Bangko Sentral ng Pilipinas’ (BSP) Financial Learning Campaign (FLC)

OECD-BSP Asian Seminar on Financial Inclusion
11 September 2012 • Mactan, Cebu

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Outline

1. Trends on global and overseas Filipino remittances

2. BSP’s initiatives on advocacies for overseas Filipinos and remittances
Trends on Global and Overseas Filipino Remittances
Remittance trends: Global situation

Top 10 Recipients of Migrant Remittances* (2011)

Top 10 Recipients of Migrant Remittances as share of GDP (2010)

*estimated through IMF data: compensation of employees + workers’ remittances + migrants’ transfers

Source: Migration and Remittances Brief 2012, World Bank
Overseas Filipinos’ remittances provide cushion against external shocks

Cash Remittances
1980 - June 2012 (in billion US$)

Cash Remittances by source

* Americas include Canada, USA, Commonwealth of Northern Marianas Island, and Guam

Source: Bangko Sentral ng Pilipinas (BSP)
Factors behind sustained remittance growth

1. Steady rise and demand for overseas Filipinos

Stock of Overseas Filipinos (OFs)  Top Ten Destinations of OFs

Source: Commission on Filipinos Overseas
Factors behind sustained remittance growth

2. Expanded, more efficient and accessible financial services

- Deposit-taking function (e.g., electronic banking)
- Servicing of household bills (utilities, communication)
- Direct payment of housing loan amortizations
- Customized services to cover life insurance, educ. plans, tuition fees
- More efficient payments and settlements system

Source: Bangko Sentral ng Pilipinas (BSP)
## Contribution of remittances to the Philippine economy

<table>
<thead>
<tr>
<th>Year</th>
<th>Level (in US$ Bil)</th>
<th>Growth Rate (%)</th>
<th>GNI</th>
<th>GDP</th>
<th>XGS</th>
<th>FDI</th>
<th>GIR</th>
<th>DSB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>7.6</td>
<td>10.1</td>
<td>7.4</td>
<td>9.0</td>
<td>19.6</td>
<td>1,543.4</td>
<td>44.4</td>
<td>95.3</td>
</tr>
<tr>
<td>2004</td>
<td>8.6</td>
<td>12.8</td>
<td>7.6</td>
<td>9.4</td>
<td>20.0</td>
<td>1,242.7</td>
<td>52.7</td>
<td>118.5</td>
</tr>
<tr>
<td>2005</td>
<td>10.7</td>
<td>25.0</td>
<td>8.2</td>
<td>10.4</td>
<td>23.9</td>
<td>576.5</td>
<td>57.8</td>
<td>140.1</td>
</tr>
<tr>
<td>2006</td>
<td>12.8</td>
<td>19.4</td>
<td>8.3</td>
<td>10.4</td>
<td>24.1</td>
<td>436.9</td>
<td>55.6</td>
<td>157.6</td>
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<tr>
<td>2007</td>
<td>14.5</td>
<td>13.2</td>
<td>7.7</td>
<td>9.7</td>
<td>24.4</td>
<td>495.5</td>
<td>42.8</td>
<td>188.0</td>
</tr>
<tr>
<td>2008</td>
<td>16.4</td>
<td>13.7</td>
<td>7.5</td>
<td>9.5</td>
<td>28.3</td>
<td>1,063.9</td>
<td>43.7</td>
<td>222.9</td>
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<td>2009</td>
<td>17.4</td>
<td>5.6</td>
<td>7.8</td>
<td>10.3</td>
<td>35.7</td>
<td>883.7</td>
<td>39.2</td>
<td>249.6</td>
</tr>
<tr>
<td>2010</td>
<td>18.8</td>
<td>8.2</td>
<td>7.1</td>
<td>9.4</td>
<td>28.8</td>
<td>1,445.5</td>
<td>30.1</td>
<td>256.50</td>
</tr>
<tr>
<td>2011</td>
<td>20.12</td>
<td>7.2</td>
<td>6.8</td>
<td>9.0</td>
<td>32.1</td>
<td>1,594.1</td>
<td>26.7</td>
<td>269.2</td>
</tr>
<tr>
<td>2012</td>
<td>10.1 (Jan-Jun)</td>
<td>5.1</td>
<td>6.4 (Jan-Mar)</td>
<td>8.6 (Jan-Mar)</td>
<td>28.6 (Jan-May)</td>
<td>985.4 (Jan-May)</td>
<td>13.3 (Jan-Apr)</td>
<td>304.6 (Jan-Apr)</td>
</tr>
</tbody>
</table>

1/ Cash remittances coursed through the banking system
Source: Bangko Sentral ng Pilipinas (BSP)
BSP Advocacies for Overseas Filipinos
A. Encourage continued flow of remittances

B. Mobilize remittances to fund productive activities
A. Encourage continued flow of remittances

1. Enhancing competition

   • Posting remittance charges and other relevant information in institutions’ premises and websites

   • Launching of OFW portal at the BSP website to link to banks’ web pages on remittance services, fees, and rates

http://www.bsp.gov.ph/about/advocacies_ofw.asp
## Remittance Charges

<table>
<thead>
<tr>
<th>Country Source of Remittances</th>
<th>USA</th>
<th>UK</th>
<th>Hong Kong</th>
<th>Singapore</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>2011</td>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Ave. amt. of remittance per transaction</td>
<td>US$400</td>
<td>US$600</td>
<td>US$600</td>
<td>US$200</td>
<td>US$500</td>
</tr>
<tr>
<td></td>
<td>US$600</td>
<td>2012</td>
<td></td>
<td>2012</td>
<td>US$700</td>
</tr>
</tbody>
</table>

### Front-end Charges (in USD)

1. **Credit to Account (Own Bank)**
   - 2000: 6.0-10.0, 2012: 4.0-7.0
   - 2011: 7.5-12.0, 2013: 7.8-11.8
   - 2010: 1.9-3.8, 2011: 2.6-3.2
   - 2009: 2.9-3.3, 2010: 2.9-3.3
   - 2008: 7.0-12.5, 2009: 6.5-11.0

2. **Credit to Other Bank**
   - 2010: 2.3-5.1, 2011: 3.2-4.5
   - 2009: 2.9-3.3, 2010: 2.7-3.2
   - 2008: 11.9-15.6, 2009: 10.6-12.9

3. **Door-to-Door**
   - **Metro Manila**
     - 2010: 2.3-4.5, 2011: 3.2-4.5
     - 2009: 5.8-6.6, 2010: 5.7-6.3
   - **Provincial**
     - 2010: 2.3-5.8, 2011: 3.6-5.2
     - 2009: 5.8-9.8, 2010: 5.7-6.3

4. **Advice and Pay**
   - 2010: 2.3-4.5, 2011: 2.6-3.8
   - 2009: 2.9-3.3, 2010: 1.6-3.8
   - 2008: 11.8-12.5, 2009: 10.6-11.0

### In % to ave. amt. of remittances

1. **Credit to Account (Own Bank)**
   - 2000: 1.5-2.5, 2011: 0.7-1.2
   - 2011: 1.2-2.0, 2012: 1.3-2.0
   - 2009: 1.0-1.9, 2010: 1.3-1.6
   - 2008: 0.5-0.7, 2009: 0.5-0.7
   - 2008: 1.0-1.8, 2009: 0.9-1.6

2. **Credit to Other Bank**
   - 2000: 1.5-3.8, 2011: 0.7-2.3
   - 2011: 1.5-2.8, 2012: 1.8-2.1
   - 2010: 1.2-2.6, 2011: 1.6-2.3
   - 2009: 0.5-0.7, 2010: 0.5-0.6
   - 2008: 1.7-2.2, 2009: 1.5-1.8

3. **Door-to-Door**
   - **Metro Manila**
     - 2000: 3.0-3.8, 2011: 1.2-1.5
     - 2011: 2.0-3.6, 2012: 2.3-2.4
     - 2010: 1.2-2.2, 2011: 1.6-2.3
     - 2009: 1.2-1.3, 2010: 1.1-1.3
     - 2008: 2.0-2.2, 2009: 1.8-1.9
   - **Provincial**
     - 2000: 3.5-4.3, 2011: 1.2-1.5
     - 2011: 2.0-3.6, 2012: 2.3-2.4
     - 2010: 1.2-2.9, 2011: 1.8-2.6
     - 2009: 1.2-2.0, 2010: 1.1-1.3
     - 2008: 2.0-2.2, 2009: 1.8-1.9

4. **Advice and Pay**
   - 2000: 1.5-3.5, 2011: 0.7-2.3
   - 2011: 1.5-2.8, 2012: 1.8-2.0
   - 2010: 1.2-2.2, 2011: 1.3-1.9
   - 2009: 0.5-0.7, 2010: 0.3-0.8
   - 2008: 1.7-1.8, 2009: 1.5-1.6

*Source: Selected Association of Bank Remittance Officers, Inc. (ABROI) members*

1. Based on credit to peso account
2. Delivered in peso value
3. The bank notifies the beneficiary of the remittances by phone; the beneficiary picks up the remittance from the nearest branch.

*Partial report as of June 2012*
A. Encourage continued flow of remittances

2. Improving channels of remittances

- Interconnection of ATM networks
- Grant of FCDU license to rural and cooperative banks
- Lower remittance fees charged by remittance companies by 90% for credit-to-other bank transfers through the BSP PhilPaSS
- Approval of new technologies in remittance transfers (mobile phones, internet, cash cards)
BSP advocacies for overseas Filipinos

B. Mobilize remittances to fund productive activities

1. Facilitating access to financial services/products

- Simplified regulations on acceptable IDs for financial transactions to one valid ID issued by official authority
- Granted commercial banks authority to offer investment products of OFs and their families (hedging instrument, long-term bonds)
- Promoted market-based lending to micro, small and medium enterprises (MSMEs)

<table>
<thead>
<tr>
<th>Microfinance loans and number of borrowers</th>
<th>Amount (in million Php)</th>
<th>No. of Borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec-2004</td>
<td>Dec-2011</td>
</tr>
<tr>
<td>Microfinance-Oriented Banks</td>
<td>336</td>
<td>2,112</td>
</tr>
<tr>
<td>Regular Banks with Microfinance Operations</td>
<td>2,985</td>
<td>5,097</td>
</tr>
<tr>
<td>Total</td>
<td>3,321</td>
<td>7,209</td>
</tr>
</tbody>
</table>

Source: BSP
2. Raising the level of financial learning of Overseas Filipinos and their families

Financial Learning Campaigns (FLCs)

- Cultivate financial education among Overseas Filipinos (OFs) and their beneficiaries

- Promote savings and investments among OFs/beneficiaries by informing them of alternative uses of their remittances, including savings, investments in financial products and business ventures
Financial Learning Campaigns

- Expenditure behavior of OFs based on the BSP’s quarterly Consumer Expectations Surveys (CES)
  - OF households commonly utilize remittances for food, education, medical expenses, debt payments and savings
  - Highlights of the CES Q2 2012 results on households with OFs
  - Comparison between CES Q1 2007 and CES Q2 2012 results

<table>
<thead>
<tr>
<th>Type of Expenses</th>
<th>Q1 2007</th>
<th>Q2 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>92.1</td>
<td>95.0</td>
</tr>
<tr>
<td>Education</td>
<td>2.3</td>
<td>67.7</td>
</tr>
<tr>
<td>Medical</td>
<td>0.7</td>
<td>57.8</td>
</tr>
<tr>
<td>Savings</td>
<td>7.2</td>
<td>44.5</td>
</tr>
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</table>
Financial Learning Campaigns have been held all over the country and overseas.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of local and international FLCs conducted</th>
<th>Number of attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>8</td>
<td>759</td>
</tr>
<tr>
<td>2007</td>
<td>7</td>
<td>977</td>
</tr>
<tr>
<td>2008</td>
<td>15</td>
<td>2,076</td>
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<td>2009</td>
<td>17</td>
<td>2,278</td>
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<tr>
<td>2010</td>
<td>11</td>
<td>1,254</td>
</tr>
<tr>
<td>2011</td>
<td>9</td>
<td>1,354</td>
</tr>
<tr>
<td>2012</td>
<td>5</td>
<td>692</td>
</tr>
<tr>
<td>TOTAL</td>
<td>72</td>
<td>9,390</td>
</tr>
</tbody>
</table>
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E-mail: bspmail@bsp.gov.ph