

Amando M Tetangco, Jr: BANCNET 25th Anniversary

Speech by Mr Amando M Tetangco, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the BANCNET 25th Anniversary, Makati City, 24 July 2015.

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I am delighted to be with you tonight to celebrate Bancnet's 25th Anniversary.

Silver Anniversaries are always important. You have come so far, and the future beckons with exciting opportunities. And so, happy anniversary and congratulations to all the members, officers and staff of Bancnet.

From the point of view of the Bangko Sentral ng Pilipinas, there are many reasons for you to celebrate. Let me cite a million reasons why:

- 113 member institutions as of end-2014 represent an ATM cardholder base of over 73 million. By March this year, the number had increased to nearly 78 million cardholders.
- The high volume of switched transactions reached almost 500 million in 2014 or an average of 1.36 million transactions per day.

With the on-going integration of Megalink into Bancnet, you are creating a unified ATM switch network in the Philippines. Finally, this is happening.

These are significant milestones indeed but the story is not complete. Our eyes are now set on creating a National Retail Payment System or NRPS and Bancnet should be part of this grand journey.

What is NRPS? Well, NRPS envisions Filipinos to have easy access to financial services and have accounts to make payments, and receive or transfer funds to other accounts anytime, anywhere, at a reasonable price from any digital device.

Efficient retail payments contribute to the stability and efficiency of the financial system and the economy as a whole.

Studies have shown that shifting from paper based to electronic-based payment system can generate an annual savings up to 1% of gross domestic product (GDP).

How can this potential market impact your business? Based on country diagnostics conducted by the Better Than Cash Alliance (BTCA), of which the Philippines is a member, Filipinos make about 2.5 billion payment transactions per month worth US\$74 billion, but only 1% are transacted electronically; 99% of the transactions are paid either in cash or checks. NRPS will allow us to start reversing this ratio. In other words, you have the option to have a bigger slice of this huge pie.

Indeed, while implementing the NRPS is most challenging, it also represents vast opportunities from the business point of view.

Equally significant, digitization of payments can promote greater financial inclusion. Our National Baseline Survey in Financial Inclusion showed that only 4 out of 10 Filipino adults currently have savings, of whom only 32.7% put their money in banks. The survey also indicated that 47% of Filipinos have debts but banks contribute only 4.4% of their borrowings; the rest are from family, relatives, friends and informal lenders.

Ladies and gentlemen, the NRPS initiative is a rare opportunity for all of us to work together to do something that can be a real positive game changer for the economy and for our people.

I call upon the Bancnet community therefore to give your full support to establish a safe, efficient, and reliable national retail payment system.

As Albert Einstein once said, it is not enough to be a success, strive to be of value.

Once again, congratulations to Bancnet on its 25th Anniversary. Mabuhay po tayong lahat!