

Nestor A Espenilla, Jr: The BSP and some ABCs

Speech by Mr Nestor A Espenilla, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the 19th Inter-Collegiate Finance Competition (ICFC) Finals jointly organized by the Financial Executives Institute of the Philippines, through its Junior FINEX Committee, and JP Morgan Chase & Co., Manila, 28 November 2017.

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FINEX President Benedicta Du-Baladad, Junior FINEX Chairman Lofreda M. Del Carmen and Junior FINEX Committee Liaison Officer Benito Soliven III, Members of the Board of Judges headed by Mr. Edwin Fernandez, ICFC auditors from Isla Lipana & Company (Pricewaterhouse Coopers), ladies and gentlemen, a pleasant afternoon to everyone. It is my pleasure to welcome all of you to the Bangko Sentral ng Pilipinas (BSP).

The Financial Executives Institute of the Philippines (FINEX), through the Junior FINEX Committee (in cooperation with JP Morgan Chase & Company), has been successfully organizing and holding this inter-collegiate finance competition (ICFC) for the past nineteen (19) years.

We in the BSP support this endeavour. Like you, we firmly believe in the importance of promoting financial learning and literacy. We also recognize the transformative power of engaging the youth. This is why we have been a major sponsor of this ICFC event since 2007.

I understand that we have here today (advancing to the finals) no less than twenty (20) schools representing Cagayan de Oro, Central Luzon, Central Visayas, Davao, North Luzon, Western Visayas, and the National Capital Region. Some of you have travelled far to compete and represent your schools!

I am also very impressed to note that ICFC has gone global! There are two (2) teams from the University of Guam participating in these year's finals.

By besting more than eighty (80) other participating schools, all of you here already deserve to be commended! You have displayed tenacity and strength! In millennial speak – you are all #LODIs. (which I understand means “IDOL.”) Congratulations to all of you.

Competitions like these serve as a valuable training ground to foster greater understanding of the various aspects of finance. It is important to create a deeper awareness of why finance professionals are valuable given our rapidly changing and technology-enabled financial services industry. The current global financial landscape is being shaped by digital transformation, evolving regulatory standards, and changing demands from our growing population of young, technology-savvy and upwardly mobile financial consumers (our very participants at the ICFC today make up this dynamic market!).

The BSP, for its part, has embarked on a comprehensive financial sector reform agenda to proactively respond to this changing market landscape and conditions, while at the same time remaining committed to promoting the stability and soundness of the domestic financial system.

The contestants here are young. You have so much potential. There was a time when I too was your age, an economics major at the University of the Philippines in Diliman. I joined the Central Bank in 1981, right after graduating. I believed that it was through the practice of economics, through the disciplines and sciences of banking and finance that I would be able to make a difference for our country. Now, 36 years later, I am Governor of the Bangko Sentral ng Pilipinas, heading an institution responsible for shaping monetary, banking and financial policies.

Perhaps there will be those among you who will one day join our ranks here at the BSP. I realize

that this is not a career fair. But since it is quite refreshing and exciting to be in a room full of so many young people who have shown passion for the financial profession, I will take this opportunity to speak about how fulfilling it is to be part of team BSP. Maybe I can influence you in your future choice of career.

In the BSP, we engage in nation building through the formulation of monetary policy, banking supervision and the functioning of an efficient and reliable payments settlements system. We work so that there would be an enabling regulatory environment for businesses, commerce and industry to flourish and so that our citizens and firms could enjoy price stability as a foundation for making sound investment, consumption and savings decisions.

Through the BSP's pursuit of deep and meaningful financial and structural reforms through the years, along with policies and actions of National Government agencies and the indispensable cooperation of the private sector, the Philippines currently enjoys macroeconomic stability.

We are currently one of the fastest growing investment-grade rated economies in the region with a better-than-market forecast GDP growth of 6.9 percent in the third quarter of 2017. This is our 75th consecutive quarter of economic growth since the Asian financial crisis!

Amid this rapid growth, inflation remains within target, with estimates showing it will settle at 3.2 percent this year, 3.4 percent in 2018, and 3.2 percent in 2019, versus the official target band of 2.0 to 4.0 percent. We have maintained price stability through the BSP's adoption of the Inflation Targeting framework in 2002.

Our banking system is also strong and stable, with banks lending more to productive sectors. The BSP's risk-based approach (which requires banks to put up more buffers when taking on more risks), regulations on risk management, macro-prudential measures, alignment of regulations with international standards while observing peculiarities of the domestic economy, all ensure that banks perform in a safe and sound manner and that the economy is guarded against shocks that may affect financial sector stability.

It is indeed fulfilling (and a source of great pride) to work for an institution that is part of (and that influences) this narrative.

Looking back on my journey and how I began like most of you here ... full of ideas and brimming with passion, allow me to further share some ABCs which brought me to where I am today:

1. **Aspire to achieve.** Always have a deep-seated desire to achieve a certain goal. To do this, you need preparation and discipline. I am sure this resonates with all of you here as these are already the finals. All of you are here because of rigorous preparation. Apply the same tenacity, win or lose, as you leave the BSP Assembly Hall today.

2. **Build character – have grit.** Angela Duckworth, a University of Pennsylvania professor authored a bestselling book titled, *Grit: The Power of Passion and Perseverance*. She said grit, rather than talent or luck, predicts a high level of achievement. Grit is a combination of passion and perseverance;

Finally

3. **Chill.** It is important to maintain a cool disposition and possess a calm confidence. Otherwise, it is so easy to be distracted, weakening earlier preparation and even knowledge. *Sayang naman*. Do not let this happen.

With the background information I have shared with you on the BSP, and my ABC-tips – Aim to Achieve, Build Character (have grit) and stay Chill, I hope I have inspired you... not just for today's competition, but even as you complete your studies and as you contemplate on how best

to use your training in economics, banking and finance.

Thank you and congratulations in advance to the winners who will later emerge. Again, just by making it this far... you are all #LODIs. A pleasant day and to everyone!