

Amando M Tetangco, Jr: Consumer protection – a shared responsibility

Speech by Mr Amando M Tetangco, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the opening ceremony of Consumer Welfare Month, Manila, 30 September 2016.

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On behalf of the Members of the Monetary Board, I am pleased to welcome all of you to the opening ceremonies of the 2016 National Consumer Welfare Month under the theme Consumer Protection: A Shared Responsibility. This is the first time the Bangko Sentral ng Pilipinas is hosting this event; for this, we thank the NCAC, the agency tasked to lead this annual celebration every October. We also extend our special thanks to Senator Poe, for gracing this event as our Keynote Speaker.

Consumer welfare is important to the BSP. The three pillars of central banking – which are price stability, stable banking system, and a safe and reliable payments system – all affect consumers, ultimately.

To those who ask how we are doing, our answer is - so far, so good. The BSP has been able to tame inflation through appropriate monetary and banking policies. For instance, inflation has dropped to low single-digit levels - 1.8% in August this year, from a double-digit figure of 10.5% in August 1998. By keeping inflation at low levels, we protect the purchasing power of consumers.

In addition, our banking system is sound, stable, liquid, and able to fund the requirements of business and consumers at relatively lower interest rates. In fact, banks compete to provide credit to those with good credit history.

At the same time, a public perception survey conducted by the Philippine Statistics Authority indicated that our payments system gets high marks from consumers. Indeed, our payments system is safe, efficient and reliable, and continues to inspire confidence in our financial system.

The same survey revealed that the new generation banknotes issued by the BSP also received high marks, having more security features to protect consumers against counterfeiters. We have also taken the final steps to demonetize our old design banknotes so that only our new generation banknotes that are difficult to counterfeit will remain in circulation.

Another study revealed that Filipinos make 2.5 billion payments per month valued at over 3 trillion pesos, 99% of which is in the form of cash or checks, while only 1% represents electronic payments. On average, there are 704,000 checks processed every day. In addition, banks maintain about 52 million deposit accounts for the public.

Indeed, whether it is thru money, credit or banking, there are many points of interaction between banks and consumers.

Given all these, the BSP, in coordination with banks and other stakeholders, has been working to institutionalize consumer protection standards.

In 2006, the BSP created a unit dedicated to hear and address the concerns of financial consumers. Since the creation of that dedicated unit – which is now the Financial Consumer Protection Department– we have created a venue for redress that treats each consumer equally... and handles each bank objectively.

We take pride that in 2014, the BSP formalized the first Financial Consumer Protection framework for regulated financial institutions. Among others, it advocates the rights of

financial consumers, sets the standard for the market conduct of BSP supervised entities, and institutionalizes financial education as a continuing undertaking.

Along the way, we have conducted financial education expos, mounted exhibits that educate on scams and fraudulent activities, engaged constituents in poster and essay contests, prepared consumer protection videos, and published pamphlets, brochures and a book on wealth management.

These initiatives are intended to serve and protect consumers, assert their rights, raise their awareness, hear their complaints... and underscore the philosophy that the vitality of the economy rests to a large extent on the welfare of the consumer.

These are the very tenets that underpin Presidential Proclamation 1098, the same proclamation for which we gather every October to celebrate consumer welfare. In this context, the BSP is proud to be an active and vocal advocate of consumer protection and financial education. They go hand in hand - to strengthen consumer protection, consumers need financial education to know their rights as financial consumers.

We are pleased to share therefore that our network of partners and stakeholders in these activities continues to expand. Banks and bank organizations such as BAIPHIL and FINEX, as well as the Department of Education come to mind. And we look forward to having more partners, especially with the launch last year by the BSP with 12 other agencies of our National Strategy for Financial Inclusion. Indeed, we need to collaborate because the responsibility is too great and the scope too wide for any single entity to take on consumer education and protection.

Ladies and gentlemen, consumer protection and financial education are not mere buzz words to discuss in October. Consumer protection and financial education are international best practices that must be part of our continuing agenda. Let us therefore work together to push these initiatives forward as part of our shared responsibility.

Mabuhay ang Filipino consumers! Mabuhay ang ating mahal na bansang Pilipinas! Mabuhay po tayong lahat!

Maraming salamat sa inyo!