

## **Eli M Remolona: Speech - ACI Phils-FMAP-IHAP-MART-NASBI-TOAP joint general assembly**

Speech by Mr Eli M Remolona, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the ACI Phils-FMAP-IHAP-MART-NASBI-TOAP joint general assembly, Manila, 23 October 2025.

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Magandang gabi sa inyong lahat.

What a pleasure to be here with you tonight, with six major financial market organizations present. This is a singular opportunity to share my thoughts on our money and bond markets.

So, let me thank the ACI [Philippines], the FMAP (Fund Managers Association of the Philippines, Inc.), the IHAP (Investment House Association of the Philippines), the MART (Money Market Association of the Philippines), the NASBI (National Association of Securities Broker Salesmen, Inc.), and the TOAP (Trust Officers Association of the Philippines) for letting me join you tonight.

For the BSP (Bangko Sentral ng Pilipinas), the importance of the money and bond markets comes down to two things: our mandate for price stability and our mandate for financial stability.

Let me say a few things about price stability. I think our money and bond markets are a little bit like the mayor of my hometown, Mauban, in Quezon province, and this is especially true during stormy weather.

When we do monetary policy, for the sake of price stability, we may decide that we should go maybe from Manila to Mauban, my hometown. Our policy would help us navigate the SLEX (South Luzon Expressway), the Star Expressway, and a few other highways. But somewhere after that, we have to decide between going through Lucban or going through Luisiana. The right choice depends very much on the weather.

At that point, it would be nice if we could text the mayor of Mauban and ask, "Mayor, saan ba mas magandang daan, Lucban o Luisiana?" The money markets and the bond markets are kind of like the mayor of Lucban. He helps guide us where we want to go.

Our money and bond markets are maybe not yet at the level of the mayor of Mauban, but we are making progress.

We are pleased, for example, that at the short end of the yield curve, at least, you have started to use the GMRA (Global Master Repurchase Agreement) contract for repo transactions. That contract, as you know, was introduced in 1992, was revised a few times, and has proven useful around the world.

So, it is about time that we joined the rest of the world.

We would like also to invite more foreign portfolio investors into our bond market.

For this to happen, we have asked JPMorgan [Chase & Co] to include our peso government bonds in its Global Emerging Markets Bond Index-something that has been transformational for other markets.

Let me now turn to financial stability.

In 1998, in the wake of the Asian crisis, Alan Greenspan said the crisis turned out so badly because the financial systems in Asia had no spare tire. What he meant was we had banks, but we had no corporate bond market. This was back in 1998.

When banks run flat, we need other sources of financing, like the corporate bond market. I think that our corporate bond market in the Philippines is also like my hometown, Mauban.

My father himself was a proud Mauban. He would always say, "Sa Mauban, lahat ng lalaki, makikisig; lahat ng babae, maririkit; at lahat ng bata, first honor."

Our corporate bond market sounds a bit like that. Almost every issuer is "AAA." Ninety-six percent of our market is "AAA."

We are told that this is a sign of a strong market. But actually as we all know, it is a sign of a thin market.

Thailand's market is different. The Thais heeded Greenspan's call. There, only 6 percent of the corporate bond market-the corporate bond issuers are "AAA," 23 percent are "AA," 58 percent- most of the market, "A," and another 13 percent, "BBB."

Relative to GDP (gross domestic product), their corporate bond market is five times larger than ours. I think that is the kind of market Greenspan had in mind.

With your help, we can get there, too.

We need stronger credit rating capabilities and better risk differentiation. We need a real spare tire.

Indeed, deeper money and bond markets will help us steer the economy and keep it going when things get tough.

For price stability, we need a responsive mayor of Mauban-type navigator.

For financial stability, we need a reliable spare tire.

Maraming salamat po.