

Amando M Tetangco, Jr: Crafting a regional agenda for child & youth finance

Speech by Mr Amando M Tetangco, Jr, Governor of Bangko Sentral ng Pilipinas (the central bank of the Philippines), at the Asia and the Pacific regional meeting on “Child & youth finance”, Manila, 4 December 2012.

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Secretary Imelda Nicolas of the Commission on Filipinos Overseas; CYFI Managing Director Jeroo Billimoria; distinguished resource persons; child and youth representatives Callista (12 years old) from Indonesia, Sam (11 years old) from Uganda and Jessie from the Philippines; fellow advocates of financial inclusion from Asia and the Pacific; our media partners; special guests, good morning and welcome to the Bangko Sentral ng Pilipinas, the Philippine central bank.

We at the Bangko Sentral are happy that you have come to the Philippines to discuss child and youth finance in Asia and the Pacific – where it is said roughly 60% of the world’s youth reside.

Here in the Philippines alone, about half of our total population are young. It is important for our country therefore to ensure that our youth are given proper basic education that will allow them to grow into responsible self-reliant adults. Indeed, to us at the Bangko Sentral, finance education is for everyone.

Thus, when a 2006 survey indicated that less than 5% of the Filipino youth save regularly, we made a decision to place child and youth finance education high on our agenda. This is important to us. After all, we have roughly 25 million students in both elementary and high school levels. And as Philippine National Hero Dr. Jose Rizal once said “Ang kabataan ang pag-asa ng ating bayan.” The youth are the hope of our future.

Furthermore, the 2006 Citibank Financial Quotient Survey indicated that Filipinos have a financial intelligence quotient of 47.8 points, less than half the maximum score of 100.

While there were other countries that had lower scores, the result was disturbing for us nevertheless. It was an indication that over the long term our countrymen may miss out on the opportunities that development brings. or worse, be unprepared to weather financial uncertainties that may arise in the future.

These results provided us with the strong resolve to broaden and deepen our financial education program. Since then, the Bangko Sentral ng Pilipinas has been implementing an integrated economic and financial learning program that covers different segments of our society – from students to young adults to overseas Filipinos and their families to teachers and parents as well as the unbanked and the underbanked.

Our ultimate goal is to make people part of our financial system while giving them protection. In other words, we want to develop an inclusive financial system that will generate inclusive growth through financial education and protection.

In this connection, I am pleased to report that the development of the Philippine microfinance sector is one success story in our continuing efforts to develop a more inclusive financial system. In fact, the Philippines has been cited for the fourth consecutive year for having the world’s best regulatory environment in promoting microfinance.

Millions of Filipino microentrepreneurs and their families have been liberated from poverty through microfinance which gives access to credit without collateral. As of June 2012, banks have an outstanding microfinance loan portfolio of P 7.7 Billion and an equally impressive savings portfolio of P4.3 Billion from microentrepreneurs.

Indeed, the success of many microentrepreneurs is proof of the empowering benefits of gaining access to financial services. This is the reason why we are optimistic about the impact of having lessons on entrepreneurship taught to our elementary students.

Using language and concepts that are easy for children to understand, the Bangko Sentral and the Department of Education produced teaching guides to instill in children an understanding and consciousness of financial issues. This is at the heart of the BSP-DepEds finance education program.

The lessons range from telling the difference between needs and wants to undertaking income-generating ventures to the concept of inventory to acquiring the qualities of a successful entrepreneur. All these with the aim to hone their financial decision-making skills that will serve them well into adulthood.

Ladies and gentlemen. In this journey, we have met many challenges; but we also gained partners along the way. One of our partners was the Learning Section of the local newspaper Philippine Daily Inquirer. Supported by Citi and the Bangko Sentral, it published a six-week series designed for high school students: "Money Matters for Teens: You Can Bank on It." It eventually earned the top prize from the World Association of Newspapers for "excellence in efforts to engage the youth."

Another partner is The Bankers Institute of the Philippines which conducts personal finance management lectures for teachers and parents of elementary school pupils. Schools now request this program which runs parallel to the classroom teachings of elementary pupils.

At the same time, 12 banks joined hands to launch the Kiddie Account Program. While these banks were no stranger to children's accounts, they all agreed on the need to make saving affordable, accessible and convenient to attract more kiddie savers.

After negotiations that took nearly two years, the 12 banks agreed on a common denominator: children are welcome to open accounts with them with a minimum deposit of only 100 pesos or less than US\$3.00. And to further help make saving a habit, bank representatives also go directly to schools to service children's deposits.

So far, so good: thousands of new accounts are being generated by the Kiddie Account Program and withdrawals are minimal. Since children exert influence in household decisions, we hope that their habit of saving will rub off on other members of the households, including the adults.

Based on the results of the BSP's Household Finance Survey, only 20% of Philippine households maintain bank accounts. We are therefore looking at this program as a way to help raise the savings rate in the Philippines.

I understand that yesterday many of our foreign delegates visited the Aurora Quezon Elementary School to observe how financial lessons are taught and to hear how banks are implementing their Kiddie Account Programs. Did you find it useful? That is good to know.

Ladies and gentlemen, our continuing journey takes us through uncharted territory. Nevertheless, we are encouraged by positive feedback – from the pupils who start saving regularly, to the teachers who say they learn life lessons from the program.

Also a positive is the 2011 Citi Financial Quotient Survey where the Philippines showed sustained improvements in its score.

Nevertheless, we have a long way to go and a lot more to learn. It is for this reason that we look forward to this Regional Meeting on Child and Youth Finance for Asia and the Pacific.

I hope therefore that our conference today will be successful and fruitful.

Finally, we thank the Child and Youth Finance International for bringing this regional meeting to Manila and for taking the lead in the global movement to promote the habit of saving among schoolchildren. We also commend their design props today – the multi-colored

balloons and throw pillows. It reminds us that while we are tackling a serious subject, we should not forget that our intended beneficiaries should find it fun to find ways to grow and manage their own money.

We also thank all the speakers and delegates from here and overseas who have come to contribute to the crafting of the regional agenda for child and youth finance.

And to our foreign delegates, we hope you enjoy your stay here in the Philippines. Thank you all and Mabuhay!