

## **Nestor A Espenilla, Jr: Ancient to modern networks**

Speech by Mr Nestor A Espenilla, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the host country event "Past, Present and Future of the World Economy", ADB Headquarters, Manila, 4 May 2018.

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ADB President Takehiko Nakao, Chair of the ADB Board of Governors and Finance Secretary Carlos G. Dominguez III, distinguished guests and speakers, Good Morning!

The compelling theme, the powerful messages, the learned speakers, as well as the lively discussions that ensued will not only be imprinted in our minds, but will inspire us to work harder and closer to fulfill our goals.

The motivation to network, cooperate and collaborate is one that is ingrained in our common histories and in our very nature as global citizens.

This week, we were reminded of this shared intrinsic drive in the most fortunate way when we revisited the Silk Road discussed (no less) by an outstanding historian who authored a bestseller on the topic. Professor Peter Frankopan impressively granted us greater understanding of the past so that we could make better sense of the present.

For me, the discussion served as a reminder that to march on to the future we must wholeheartedly embrace our natural desire and need to continuously develop and grow through the sharing and trading, not only of resources, goods, products and services, but also of precious, innovative and transformative ideas.

For instance, the launch of the current Chinese government's "One Belt, One Road" initiative was inspired by the Silk Road initiative. The billions being poured into a reinvented and modern 'Silk Road,' comprising a network of around 60 countries in Asia and Europe will result in physical connections through land bridges, railways, utility grids and maritime highways. It will birth a new ecosystem of integrating networks which will benefit the Philippines and many countries in terms of the global and regional supply chains.

The "One Belt, One Road" initiative highlights China's growing influence. With this and other initiatives and resulting prominence, we ask, "will there be significant changes in rank and order in the brotherhood of nations?"

Even now in various multilateral institutions, emerging markets are clamoring for greater voice, representation and engagement. This is consistent with our increasing role and growing importance in the global economy. As we assess the shifts in the international economic order, there is increasing awareness that the rules of the game are changing.

Take FinTech as an example. This "Fourth Industrial Revolution" has transformed and is transforming the way people think and do things. Technological advances are changing our needs and wants. Disruptions to the economic and financial landscape brought by innovation and technology are the new normal. These disruptions may aggravate inequalities among nations, putting inclusive growth in peril. Will we be able to cope and compete? With the earlier discussions, I believe we are convinced that we will.

In the Philippines, we nurture a regulatory environment that will foster innovation while ensuring risks are effectively managed. We continuously monitor FinTech developments. We espouse proportionate regulation, multi-stakeholder collaboration and consumer protection. We do this because we believe that the democratization of technology enables efficiencies.

This phenomenon of Fintech, while new and exciting, shares commonalities with the Silk Road. Both are powerfully transformative. But like the Silk Road, FinTech's positive impact can only be sustained if its further development and use are done in an inclusive manner.

Technology is our now and our future. To harness its benefits, we must collaborate and leverage on each other's strengths. Only then will we be able to enjoy sustained economic growth over the long term. I would like to end with this thought.

This meeting is one of those opportunities to do just that. The Philippines is honored to have hosted this event and I am privileged to be able to close it. We thank everyone for your commitment that has made this event a success. I look forward to more collaboration and the pursuit of deeper and more meaningful relationships as we move from ancient to modern networks and as we move forward, thriving as co-participants in the journey of digital transformation.

Thank you and Mabuhay!