

Nestor A Espenilla, Jr: Forging partnerships in financial education

Speech by Mr Nestor A Espenilla, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the Launch of the Financial Literacy Program for Schools and MOA signing of the BSP, DepEd, and BDOF, Mandaluyong City, 28 May 2018.

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Department of Education Secretary Leonor Magtolis Briones, Usec Tonisito Umali, Usec Victoria Catibog, BSP colleagues, BDO Foundation President Mario Derequito, Nestor Tan, BDO President and Foundation trustee, fellow advocates of financial inclusion and education, partners from the private sector and media, and our educators and colleagues from DepEd, good afternoon.

Financial education is a powerful tool. It supports not just individual well-being, but also economic growth. With the ability to understand, select, and use financial services, individuals can take advantage of opportunities, and gain maximum benefit from participating in the formal financial system.

In the BSP, we firmly believe that a financially-learned citizenry can be more effective in productively contributing to economic growth. This is why the promotion of financial education has been our flagship advocacy since 2010.

From experience, we realize that to effectively promote financial education, coordinated multi-stakeholder action is needed.

There is much to be done. According to a World Bank study, on the average, Filipino adults can answer only three (3) out of seven (7) financial literacy questions. These questions span basic numeracy, computation of compounding interest, fundamentals of inflation, and investment diversification. Only two percent (2%) of Filipino adults have a grasp of these questions. The study also showed that Filipinos lack specific knowledge to make informed financial decisions, particularly with respect saving and borrowing.

These figures suggest substantial gaps in financial education. But they highlight clear areas of opportunity.

We must take hold of these opportunities as those who develop early habit of saving tend to outperform others in choosing financial products and services, in monitoring their expenses and in planning for retirement.

How early should these skills be instilled? The BSP believes that instilling financial management skills in children will provide the most impact.

We are convinced that embedding financial education into the formal school curriculum is an effective approach. As early as 2007, the BSP has worked with DepEd to integrate concepts on money management, saving, and basic economics into the elementary curriculum. This is done through the development of Teaching Guides. We hope to continue this partnership in light of our shift to the K to 12 curriculum. We are also open to other opportunities for collaboration where we can leverage on each other's expertise and networks.

Realizing that support from relevant stakeholders is crucial, the National Strategy for Financial Inclusion (NSFI) was launched to provide a platform for the private sector to collaborate with government in promoting financial inclusion and education.

We welcome and thank the BDO Foundation for engaging with us. By sharing key financial literacy messages not necessarily linked to particular products or providers, a better informed

consumer base with the capacity to make appropriate choices and become responsible clients is created. Our collective and concerted efforts will generate overall improvements in financial inclusion.

In closing, we encourage the educators here to see the value of the messages we are communicating. We urge you to apply them. In doing so, not only will you set credible examples to the youth, but you will also positively shape your own personal financial circumstances. The narrative would be most effective when concepts taught in class are consciously upheld and exercised. The results will attest and affirm the truth of the financial education messages.

With DepEd onboard, the commitment of our educators, and private sector support, we can collectively bring about healthy and wealthy financial futures for every child who goes through the Philippine educational system. What an exciting prospect!

The videos presented today, are creative, and relatable. This matters a great deal as retention of information and engagement relies on the effectiveness of chosen delivery mechanisms. We are very excited to share them with you.

Maraming salamat po sa inyong lahat. Mabuhay ang ating mga kabataan at mga guro!