

## **Amando M Tetangco, Jr: Financial capability as a 21st century life skill**

Speech by Mr Amando M Tetangco, Jr, Governor of Bangko Sentral ng Pilipinas (the central bank of the Philippines), at the Citi-FT Financial Education Summit, Makati City, 5 December 2012.

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Mr. Michael Zink, Head of ASEAN and Singapore Citi Country Officer; Mr. Sanjiv Vohra, Citi Country Officer for the Philippines; Secretary Imelda Nicolas, Chairperson, Commission on Filipino Overseas; Ms. Brandee McHale, Chief Operating Officer, Citi Foundation; Mr. David Pilling, Financial Times Asia Editor; Ms. Kathy Hurley, Executive Vice President, Education Alliances, Pearson Foundation; distinguished resource persons; experts and practitioners in financial education; friends who have traveled from other countries; my colleagues in the BSP; ladies and gentlemen, good morning everyone!

Finally, this annual financial education summit is in the Philippines. Now on its 9th year, it continues to enjoy such high level of interest and support for its relevance to the times. Congratulate and thank Citi and FT and the other sponsors and organizers of this gathering.

For starters, its forum theme “Financial Capability as a 21st Century Life Skill” is an outright declaration that financial capability is a must-have-skill. I agree with this statement.

Indeed, the ability to make sound financial choices and decisions is essential to ensure one’s financial well-being. And yet, most people are sorely lacking in this necessary skill.

The summit’s keynote session pushes the envelope further: it raises the social, economic and moral imperatives of bridging the financial capability gap. Discussions are also bound to be thought-provoking on the topic “The Ultimate Financial Education Challenges – Impact, Scale and Sustainability.”

Ladies and gentlemen. The organizers of this summit have brought together world-class finance education experts and advocates to tackle these important issues. The Bangko Sentral ng Pilipinas is therefore pleased that it is a host partner in this Financial Education Summit.

For your information, the BSP was also co-host in the last two days of the Asia and the Pacific Regional Meeting on Child and Youth Finance organized by the Child and Youth Finance, International.

And three months ago, the BSP co-hosted with the OECD in Cebu the Asian Seminar on Financial Literacy and Inclusion.

It must be obvious, financial education is important to the Bangko Sentral ng Pilipinas. Both Mr. Zink and Mr. Pilling have given us a useful and comprehensive background on the objectives, issues, efforts being made towards expanding financial education and inclusion. I would like to tell you about our experience at the BSP.

The vision of the BSP as the country’s monetary authority and supervisor of the banking system is to be a catalyst for a globally competitive economy and a financial system that delivers a high quality of life for all Filipinos. While financial education may not immediately be considered a core function of a monetary authority or a supervisor of the banking system, it is actually quite intrinsically linked to our overarching goal and vision. To us, financial education empowers people to manage their resources with prudence, instills the discipline of saving regularly, and safely grow their money.

Thus, we believe that financial education empowers the citizenry to become effective partners of the BSP as productive economic agents and improves people’s lives.

With the importance we attach to financial education, the Bangko Sentral is implementing a nationwide economic and financial learning program. We follow a multi-dimensional strategy

covering 1) the learning sector including schools, public and private sector research work, and 2) the transacting public.

For the “learning” sector, we created Economic and Financial Learning Centers at our head office, three regional offices and 18 branches across the country. These are our primary in-house communication channels and the public’s focal point of contact in the BSP on information concerning economic and financial matters.

The BSP also conducts outreach activities, such as targeted seminars and expos to promote greater awareness and understanding of essential economic and financial issues.

For the transacting public, the BSP created the Financial Consumers Affairs Group (FCAG), a unit dedicated to assisting consumers who have concerns related to banking and financial services.

We have also forged partnerships to broaden and deepen our reach.

Among others, we are in partnership with the Department of Education for the integration of lessons on saving and money management into the elementary education curriculum of our 14 million elementary pupils.

Parallel to this, we forged partnerships with the Bank Marketing Association of the Philippines for the development of affordable child-friendly bank products including savings account with a minimum opening balance of P100 or less than US\$3.00.

We have also partnered with international organizations to help us benchmark our practices, share our learnings and exchange ideas. These include:

- 1) the International Network for Finance Education (INFE) created by OECD to promote and facilitate international cooperation on global financial education issues; and
- 2) the Group of the Alliance for Financial Inclusion (AFI), which counts as members policy makers and regulators in the developing world who are committed to financial inclusion.

Ladies and gentlemen. In scaling up its activities for consumer protection, the BSP is also intensifying its information campaign to ensure that intended benefits actually accrue to financial consumers.

For instance, we have been working on enhancing transparency in credit transactions to make sure people are not overcharged with “flat” interest rates and similar misleading methods. To ensure proper and immediate dissemination of such consumer protection measures, no less than our deputy governors explain the issues through mass media, including radio.

This may not mean much to some, but for tricycle drivers, for instance, who pay their motorcycles on instalment, the right to demand correct pricing translates to higher income for him and his family.

It is not enough therefore to craft responsive policies. We need to communicate and educate the people on what these means for them. On the other hand, we also need our people to be responsible and vigilant in protecting their rights.

Indeed, financial capability is a life skill that can lead to a better life.

I wish all of you therefore a fruitful and successful financial education summit.

Thank you and Mabuhay!