Amando M. Tetangco, Jr., Governor, Bangko Sentral ng Pilipinas (Central Bank), Philippines

Session 1: Corporate governance reform in the Philippines: progress and challenges
OECD ASIAN ROUNTABLE ON CORPORATE GOVERNANCE

AMANDO M. TETANGCO, JR.
Governor
BSP Initiatives on Corporate Governance

Setting the tone from the top

- Qualifications of directors
  - Fit and proper for the job considering the following:
    - Integrity/probity
    - Competence
    - Education
    - Diligence
    - Experience/training

- Attended a special seminar on corporate governance
BSP Initiatives on Corporate Governance

- Setting the tone from the top
  - Duties and responsibilities of the board and the members of the board in their individual capacity
  - Appointment of at least 2 independent directors
  - Creation of the following committees in the board:
    - Risk management
    - Corporate governance
    - Audit
BSP Initiatives on Corporate Governance

Enhancing transparency, disclosure and financial reporting

- Adoption of the International Accounting Standards
- Disclosure requirements in the published reports, audited financial statements and annual reports
- Accreditation of external auditors
  - Memorandum of Agreement signed by the BSP, Securities and Exchange Commission, Insurance Commission and Board of Accountancy
BSP Initiatives on Corporate Governance

- Enhancing supervisory tools
  - Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review Process (SRP)
BSP Initiatives on Corporate Governance

Corporate Governance Scorecard for Banks

- First of its kind in the world
- Covers locally organized universal and commercial banks and their subsidiary/affiliate banks
- Includes a category on Control Environment and Processes
- Adopted the “person-on-the-street” approach"
BSP Initiatives on Corporate Governance

Corporate Governance Scorecard for Banks

- Average score of the universal/commercial banks (U/KBs) is 84%
- U/KBs registered the highest score in Control Environment and Processes category at 89%
- Top three U/KBs had an average score of 94% while the bottom three registered an average score of 66% (margin of 28%)
- On a per industry basis the margin narrowed to 15%
Bangko Sentral ng Pilipinas

Roadmap for the future

- Initiate reforms for good governance in the financial industry
  - Continuing assessment of existing regulations
  - Proposed amendments to the BSP Charter

- Increase financial literacy
Thank you