

# Financial Inclusion and Consumer Protection

20 July 2018

11:30 AM to 2:30 PM

General Membership Meeting of Bank Marketing Association of the Philippines



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# Current State of Financial Inclusion

## ACCESS

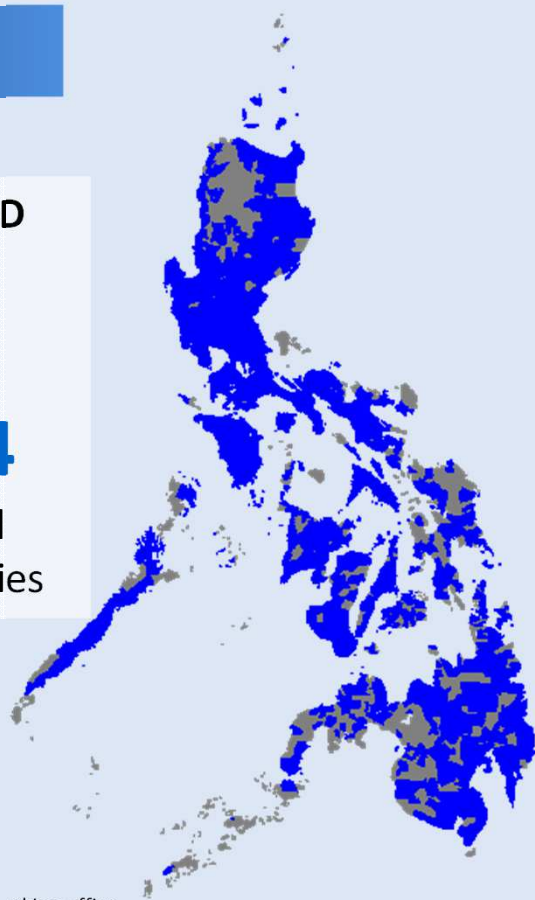
### UNBANKED



**552**

out of

**1,634**

cities and municipalities



 With at least one banking office  
 Unbanked

Source: BSP (2018 Q1)

## USAGE

**1/2** of adults have savings, but...

**7 in 10** keep their savings at home

**1/5** of adults have outstanding loans, but...

**4 in 10** obtain their loan from informal sources

**22.6%** adults with a formal account

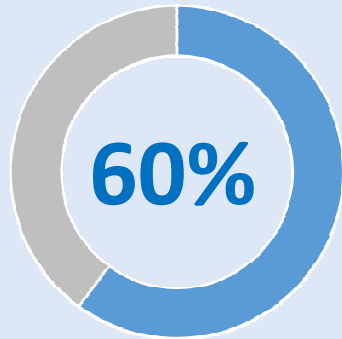
Source: BSP Financial Inclusion Survey (2017)



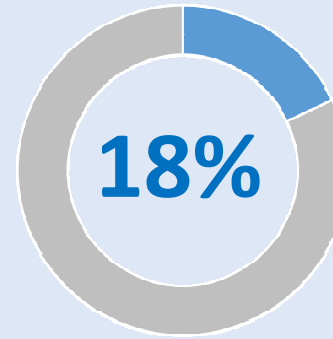
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# Opportunities in Payments

**9 in 10** adults have payment transactions, but...

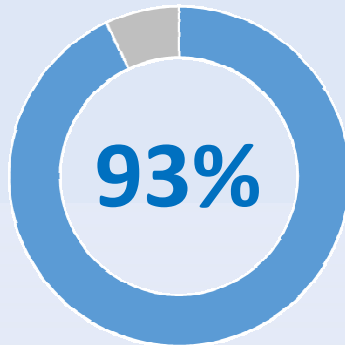


are paying  
in cash

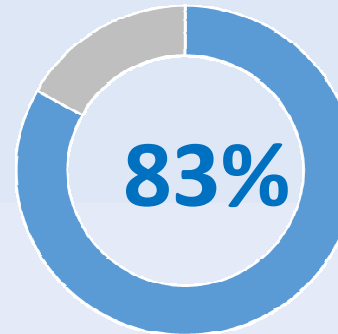


of account holders  
use their account  
for payments

**4 in 10** adults had remittance transactions in the past six months



use remittance  
agents in  
sending money



use remittance  
agents in  
receiving money

# Opportunities for Digital Financial Inclusion

**23**  
median age of  
Filipinos  
(PSA, 2015)



**6 out of 10**  
without bank deposit  
but with mobile phone  
(FINTQ, 2018)

**1/3**  
of the population  
are millennials  
(PSA, 2015)

**113%**  
SIM  
penetration  
(GSMA, 2017)



**59%**  
smartphone  
adoption  
(GSMA, 2016)



**63%**  
social media  
penetration  
(We Are Social, 2018)



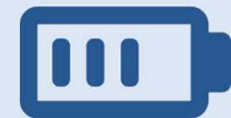
**58%**  
unique mobile  
user penetration  
(We Are Social, 2018)



**63%**  
internet  
users  
(We Are Social, 2018)



**3 hrs,  
57 mins**  
average time  
spent on social  
media per day  
(We Are Social, 2017)



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# How Technology is Transforming Finance



Mobile payments in China soared to **81 trillion yuan** in first ten months of 2017 from just 1.2 trillion yuan in 2013. Alipay processed **256,000 payment transactions per second** during the Singles' Day festival on 11 November 2017.



In Kenya, M-PESA reached **80%** of households in 4 years. M-PESA transfers accounted for **nearly half of the country's GDP** in 2017.



The share of Indian adults with an account has **more than doubled to 80% in 2017 from 35% in 2011**. An important factor driving this growth is digital identification through Aadhaar, the world's largest biometric ID system.

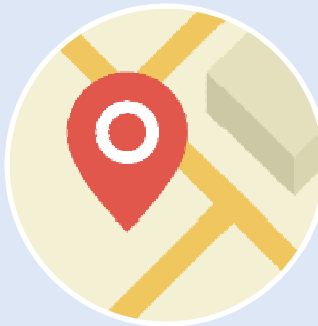


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# Pillars of Digital Financial Inclusion



Democratized access to a transaction account



Expansive network of low-cost touch points



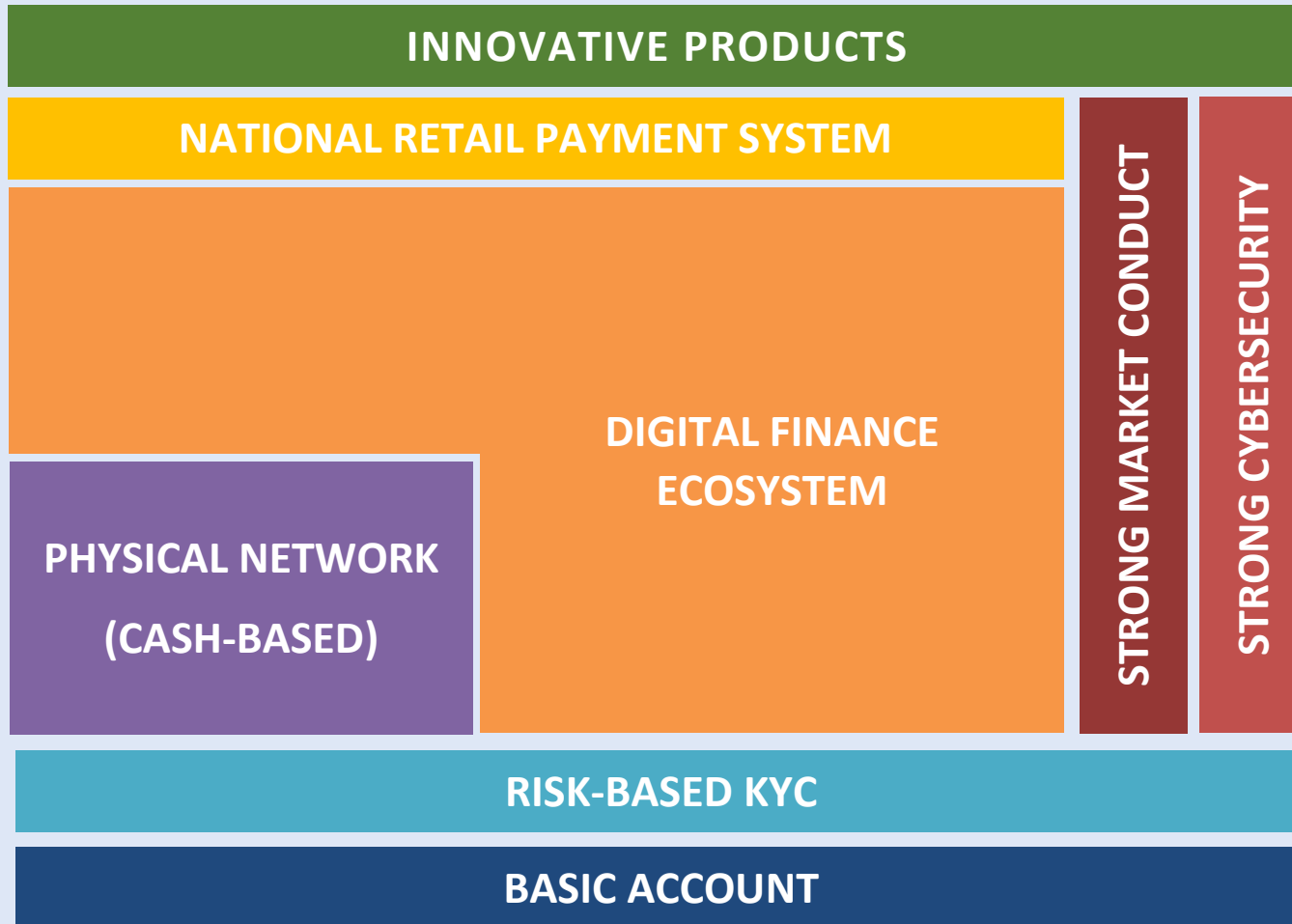
Efficient retail payment system



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# BSP's Strategic View



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# Recent Policy Issuances



## Democratized access to a transaction account

Framework for Basic Deposit Accounts  
(Circular 992)

- Opening amount not more than P100
- No maintaining balance
- No dormancy charges
- Maximum balance of P50,000
- Simplified KYC
- 0% reserve requirement for banks





# Recent Policy Issuances



## Expansive network of low-cost touch points

### Cash agents (Circular 940)

- allows banks to use third party cash agents as a cost-efficient service delivery channel

### Branch-lite (Circular 987)

- scaled-down version of a branch that allows banks to expand their reach and offer a range of services depending on the needs of the locality



# Recent Policy Issuances



## Efficient retail payment system

Adoption of National Retail Payment System (NRPS) Framework (Circular 980)

- built on the principles of interoperability, inclusiveness, and “coopetition”
- BSFIs are required to:
  - adopt transparent and fair market pricing of electronic payments
  - transition from exclusive bilateral to multi-party clearinghouse agreements
  - provide electronic fund transfer facilities in all available channels



# Other Issuances and Market Developments



**Enhanced regulations for pawnshops and money service business**  
(Circulars 938 and 942)



**Virtual currency exchanges**  
(Circular 944)



**Risk-based and technology-enabled KYC**  
(Circular 950)



**Enhanced guidelines on information security management**  
(Circular 982)



Draft bill on **national ID**



Draft **Payment Systems Act**



Draft bill on **financial consumer protection**



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# The BSP EFLP

## Vision

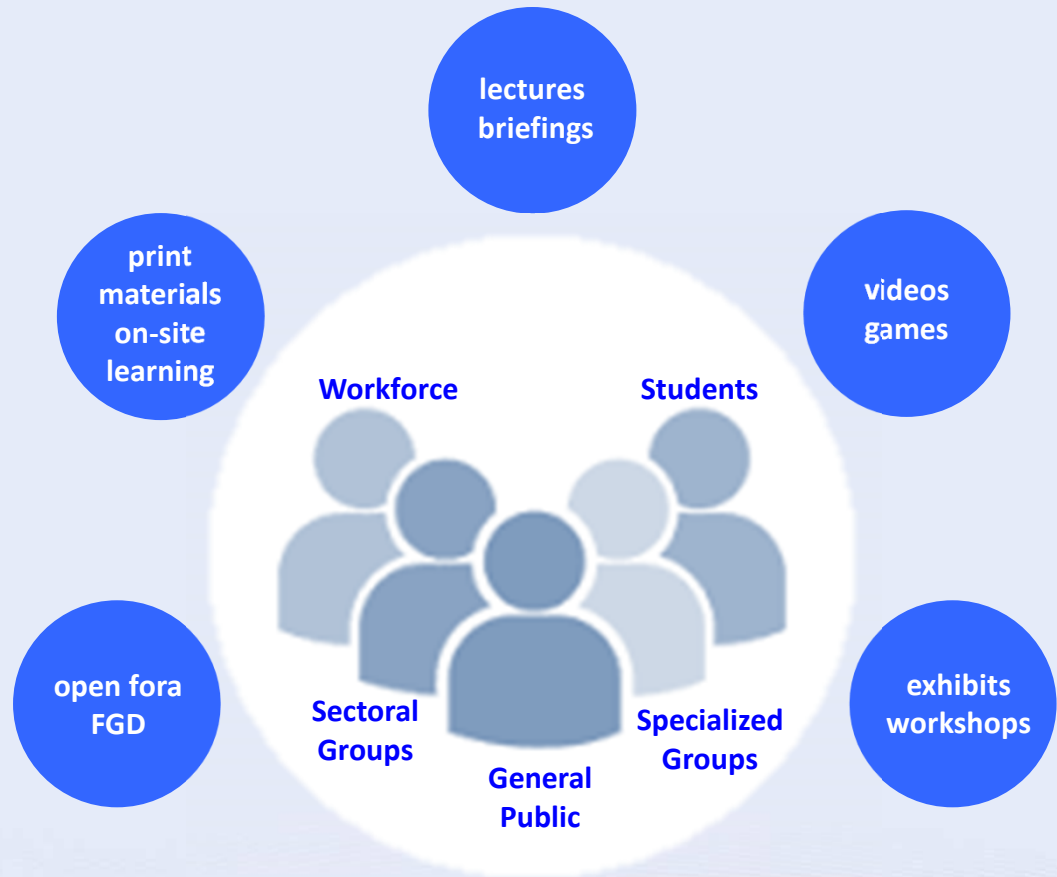
A **well-informed citizenry**, able to **contribute meaningfully to economic development** and **fully benefit from opportunities**, is a **more effective partner of BSP** in maintaining stable prices, and a strong and safe banking and payments system.

### Economic information

- Role of BSP and economic developments

### Financial education

- Personal finance management
- Financial consumer protection



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# Financial Consumer Protection: Key Policy Issuances

## Financial Consumer Protection Framework

Circular 857

### Consumer Protection Standards of Conduct



Circular 1003

- Philippine Credit Card Industry Regulation Law (RA 10870) IRR

Circular 928


- Revised rules on retail bank products/services and dormant deposit account fees

Circular 898

- Right to “cooling- off” or cancel investment contract with BSFI without penalty

# Consumer Assistance Mechanism

Talk to your bank or financial institution first, document your complaint



Talk to BSP FCPD:  
consumeraffairs@bsp.gov.ph  
02-708-7087



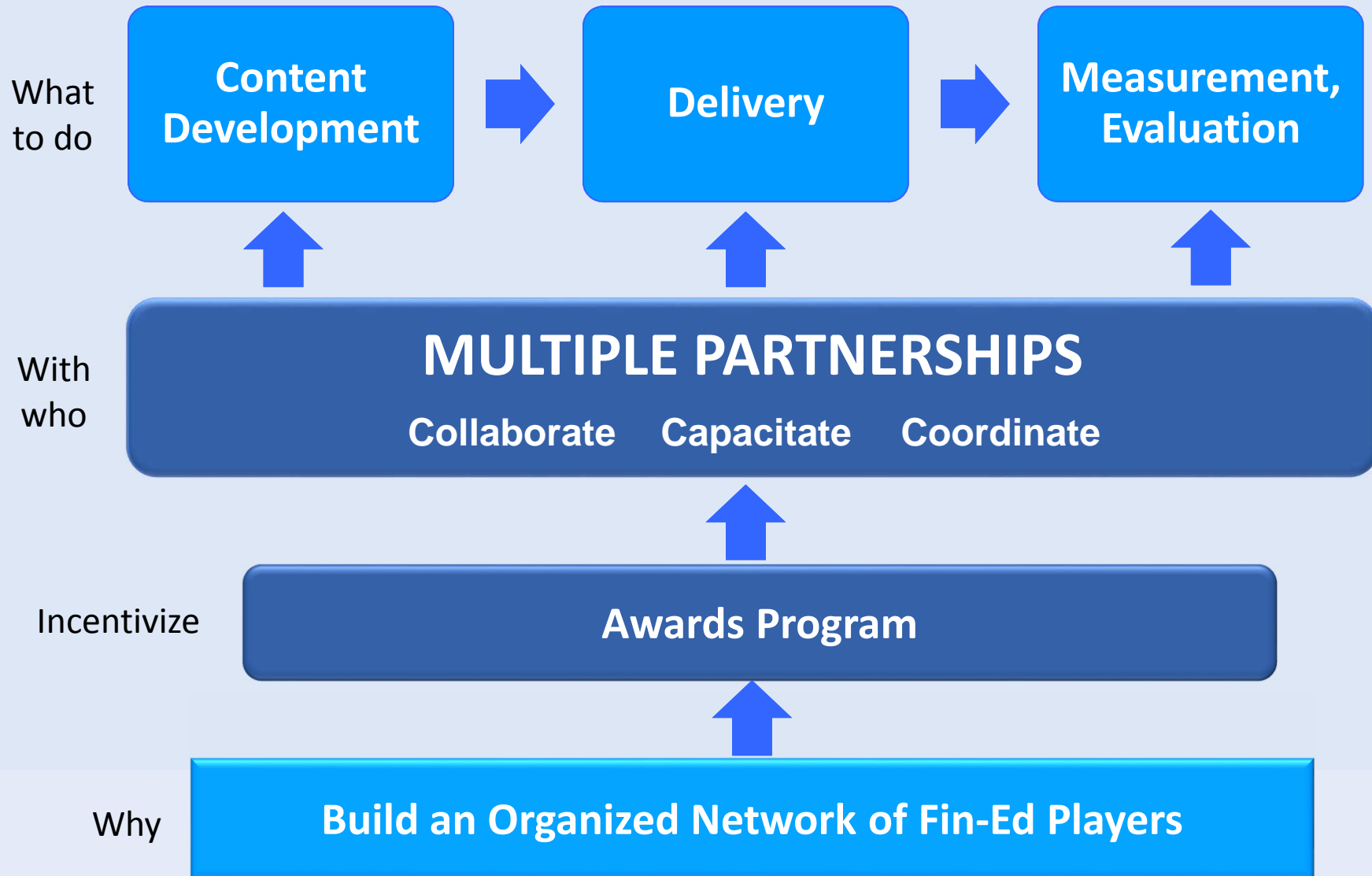
BSP will require your financial institution to act on your complaint



Case may be referred to appropriate agencies; or elevated for mediation; or court resolution



# Partnership for Financial Education



**Thank you**

**Pia Bernadette Roman Tayag**

Managing Director, Inclusive Finance Advocacy Office and  
Concurrent Head, Financial Consumer Protection Department

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