

Benjamin E Diokno: Financial health for Filipinos through financial education

Speech by Mr Benjamin E Diokno, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the BSP Financial Education Stakeholders Expo, Pasay City, 25 November 2019.

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National Economic Development Authority (NEDA) Undersecretary Rosemarie Edillon; Department of Education (DepEd) Undersecretary Ann Sevilla; Philippine Stock Exchange (PSE) Chief Operating Officer Atty. Roel Refran; educators; fellow public servants; development partners; leaders from the financial services industry and non-government sectors; friends from the media; honored guests; good morning.

The Bangko Sentral ng Pilipinas (BSP) welcomes you to the 2nd Financial Education Stakeholders Expo. Thank you for joining this annual event for financial education.

In 2018, about 1,000 financial education experts, practitioners and advocates gathered here in SMX for the first ever Expo. We envisioned it to bridge different players in the financial education space. We sought to know of their ongoing initiatives, understand challenges, and find opportunities for collaboration and partnerships. We wanted to determine ways forward to achieve shared financial education objectives.

In a year, the seeds of collaboration planted in 2018 have started to take root. Today we convene again to showcase the progress we have made, and what more we can do together.

Allow me to share what we can expect from the 2019 Expo. The plenary sessions will present how financial education contributes to green and sustainable development. Top financial advisors will impart lessons on responsible financial planning, making our money grow and becoming good financial role models. Similar lessons will be highlighted in a theater production after the lunch break – this is quite interesting so stay tuned.

Tomorrow is just as exciting. We will go into breakout sessions, delve deeper into financial education challenges and solutions, and learn more about stock market investing. We will have entertaining sessions like a financial education board game, a financial literacy game show, an awards program, and a raffle draw for all Expo participants.

There will be special performances from actor (Mr. Xian Lim) and a percussion group (Batangas Drumbeaters). So you better be here tomorrow to enjoy the fun!

We also have 76 exhibit booths (60 Exhibitor Institutions/Entities) in the other room (Function Room 5). Our Expo partners are showcasing their wares, ranging from financial products and services to handicrafts by microentrepreneurs. The two-day Exhibit is open for all Expo participants and the general public – so you may invite your friends to visit the booths.

The 2019 Expo activities are anchored on our objective of bringing the BSP closer to Filipinos. Our three strategic advocacies – financial education, financial inclusion and consumer protection – are all means towards this end.

Through financial education, we equip Filipinos with the ability to understand, select and prudently use financial services. Through financial inclusion, we enable Filipinos to conveniently, safely and digitally access affordable and fit-for-purpose financial services. With consumer protection, we beget greater trust by Filipinos to transact with formal financial institutions observing customer-centric and ethical business practices.

We implement these advocacies not only because they embody the BSP mandate to “promote broad and convenient access to high quality financial services and consider the interest of the general public” (Republic Act No. 11211).

We focus on financial education not only because two laws, the Youth Entrepreneurship Act (RA No. 10679) and the Economic and Financial Literacy Act (RA No. 10922), urge government institutions to do so.

Rather, we pursue these advocacies because we want every Filipino to be financially healthy.

Financial Education Towards Financial Health

Financial health happens when an individual makes financial plans and priorities; balances income and expenses; builds and maintains financial reserves; manages existing debt and has access to potential resources; manages and recovers from financial shocks; and uses an effective range of financial tools. Center for Financial Services Innovation, 2017, Financial Health Indicators for a Developing World, Beyond Financial Inclusion: Financial Health as a Global Framework.

The BSP vision is a financially healthy citizenry making wise financial decisions and contributing productively to the Philippine economy. This is consistent with Ambisyon Natin 2040 goal of having Filipinos “enjoy a stable and comfortable lifestyle, secure in the knowledge that we have enough for our daily needs and unexpected expenses, that we can plan and prepare for our own and our children’s future.”

You are part of this Expo because we know that you share this vision. We are confident that you and your institutions can play significant roles in making this vision a reality.

The challenge is great, given the low level of financial literacy of Filipinos. Survey shows that Filipinos have marginal understanding of compounding interest; the effect of inflation on the purchasing power of households; and investment risks, returns and diversification.

But there is good news – we’re not starting from scratch. The BSP began the groundwork when we implemented the Economic and Financial Learning Program from 2010 to 2017.

We intensified building the foundations in 2018 as we shifted to a partnerships approach. With this approach, we are deepening industry relationships and widening the scope and reach of our financial education programs. We are now leveraging on partners’ competencies and resources, and moving towards scalable, sustainable and measurable financial education programs.

Updates on Financial Education Partnerships

To date, the BSP has institutionalized financial education partnerships with key government agencies.

Department of Education

We support DepEd in integrating financial education in the K to 12 curriculum to address learners’ needs; and incorporating personal finance management (PFM) sessions within regular training programs for teachers. We expect to reach 29 million learners and more than 800,000 teaching and non-teaching personnel. Imagine how the country will benefit when every learner who goes through the basic education system imbibes correct money values, and grows up to become financially-savvy citizens, innovators, business owners and political leaders.

Under this partnership, we have so far co-developed 10 videos and 24 lesson exemplars as classroom learning tools. We have also developed a personal finance management module for teachers, and capacitated around 300 trainers to cascade the module to their peers and

colleagues nationwide. We also support DepEd in finalizing the policy and roadmap for financial education integration.

We will learn more about DepEd's milestones from Undersecretary Sevilla (last speaker of the opening ceremony), and during the DepEd breakout session tomorrow morning.

Overseas Workers Welfare Administration

The BSP supports Overseas Workers Welfare Administration (OWWA) to implement the Pinansyal na Talino at Kaalaman (PiTaKa) campaign. Under this campaign, we are developing standard financial education modules fit for OFWs. The modules will be embedded in mandatory orientations that OFWs and their families are required to undertake.

To date, we have completed a financial education module for use in Pre-Departure Orientation Seminars (PDOS) and presented it to more than 600 trainers from OWWA-accredited PDOS providers. In turn, they will cascade the module to reach over 2.3 million land-based and sea-based OFWs.

Standard modules are also being developed for Post Arrival Orientation Seminars (PAOS) and General Orientations for OFW Families. Full roll-out of the PiTaKa campaign would mean an outreach of around 10 million Filipinos living and working abroad. Note that this figure does not yet account for their families in the Philippines.

The BSP works with the Civil Service Commission (CSC), the Armed Forces of the Philippines (AFP) and all its branches – the Philippine Army, Philippine Navy and Philippine Air Force.

We aim to embed financial education sessions in training programs required for completion by civil servants and AFP personnel. This objective is in line with CSC's thrust to enhance financial literacy skills of the public sector workforce, and with the AFP Transformation Roadmap which considers financial wellness as integral pillar of personnel's holistic development. These partnerships will cover an estimated 1.7 million civil servants and 140,000 AFP personnel.

We believe that financial education can be an instrument to achieve employees' financial health as well as enhance public sector productivity. Studies show that financially stressed employees are more likely to miss work, or experience reduced productivity.

Aside from these ongoing partnerships, we will soon engage the police force and firefighters, by signing financial education agreements with the Philippine National Police and Bureau of Fire Protection in 2020.

We are also targeting financially underserved sectors like MSMEs, beneficiaries of the government's cash transfer programs, persons with disabilities, and young professionals from the Business Process Outsourcing (BPO) industry. For this purpose, we have initiated discussions with the Department of Trade and Industry (DTI), the Department of Social Welfare and Development (DSWD), the National Council for Disability Affairs (NCDA), and the IT and Business Process Association of the Philippines (IBPAP).

Private Sector Support

In all these partnerships, we are grateful for private sector support. These stakeholders are deeply committed to carry-out financial education programs as part of their corporate social responsibility and devoid of commercial interests. These include – in alphabetical order – the BDO Foundation, BPI Foundation, Maybank Foundation and Visa Foundation.

We thank the Asian Development Bank (ADB) for assisting in the development of a Monitoring and Evaluation (M&E) Framework for all our partnership programs. With an M&E Framework in

place, and an envisioned national financial capability survey in 2020, we hope to see evidence of progress and determine opportunities for future work in financial education.

I shared the updates to give a sense of the breadth of the work that still needs to be done, the areas where multi-sectoral support is needed, and the opportunities for partnerships. Consider this my call to action.

Consider also the rags-to-riches life stories of “Tatang” Henry Sy, Sr. and “Big John” Gokongwei, Jr. Both left legacies of multi-million business empires. But let us not overlook that both started from small incomes, used their money well, practiced prudent financial and business management, and became the moguls we know them to be.

Every Filipino might not reach the same success, but we can try to help them, and ourselves, to achieve comfortable levels of financial health.

Through complementary, coordinated and collaborative financial education programs, we must aim to change the life of every Filipino towards a financially healthy future. In this Expo, we hope to generate concrete ideas on how you and your institutions can be financial education champions and agents of change.

To end, former U.S. President Harry S. Truman once said, “Actions are the seed of fate. Deeds grow into destiny.” As we act together, and gather critical mass, we can altogether achieve our desired destiny – a financially healthy nation.

Good morning again and mabuhay