

Amando M Tetangco, Jr: Innovative and efficient delivery channels for banking services in the Philippines

Remarks by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the launch of GlobeQUEST TouchPoint, Makati City, 4 August 2006.

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Mr. Gerry Ablaza, Mr. Gil Genio, the officers and staff of Globe Telecom and Innove Communications, fellow bankers, special guests, good evening.

As head of the Bangko Sentral ng Pilipinas, the institution that oversees the banking sector, I am truly glad...efforts to develop innovative and efficient delivery systems for banking services continue in many fronts.

Tonight, we witness the unveiling of Globequest Touch Point which, I understand, is a completely integrated electronic or e-banking package. In other words, it is an end-to-end technology solution: from hardware to software, to I.T. experts, to data center services, down to network infrastructure. For all intents and purposes, it is equivalent to outsourcing an e-banking system.

This is an exciting proposition that has a lot of growth potential, moving forward.

Today, we have 872 banks, of which only 55 or 6.3% have electronic banking services approved by the Bangko Sentral ng Pilipinas. Please note that these 872 banks have more than 7,600 branches. What they need therefore are efficient and secure communication systems and infrastructure.

The economies of scale that I.T. companies such as Innove offer, therefore, will be particularly valuable to smaller banking institutions that may not have the technological expertise and enough resources to build their own e-banking facilities.

Ladies and gentlemen, it was the advent of automated teller machines or ATMs that allowed banking services and transactions to continue beyond traditional banking hours. Now, ATMs no longer have this monopoly; new and better electronic banking options allow us to do transactions outside the confines of banks premises and beyond regular banking hours.

Today, we have Internet banking, mobile banking or phone banking.

Remote access through the Internet and mobile devices has allowed banks to provide additional channels to deliver more services to their clients. Mobile banking through the use of cellular phones is now popular as text messaging has become a means to remit funds, pay bills and loans, and make deposits.

Accessing a bank's web portal through mobile devices is also expected to become a common occurrence as advances in technology further improve the capability of mobile devices to rival even current personal computers.

It is interesting to note that there are also non-bank institutions ¹ that deploy ATMs to serve the needs of the depositing public in remote areas of our country.

Thus, today, banking services are within reach of segments of the population that previously had no access due to geographic and cost constraints.

All these have resulted in greater convenience to the public who can now choose to bank anytime, anywhere.

In the same vein, banks have also benefited from these technological advances, as efficiencies improve and operational costs are reduced.

Indeed, the Philippine banking industry continues to undergo rapid and extensive transformation, due largely to improvements and innovations in communications and information technology.

Nevertheless, even as we mention its upside, we recognize that these technological innovations carry risks, which must closely be monitored, managed and balanced against the benefits.

¹ Examples of private sector ATM deployers are Nationlink and EnCASH.

In response to this need, BSP has undertaken the following: created specialized supervision units such as that for information technology; issued Circulars to guide the development of electronic banking as well as to ensure consumer protection and awareness; and adopted international best practices to keep us at par with the rest of the world.

The increasing interdependencies of banking, telecommunications, and information technology, pose a challenge for BSP to continuously adapt to a rapidly evolving technological and business environment.

Nevertheless, with the support and cooperation of all stakeholders, such as Globe and Innove....I am confident our vision of a globally competitive financial industry will be realized, eventually.

Finally, let me conclude by congratulating globe telecom and Innove Communications on the launch of Globequest Touchpoint. This is indeed a vital empowering solution toward providing the public with anytime, anywhere access to banking services. I hope you will continue to generate even better and more cost-efficient technology solutions.

Maraming salamat po at magandang gabi sa inyong lahat!