

ITUEvents

# FIGI Symposium

22-24 January 2019  
Cairo, Egypt

#financialinclusion

**FIGI** > FINANCIAL INCLUSION  
GLOBAL INITIATIVE



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BILL & MELINDA  
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Committee on Payments and  
Market Infrastructures

BANK FOR INTERNATIONAL SETTLEMENTS



WORLD BANK GROUP



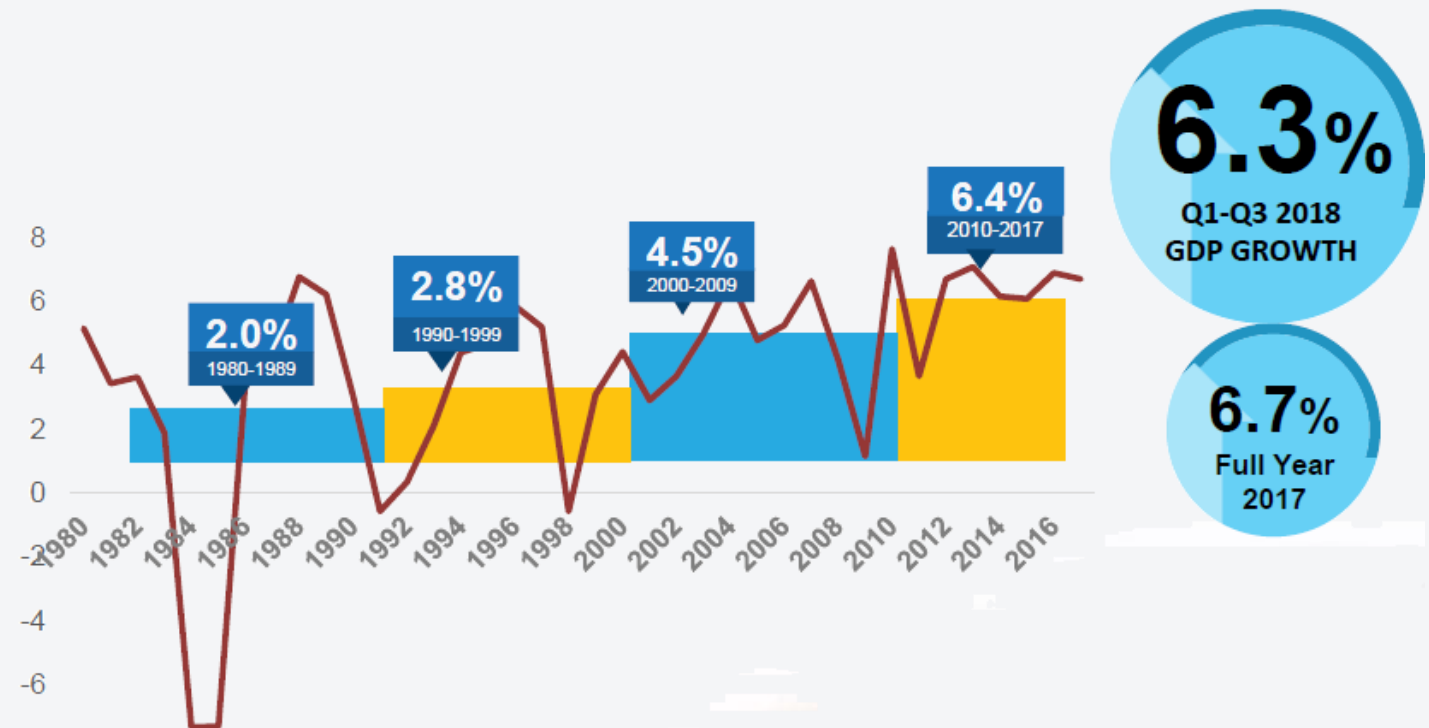
# The Latest in RegTech, Suptech



# Background: Philippines



Population (2017)	104.9 million
Land area	300,000 sq. km
Number of islands	7,641
Capital	Manila
Administrative units	17 regions, 81 provinces, 145 cities, 1,489 municipalities
Official languages	Filipino, English
Simple literacy (2013)	96.5%
Employment rate (July 2018)	94.6%
Poverty incidence of population (2015)	21.6%
Average annual family income (Oct 2016)	PHP 267,000 (USD 5,106)
Inflation rate (Dec 2018)	5.1%
Exchange rate (Jan 2019)	USD 1 ≈ PHP 52
GDP per capita (2017)	USD 2,989



Source: Philippine Statistics Authority (PSA) as cited by National Economic and Development Authority (NEDA)

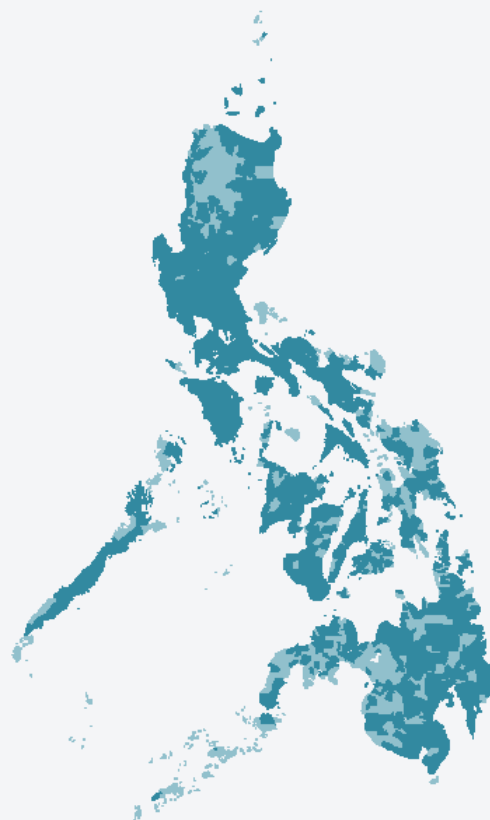
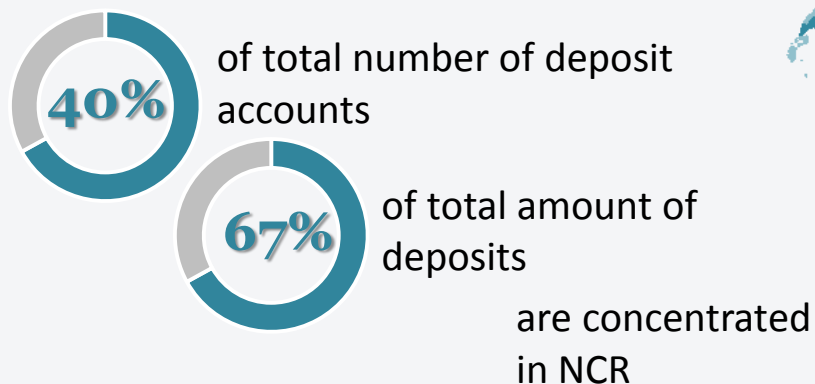
# State of Financial Inclusion in the Philippines



## ACCESS

### UNBANKED

**553**  
out of  
**1,634**  
cities and  
municipalities



With at least one banking office  
Unbanked

## USAGE

- 48%** of adults have savings, but...
  - 7 in 10** keep their savings at home
- 22%** of adults have outstanding loans, but...
  - 4 in 10** obtain their loan from informal sources
- 18%** of adults have insurance
- 3%** of adults have investment in bonds, stocks, UITFs and mutual funds
- 23%** adults with a formal account



# Opportunities for Digital Finance

**1/3**

of the population  
are millennials

(PSA, 2015)

**23**

median age of  
Filipinos

(PSA, 2015)



**6 out of 10**

without bank deposit  
but with mobile phone

(FINTQ, 2018)

**9 out of 10**

adults with payment  
transactions

(BSP, 2017)

**18%**

of account owners use  
account for payments

(BSP, 2017)

**113%**

SIM  
penetration

(GSMA, 2017)



**63%**

smartphone  
adoption

(GSMA, 2017)



**63%**

social media  
penetration

(We Are Social, 2018)



**58%**

unique mobile  
user penetration

(We Are Social, 2018)



**63%**

internet  
users

(We Are Social, 2018)



**3 hrs, 57  
mins**

average time spent on  
social media per day

(We Are Social, 2017)



# RegTech and SupTech

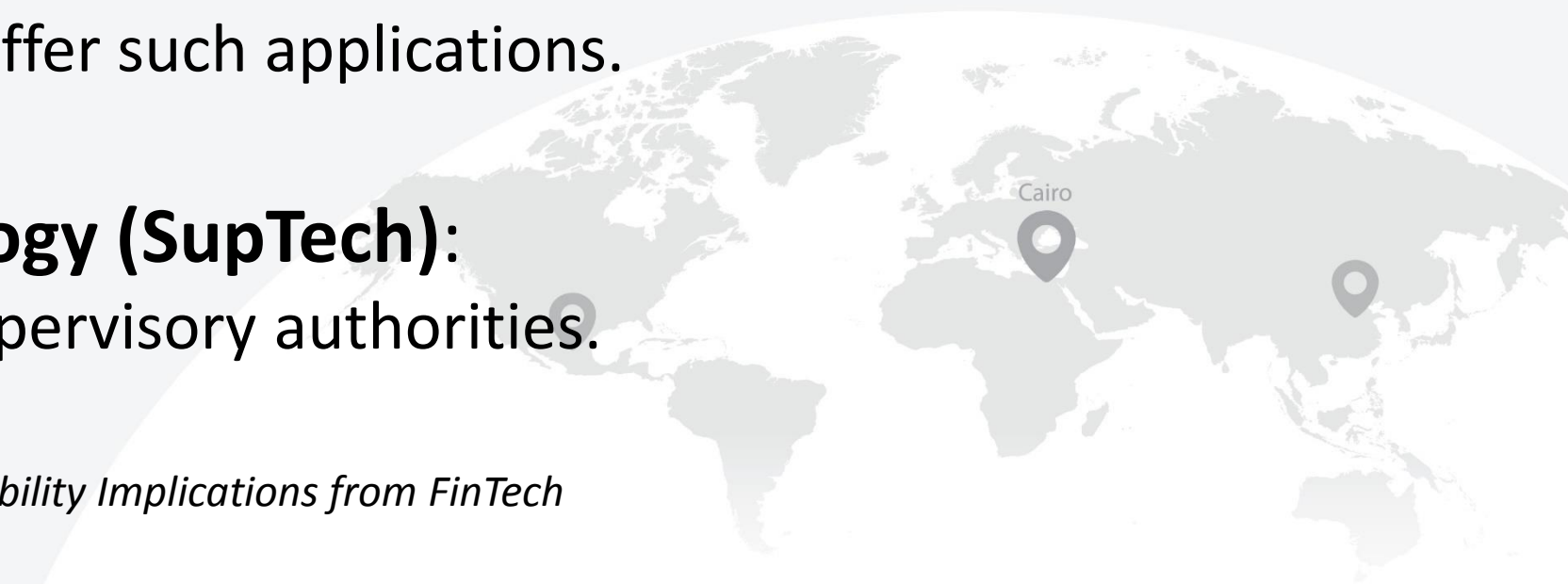
## Regulatory Technology (RegTech):

any range of applications of FinTech for regulatory and compliance requirements and reporting by regulated financial institutions. This can also refer to firms that offer such applications.

## Supervisory Technology (SupTech):

the use of FinTech by supervisory authorities.

*Source: FSB (June 2017). Financial Stability Implications from FinTech*





# Objectives



1. Keep pace with market developments
  - Speed of change of business models, players, activities
  - Availability of data
2. Leverage on technology to achieve supervisory and regulatory objectives
3. Lower compliance cost
4. Signaling to market: openness to innovations



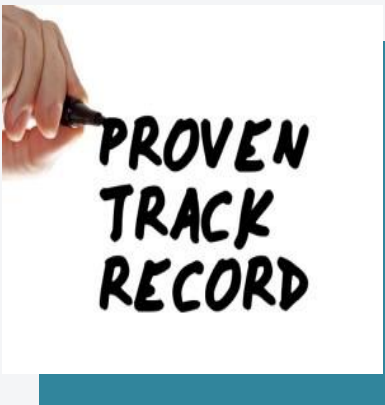
# Initial Challenges



Legacy  
systems



Lack of accessible  
marketplace of  
solutions



Not enough  
success  
models

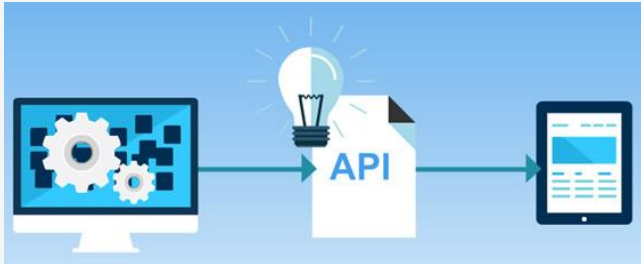


Skills and  
competencies





# RegTech Solutions Being Explored by BSP



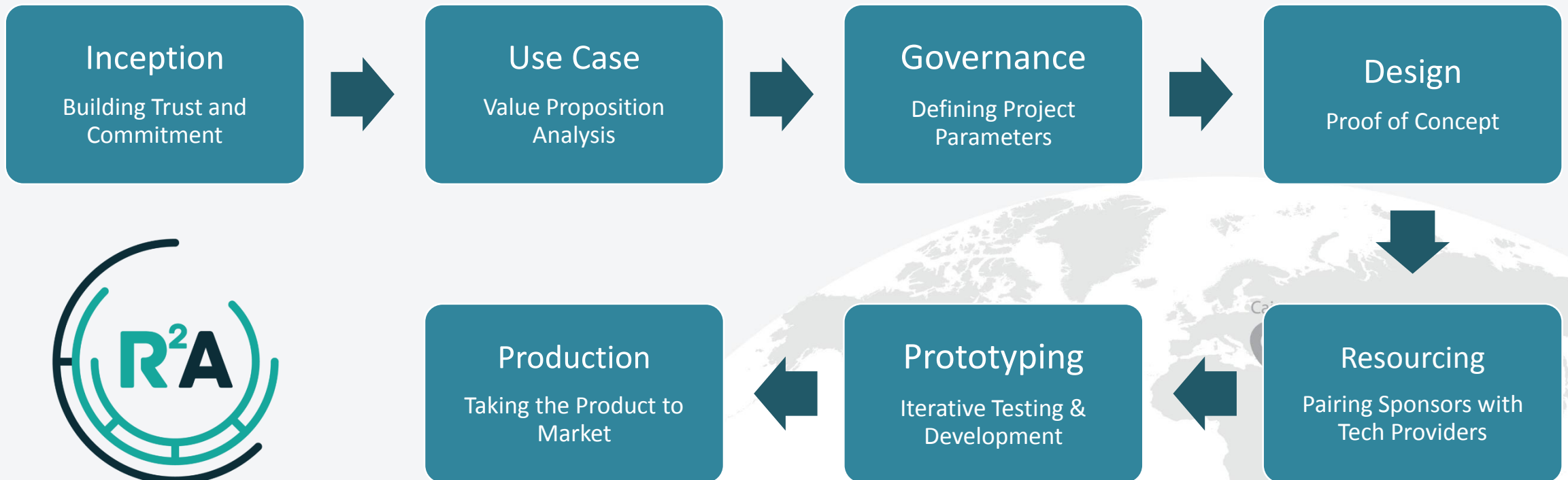
**API-based Prudential Reporting System**



**Chatbot for Customer Complaints**



# R<sup>2</sup>A Process



RegTech for Regulators  
Accelerator

# Regulatory Reporting Process



Reports in separate files  
submitted in Excel based  
templates



Long reconciliation cycle due to  
high volume of reports processed  
resulting to late feedback of  
validation results



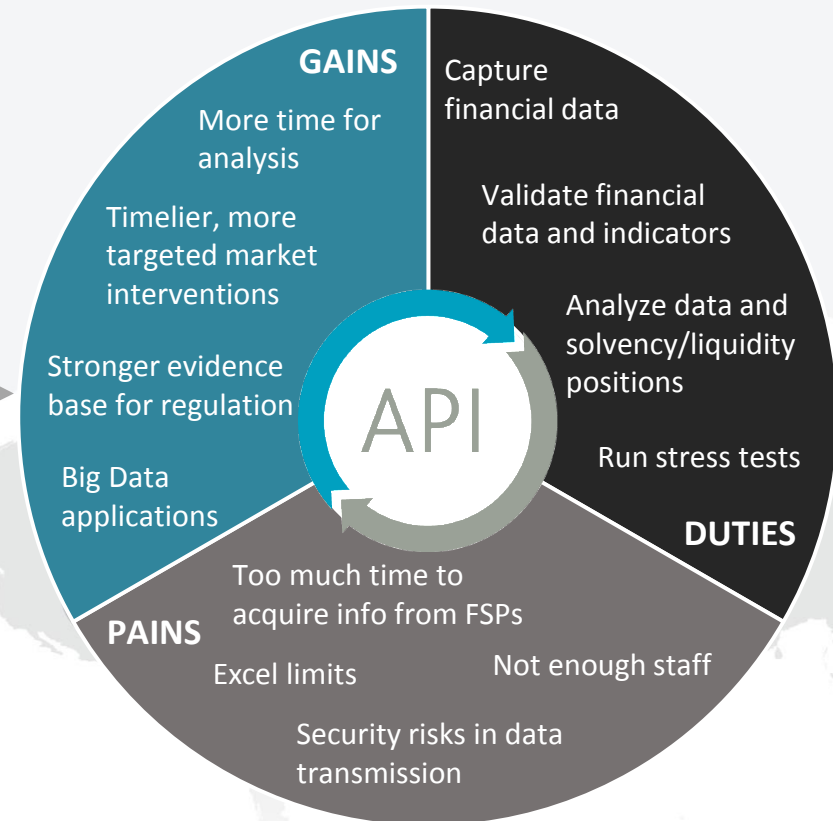
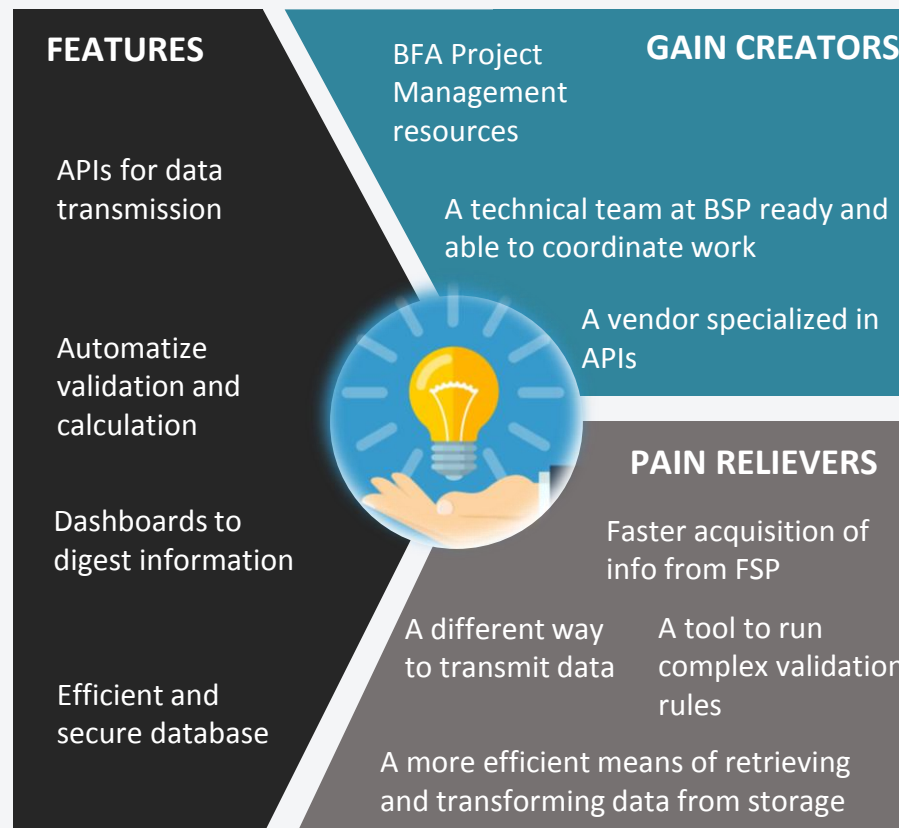
SUBMIT

Report submission through  
regular email from registered  
senders

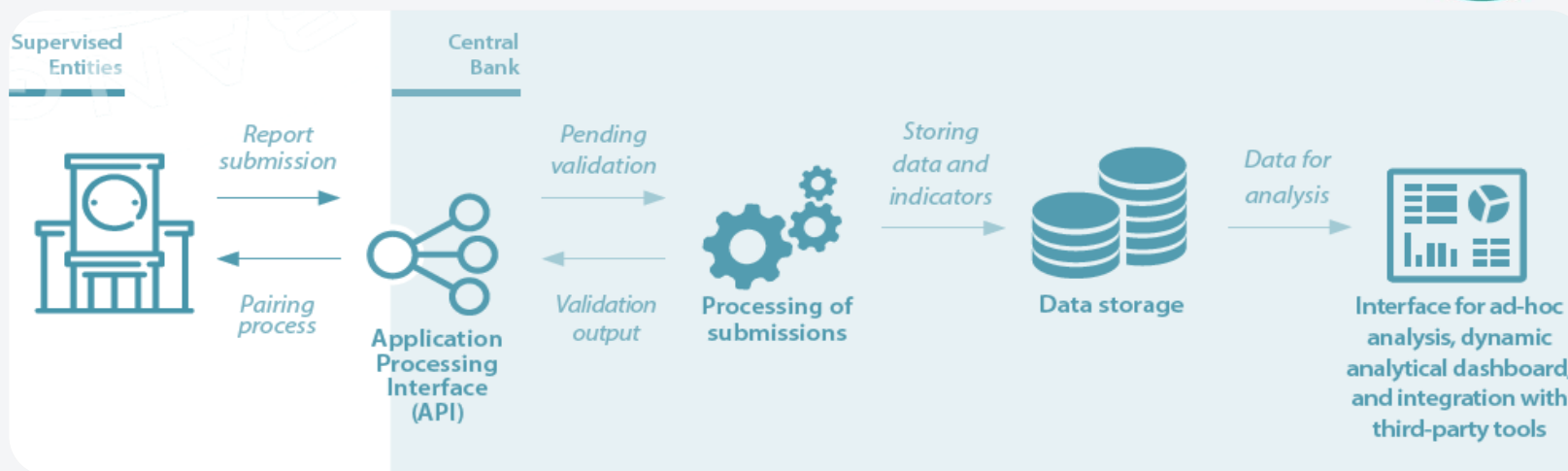


Some degree of manual intervention  
required in report processing routine

# API Solution for Regulatory Reporting



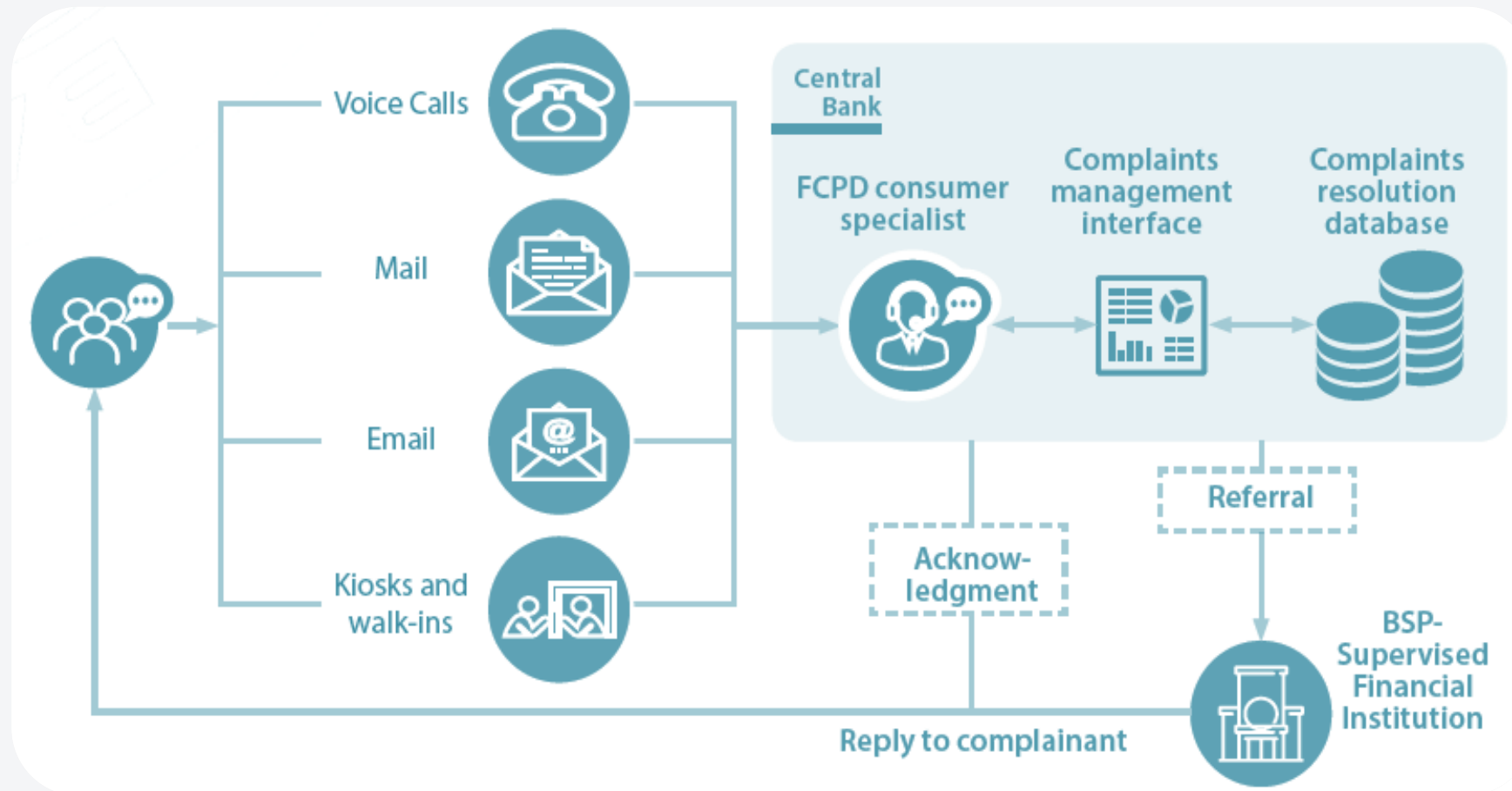
# New Data Architecture for Prudential Reporting



Existing	R <sup>2</sup> A Prototype
29 reporting schemes	1 unified scheme
~243 reporting templates	~210 reporting templates
~107,000 data points	~50,000 data points
Processing time avg. > 1,800 sec	Processing time avg. ~10 sec
Validation in several layers, some spot checked by humans	Single validation layer in dynamic business syntax
Layered reporting packages	Single reporting package
Multiple processing and analytical layers	Single processing and analytical layers

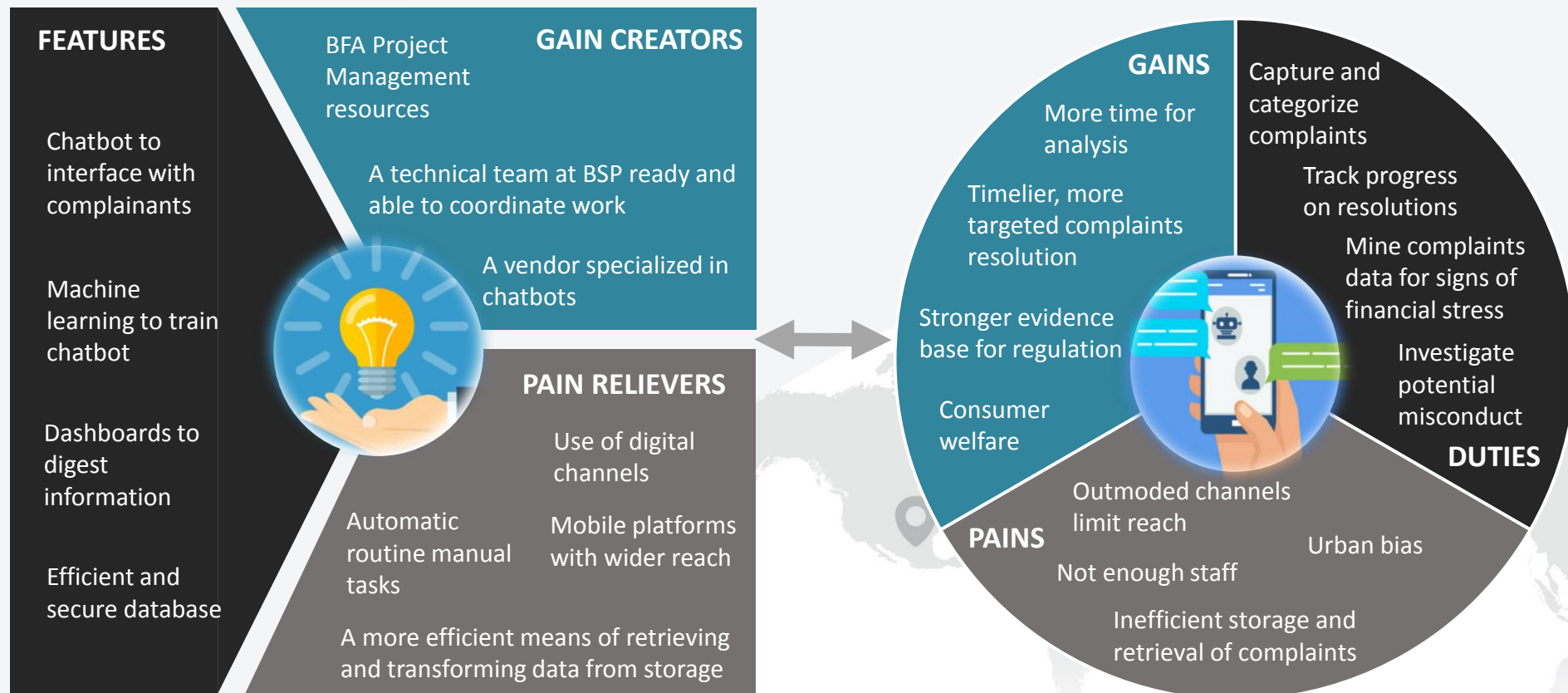
Source: R<sup>2</sup>A

# BSP's Consumer Assistance Mechanism

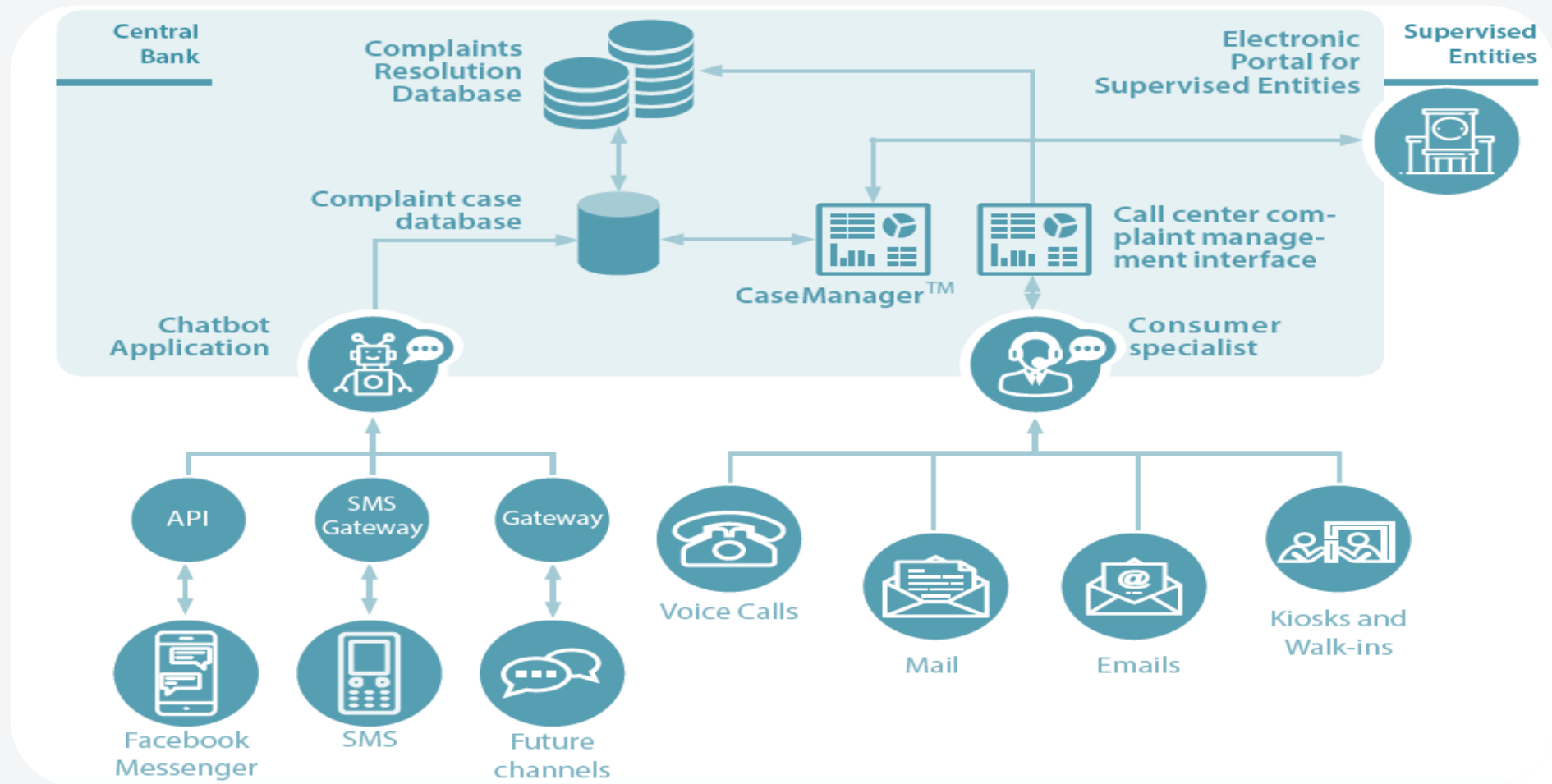




# Chatbot Solution for Complaints Handling



# New Data Architecture for Consumer Complaints



# Moving forward



Institutional readiness  
(top management support,  
staff capacity, hiring and retaining  
talent, procurement procedures,  
continued upgrading and learning)

Readiness of supervised  
institutions with different  
levels of capabilities



# Thank you!

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