

## **Benjamin E Diokno: 2021 BSP Outstanding Stakeholders' Appreciation Ceremony**

Message by Mr Benjamin E Diokno, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), for the 2021 BSP Outstanding Stakeholders' Appreciation Ceremony, 29 July 2021.

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Ladies and gentlemen, welcome to the 2021 Outstanding BSP Stakeholders Appreciation Ceremony.

Our theme, “Pagpupugay at Pagkilala: Sa Gitna ng Hamon ng Pandemya,” sums up what we are about to do today—give due recognition to you, our partners, who have gone beyond the call of duty in the name of service at the height of the global health crisis.

It has been more than a year since the pandemic began, and, with cautious optimism, we can say that the worst is over.

Though our economy received big blows because of the pandemic, we started to see green shoots of recovery as early as the third quarter of last year. This is because of the whole-of-nation approach that we, which includes each of you, employed.

Before the pandemic, we are in what we can call as a position of strength, with ample fiscal and monetary buffer that the country used to respond to the crisis.

Amid the pandemic, we in the BSP opened our toolkit. We cut policy rate to a historic low of two percent and reduced the reserve requirement to 12 percent—all these to boost market confidence and free up more funds for lending to businesses and households.

Extraordinary times call for extraordinary measures. With legal safeguards in place, we extended lifeline support to the national government in the form of provisional advances worth P540 billion to augment its resources for COVID-related spending.

In sum, the BSP injected P2.2 trillion into the financial system, equivalent to 12.3 percent of the country's gross domestic product for 2020 as of July 21, 2021.

At the same time, we implemented various time-bound regulatory relief measures to enable banks and their clients manage the impact of the pandemic on their finances.

These measures range from grace periods for loan payments to capping of interest rates on credit card usage, among others.

As we gear up toward recovery, we are also building the foundation of the “New Economy” through digitalization and financial inclusion.

Why finance digitalization? Financial technology makes transactions easier and faster, which in turn, speeds up income. It also makes financial products and services accessible to a greater number of people, which in turn, enhances financial inclusion.

In October last year, the BSP launched the Digital Payments Transformation Roadmap. Our goal is to shift from a cash-heavy to a cash-light society, where at least half of financial transactions are done digitally.

By 2023, our other goal is that at least 70 percent of the adult population should have financial accounts.

It is worth noting that in the wake of the pandemic, financial transactions coursed through digital platforms InstaPay and PesoNet rose dramatically by 155.4 percent and 22 percent, respectively, in May 2021 as compared to the same period in 2020.

Last year, more than eight million electronic money accounts were created. We expect more as the BSP approves the license applications of incoming industry players.

The establishment of digital banks will bring about greater efficiency and extend the reach of financial products and services among the unbanked, including MSMEs.

We have also taken steps to allow for more extensive use of QR codes for payments. Last April, we extended the payments use case of the QR Ph to include person-to-merchants or P2M.

Compared with using point-of-sales terminals, QR technology presents small merchants with a simpler and more affordable payment facility.

The BSP also supports the Philippine ID System or PhilSys because this will address the lack of identity documents which is among the most common barriers to account opening.

To help us spread the gospel of financial inclusion and digitalization, we recently partnered with our youth, and hopefully, made enthusiastic ambassadors of them. We held our first-ever BSP Youth Summit last July 9 with the theme, “Ibangon natin ang ekonomiya, i-digital mo na!”

More than 38,000 registered for this livestream event, which garnered more than 30,000 views on Facebook as of July 21. Eleven youth organizations signed statements of support for our digitalization and financial inclusion agenda.

This makes me hopeful that our youth—like you, our dear stakeholders—are strong partners in bringing our services closer to the Filipino people.

As we make our way toward the New Economy, we should be able to transform old ways into sustainable, green ones. So, we start within our own backyard.

The BSP launched its internal Sustainable Central Banking program, which fosters environmentally responsible and sustainable policies and work practices within the BSP.

We have started instilling environmentally sound habits among ourselves by prohibiting single-use plastics in our premises.

We also issued the Sustainable Finance Framework which forms the first phase of our enabling regulations on sustainability.

For all these great initiatives to flourish, we need your support. You have been our partners in statistical undertakings, information requirements, advocacy programs, and various initiatives for many years.

You never left us even during the most trying times. Now, we enjoin you to help us prepare for the New Economy by promoting digitalization, financial inclusion, and sustainability. Together, we can B-S-P — Build a Stronger Philippines.

Today, we celebrate; and tomorrow, we will do great things again. On behalf of the BSP, let me extend our gratitude to all our outstanding partners who have been our anchors and pillars throughout this journey.

Congratulations at mabuhay tayong lahat!