

# Banking the Unbanked through International Remittances

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# THIS PRESENTATION

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- 1** Philippine Digital Payments and Financial Inclusion Landscape
- 2** COVID-19 pandemic as catalyst for greater adoption of digital payments
- 3** Remittance Landscape
- 4** Enabling Regulatory Framework
- 5** Digital Payments Transformation Roadmap



# Philippine Digital Payments Landscape

Data as of:

2013

2018

2019

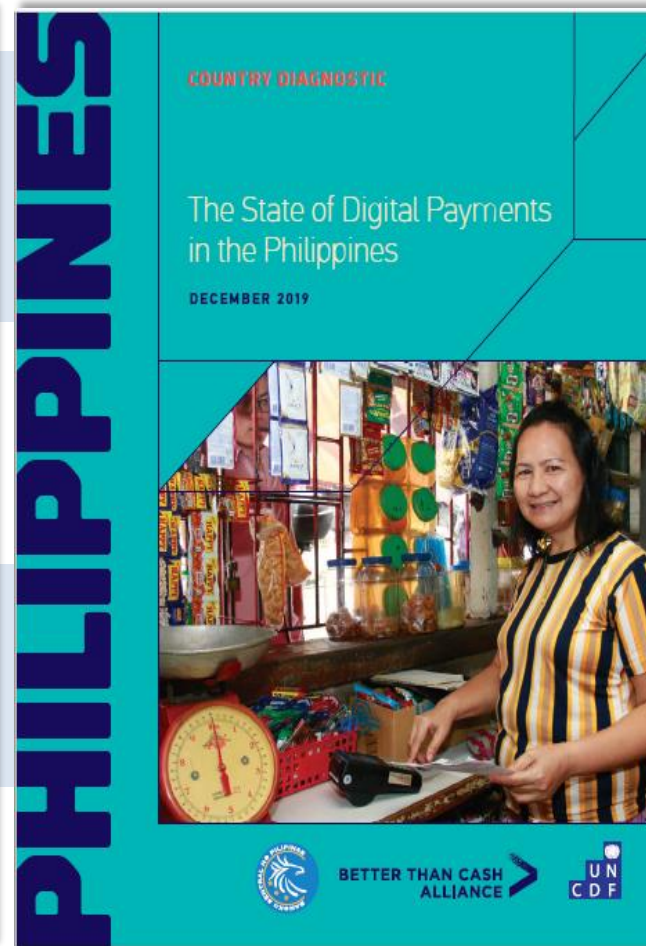
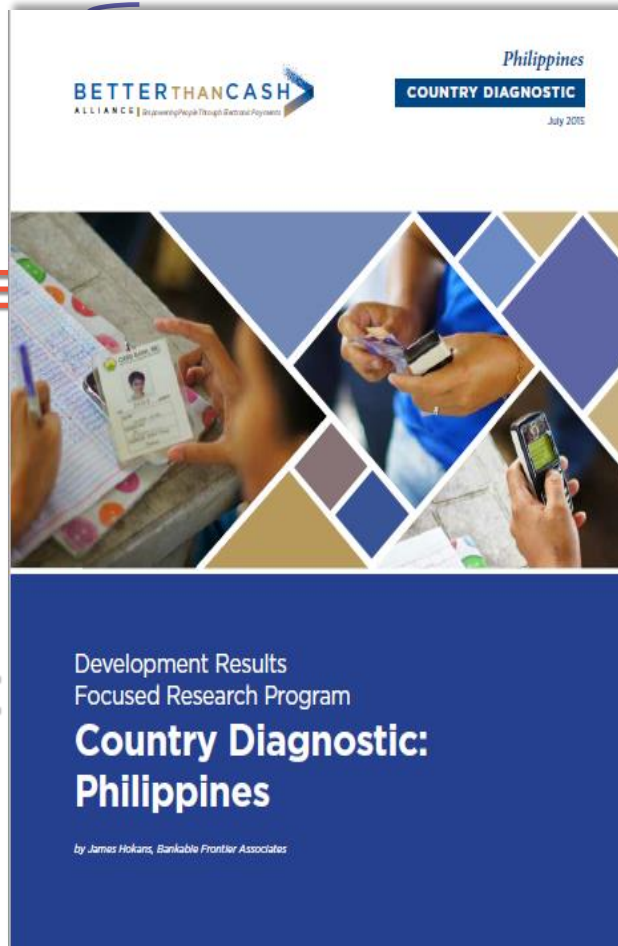
1H 2020

VOLUME

(Monthly Average)

VALUE


(Monthly Average)



# Philippine Digital Payments Landscape



## H1 2020 Digital Payments Statistics

**82%** 

Increase in G2X payments from 54% in 2013.



**19%**

of P2X payments are made digitally



**66%**

total increase in digital merchant payments as the main driver of growth.



**23 million**

Filipinos with debit and prepaid accounts

**14 million**

Number of Filipinos with active mobile money accounts.



**78%**

of the 4.6 billion monthly payments are from Consumer Payments.

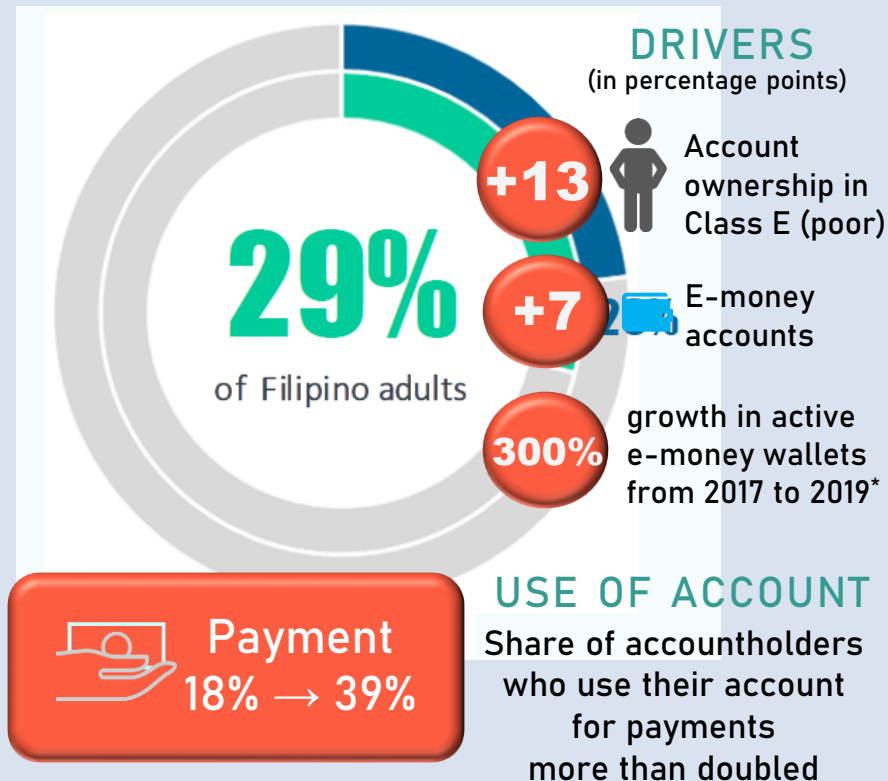




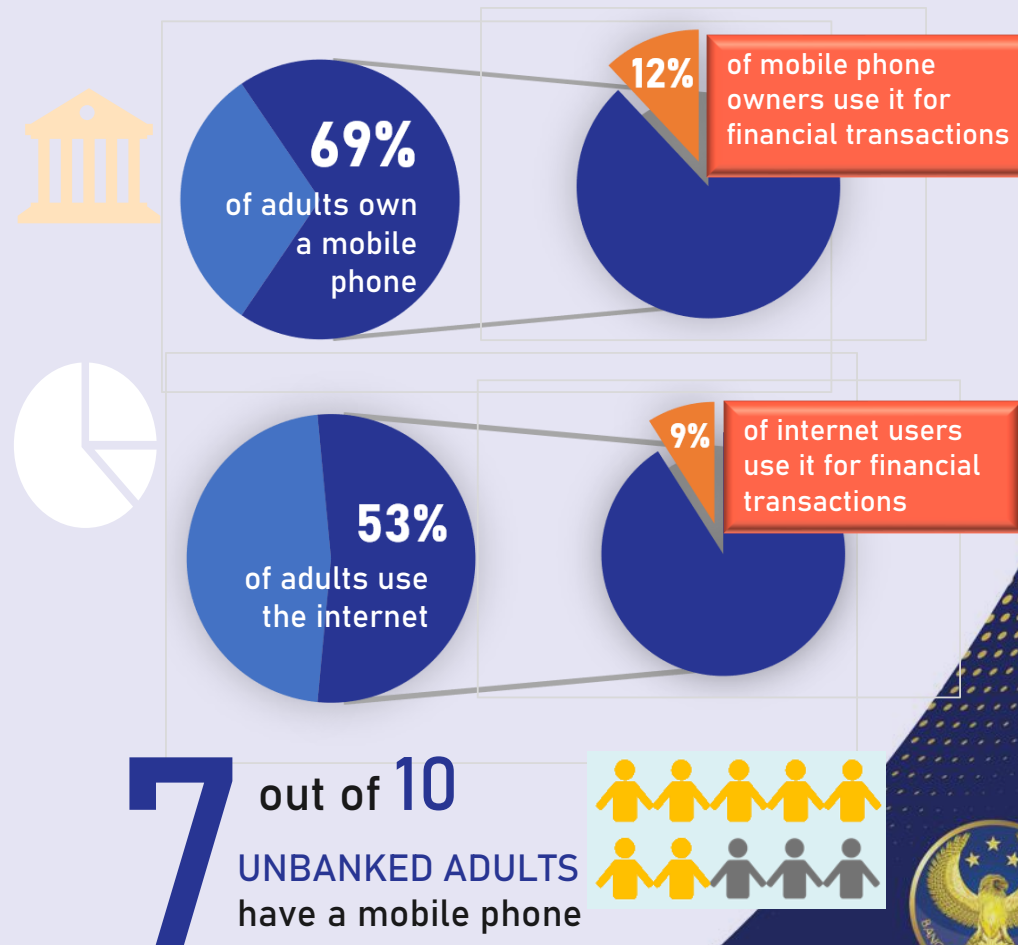


Digital technology can indeed massively promote financial inclusion and remittance is one use-case that represents a huge untapped client base for transaction accounts and digital financial inclusion.

## ACCOUNT OWNERSHIP



## OPPORTUNITIES IN DIGITAL FINANCE



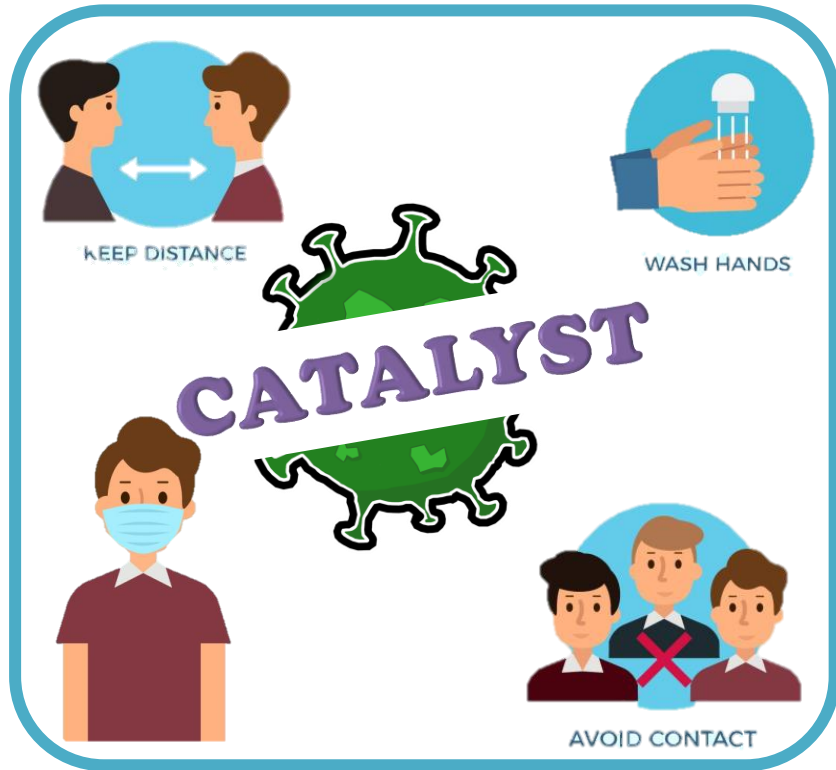
Sources:

2019 BSP Financial Inclusion Survey

\*BSP Financial Inclusion Dashboard (as of Q4 2018 and Q4 2019)



The COVID-19 pandemic has emerged as a significant catalyst to hasten developments in innovations and the impetus to drive digital payments transformation in the New Normal.



# Remittance Landscape

## Recent Statistics on Overseas Filipino Workers



**2 million**

Filipinos leave every year to work overseas.



**80-90 thousand** OFWs permanently transfer to another country.

**3% average growth annually** On the increasing number of OFW contract renewals.

**2.2 million** OFWs worked abroad at any time.



**73%** among international migrants surveyed in 2018 have working visa.



**96.8%** of total OFWs is comprised of Overseas Contract Workers (OCWs).

## Data on Cash Remittances



**1.9 million** cash remittances sent to their families.

**211.9 billion** total remittances sent as of 2019.



**32.8%** of remittances were put into savings.

**29.9 billion** cash remittances in 2020 declined by 0.8% from 2019 as a result of the COVID-19 pandemic.



**4<sup>th</sup> largest** remittance-receiving country in the world is the Philippines.

**10%** of Philippine GDP is equivalent to annual remittances.





The BSP is committed to provide the enabling regulatory framework that would support the safe, efficient and affordable delivery of remittances in the PH

## National Retail Payment System



Interoperable retail payment system allowing consumers to transfer funds from their own account to any BSP-regulated transaction account using any device.

## Digital Banking Regulation



Digital banks offer financial products and services that are processed end-to-end through a digital platform and/or electronic channels with no physical branches.

## Account-based remittance transfers



The BSP aims to democratize access to a transaction account for all Filipinos.

## Digital Financial Literacy



Promote digital financial literacy and consumer protection to build inclusive digital finance ecosystems that benefit and empower migrants and their families.





# BSP Digital Payments Transformation Roadmap 2020-2023

## THE DIGITAL PAYMENTS TRANSFORMATION ROADMAP 2020-2023

Efficient, inclusive, safe and secure digital payments ecosystem that supports the diverse needs and capabilities of consumers and businesses, towards achievement of the BSP's mandates

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### STRATEGIC OUTCOMES:

Strengthened customer preference for digital payments



50% of total retail transaction volume is digital, 70% of Filipino adults are financially included

More innovative and responsive digital financial services



Innovation-driven use of consumer data for product development; PhilSys-enabled KYC; Next-gen payment and settlement system

### DIGITAL PAYMENT STREAMS

Focus on digitalizing payment streams to catalyze broader adoption of digital payments among consumers & businesses

IMPACT ON CURRENCY PRODUCTION & PROJECTION

### DIGITAL FINANCE STRUCTURE

Enhance key infrastructure that support the expansion of an inclusive, digital payments ecosystem

### DIGITAL GOVERNANCE & STANDARDS

Promote responsible digital innovations through a digital governance framework that covers digitization policies and standards

ENABLING POLICY & REGULATORY ENVIRONMENT

INTER-AGENCY/STAKEHOLDER COLLABORATION

DIGITALLY-TRANSFORMED BSP

BSP is committed to support the delivery of universal access to safe, affordable and convenient digital payments for all Filipinos.

