

## **Amando M Tetangco, Jr: 15th anniversary of the Central Bank of the Philippines**

Remarks by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the BSP 15th Anniversary, Manila, 3 July 2008.

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Magandang umaga sa inyong lahat!

Fellow central bankers, on behalf of the Monetary Board, I greet all of you a happy 15th anniversary!

By any measure, this is a milestone we should celebrate and be proud of. Why do I say this?

Well, you and I know that the first 15 years of the Bangko Sentral ng Pilipinas has been fraught with challenges. As an institution starting afresh, we had to reorganize and align our policies in accordance with the clear mandate given to the Bangko Sentral: to stabilize prices and ensure a sound banking system.

Soon after, we had to contend with the fallout from the Asian financial crisis, political upheavals, natural calamities, and the threats, as well as opportunities, that globalization brings.

Nevertheless, we always pulled through and emerged the better for it. In the process, we have been able to provide stability to the economy and the country through responsive monetary and banking policies. For this we thank all of you – ladies and gentlemen of the Bangko Sentral ng Pilipinas. Let us therefore give ourselves a well-deserved round of applause.

Once again, let us acknowledge the contributions of former MB Members Dr. Vicente Valdepenas, Jr. and Atty. Raul Boncan by giving them a big hand.

Let's also give a round of applause for our present MB members: Secretary Romulo Neri; former Finance Secretary Juanita Amatong; Atty. Nelly Favis-Villafuerte; Mr. Alfredo Antonio; and our brand-new MB member Atty. Ignacio Bunye.

Palakpakan din po natin ang dalawang na-unang gobernador ng Bangko Sentral ng Pilipinas: si Governor Gabriel Singon at si Governor Rafael Buenaventura!

Ladies and gentlemen. The collective efforts of central bankers, past and present, have generated recognition for Governor Singon, Governor Buenaventura and myself and most of all, for our beloved institution – the Bangko Sentral ng Pilipinas. These are well-deserved recognition that we should be proud of.

In fact, 2007 was a banner year for the Bangko Sentral as we were able to tame inflation to 2.8%, the lowest in 21 years, even as high global oil prices were hitting record high levels. That we achieved this low rate of inflation rate as the economy posted its best growth rate in three decades made for an ideal convergence of high growth and low inflation.

We also ended 2007 with record high gross international reserves, balance of payments surplus, higher foreign investments, and a strong peso that emerged as one of Asia's top performing currencies.

And even as a strong peso had an adverse effect on our income last year, we remain financially strong and solid. Our capital base is now roughly 15 times the P10 billion we started out with 15 years ago.

Thus, while imported inflation from record high food and oil prices has started to affect local prices this year, we are still able to anchor expectations.

We are take pride in the fact that we were able to nurture our banking system back to health from the depths of the Asian financial crisis without the massive government bailouts that other countries in the region resorted to. Our solution: to improve the quality of supervision and implement far-reaching structural reforms in cooperation with the Executive and Legislative branches of government. Today, bank profits are better and capital base deeper, while NPA and NPL ratios are nearly back at pre-crisis levels. As a result, our banking sector is recognized as strong and able to withstand the fallout from the global financial turmoil.

Furthermore, banks are consolidating into stronger institutions even as their delivery of banking services and new financial products now extend well beyond urban centers and deep into the countryside and islands.

A stable, secure and efficient payments and settlements system is another source of pride for us.

In addition, we are happy that our advocacy in sustainable microfinance has energized smaller banks, especially rural banks, into bringing in more people within the banking system, not just for a working capital loan, but also for deposits and remittances. In fact, we are leading the way for central banks in product innovation for microfinance and garnering international recognition for it in the process.

We have also made much progress in broadening available alternatives for overseas Filipinos in sending remittances to their beneficiaries. Greater competition has led to lower remittance cost, better accessibility, quicker delivery, and generally better services that facilitates the inflow of remittances into the economy.

We also continue to register gains in our economic and financial education program for the general public. Our goal is to provide economic empowerment and to protect them from financial frauds.

Ladies and gentlemen. I have given you the broad picture of the impact of the Bangko Sentral ng Pilipinas on our economy and on our people's lives.

No doubt about it: we have a crucial and critical role in improving the lives of Filipinos. And so far, we have been doing quite well. However, the challenges ahead are increasingly complex. Oil price has breached \$140 and central banks all over the world are concerned about inflation. We do need to exert more effort to be even better. For this, we need to strengthen cooperation within our institution, we need to work closer, to unite as One Dynamic Team! Tama ba? Very good!

Now, let us ask the different sectors:

MSS under DG Diwa Guinigundo, are we one dynamic team?

RMS under DG Armando Suratos, are we one dynamic team?

SES under DG Nestor Espenilla, are we one dynamic team?

EMS, are we one dynamic team?

May video streaming nga pala na ginawa ang ITSS kaya napapanuod din tayo ng live sa SPC at sa regional offices and branches natin. Kumusta kayo?

Tatanungin ko rin kayo ha at irereport ni Asst. Gov. Eve Avila at ni Managing Director Pete Tordilla kung malakas din ang sagot ninyo.

SPC, are we one dynamic team?

RMSS, are we one dynamic team?

Now, everybody, is the BSP Family one dynamic team?!!! OK!

Fellow central bankers, we need to continue to re-invent ourselves and position our personnel for all the challenges that may lie ahead. The first 15 years of our journey has led

us to reorganize ourselves; upgrade employee compensation and benefits; strengthen our strategic planning and budgeting process; improve our facilities and equipment; align our training programs to world-class standards; send our best and brightest staff to the best universities; unveil progressive wellness programs; and open our doors to recruitment of fresh talents.

Moving forward, you can be sure, we will continue to invest in our people. After all, at the end of the day, good central banks are all about having good people. And you – ladies and gentlemen of the Bangko Sentral ng Pilipinas – you are our most valuable assets.

Mabuhay ang Bangko Sentral! Mabuhay ang Pilipinas!

Happy anniversary to all.