT OWNING AN ACCOUNT

Lack of enough money

45

Lack of need for an account

27

Lack of doc requirements

26

DRIVERS

(in percentage points)

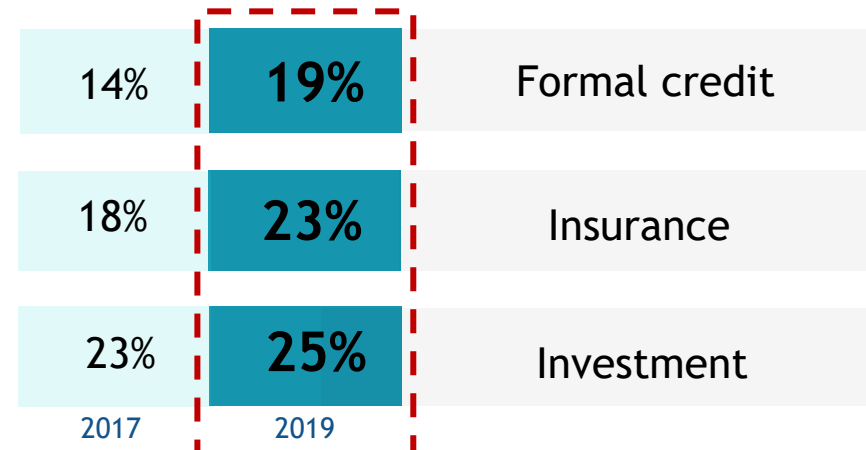


USE OF ACCOUNT

Share of accountholders who use their account for payments more than doubled



Uptake of Other Financial Services



Source: 2019 BSP Financial Inclusion Survey



Current State of Financial Inclusion

OPPORTUNITIES

MOBILE PHONE OWNERS



69% of adults own a mobile phone

12% of mobile phone owners use it for financial transactions

INTERNET USERS



53% of adults use the internet

9% of internet users use it for financial transactions

7 out of 10 UNBANKED ADULTS have a mobile phone



CHALLENGES

DIGITAL LITERACY

Lack of awareness and trust are the main reasons for not making mobile or online financial transactions

DIGITAL DIVIDE

Locale

60% Urban Areas
40% Rural Areas

Geographical Area

70% NCR
60% Balance Luzon
40% Visayas
30% Mindanao

Income

80% Class ABC
40% Class E

Smartphone and Internet Users



Impact of Covid-19 on MSMEs

Top 3 Concerns

lack of working capital

64.0

requirement on tax payments, SSS, contributions, etc.

44.7

repayment of loans

43.8

66%

reported zero sales

60%

stopped operations

Top 3 Measures to Stay Afloat during ECQ

delayed payment terms on taxes and debt

28.8

delayed payment terms to suppliers/providers

17.7

loans from informal sources

14.3

Source: IATF We Recover as One Report

Main Obstacles

1. Practices of informal sector competitors
2. Access to finance
3. Tax rates (*for MEs*)
4. Labor regulations (*for SEs*)



41%

Filipinos who purchase online more because of the pandemic



39 million

Number of e-commerce users in 2020



42%

E-commerce revenue growth forecast in 2020

BSP's response to MSMEs

Stimulate bank financing for MSMEs

- ✓ New loans to MSMEs included as part of banks' compliance with the reserve requirements
- ✓ Temporary reduction in the credit risk weights of MSME loans
- ✓ Zero risk weights for MSME loans with government guarantee
- ✓ Relief on the reporting of past due and non-performing loans of borrowers

NEW MSME LOANS GENERATED DURING ECQ

₱40.6 billion from top 30 banks*

FINANCIAL RELIEF EXTENDED TO MSME BORROWERS THROUGH AMENDMENTS IN BANK FINANCING TERMS

From March to April 2020, ₱25.6 billion in MSME loan accounts were renewed while ₱1.8 billion were restructured by top 30 banks*

MSME LOANS REPORTED AS ALTERNATIVE COMPLIANCE

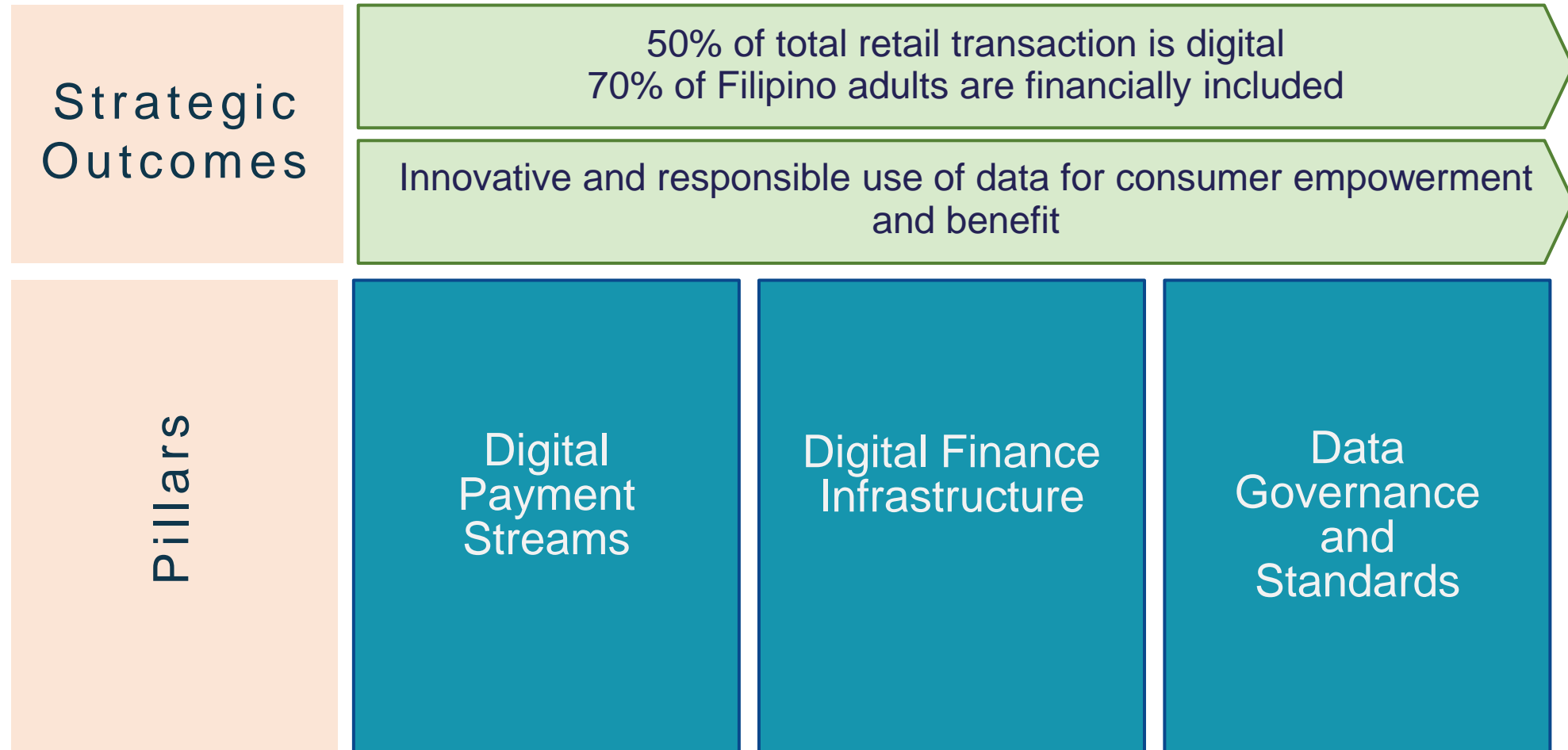
Average MSME loans used for compliance with the reserve requirements climbed to ₱120.9 billion during the reserve week of 01 Oct 2020 from ₱8.7 billion in end-April 2020

Source: BSP 2020

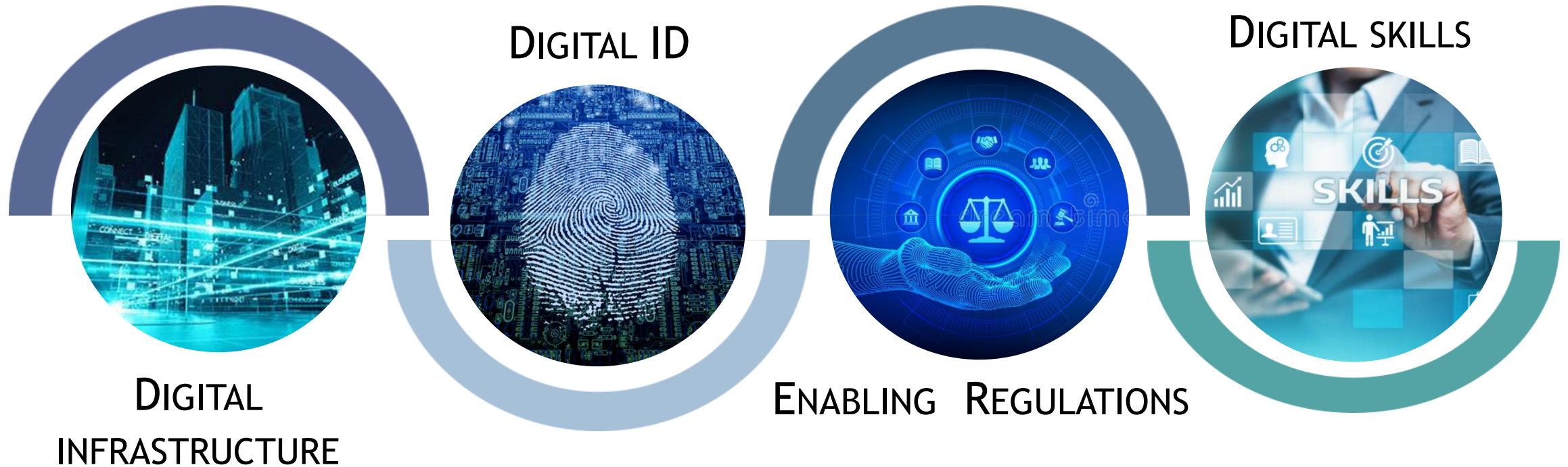
* Based on a BSP survey among top 30 banks



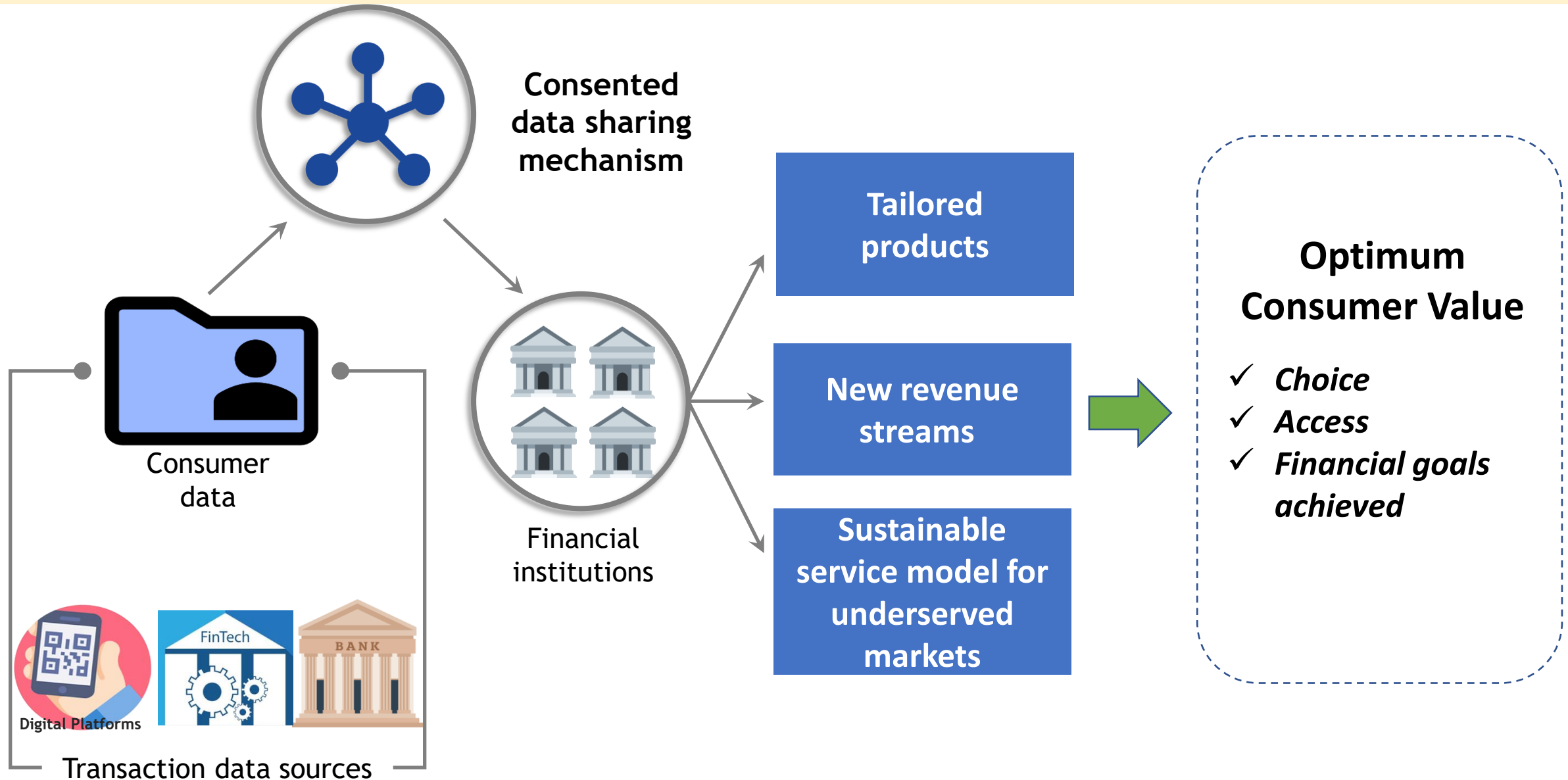
Digital Payments Transformation Roadmap 2020-2023



The Digital Imperative for the New Economy



Open Data for Financial Inclusion





Thank you!

Center for Learning and Inclusion Advocacy

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