BANGKO SENTRAL NG PILIPINAS

Economic Prospects and the State of the Thrift Banking Industry

Thrift Banks 2025: Resilience in Hybrid Banking

Deputy Governor Chuchi G. Fonacier
Financial Supervision Sector, Bangko Sentral ng Pilipinas

15 July 2025, Dusit Thani, Makati City

Economic Outlook

Inflation has been trending downwards as food and energy prices decline.

The inflation outlook has moderated.

The BSP continues its shift toward a more accommodative monetary policy stance.

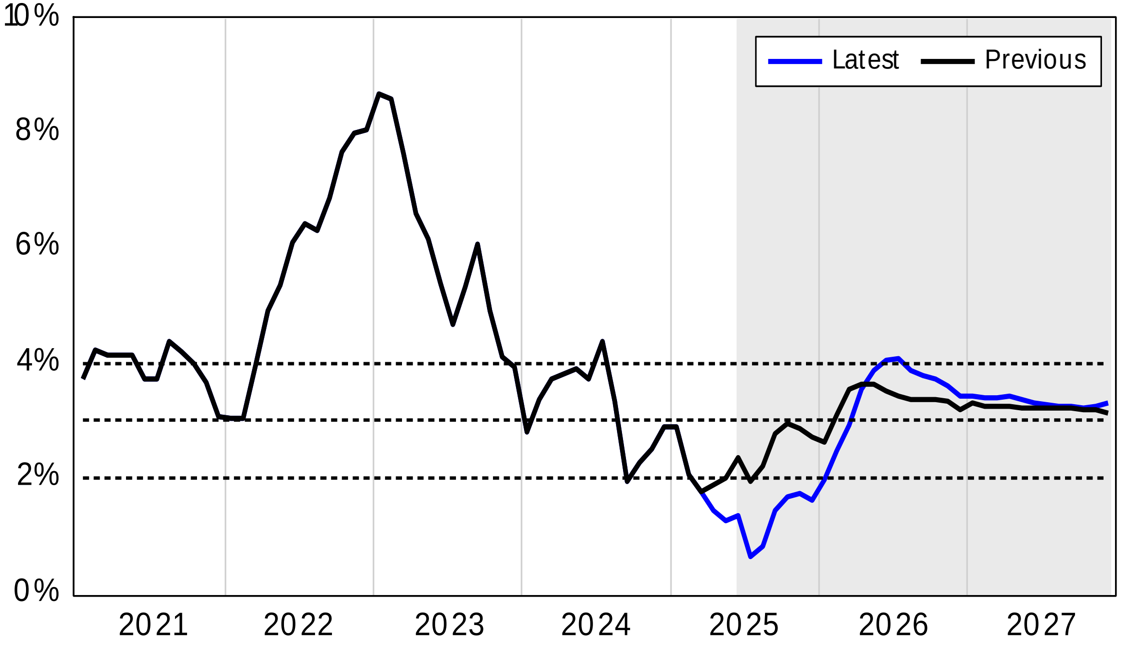
1.9%

Headline Inflation

May 2025

BSP Year-on-Year Inflation Forecast

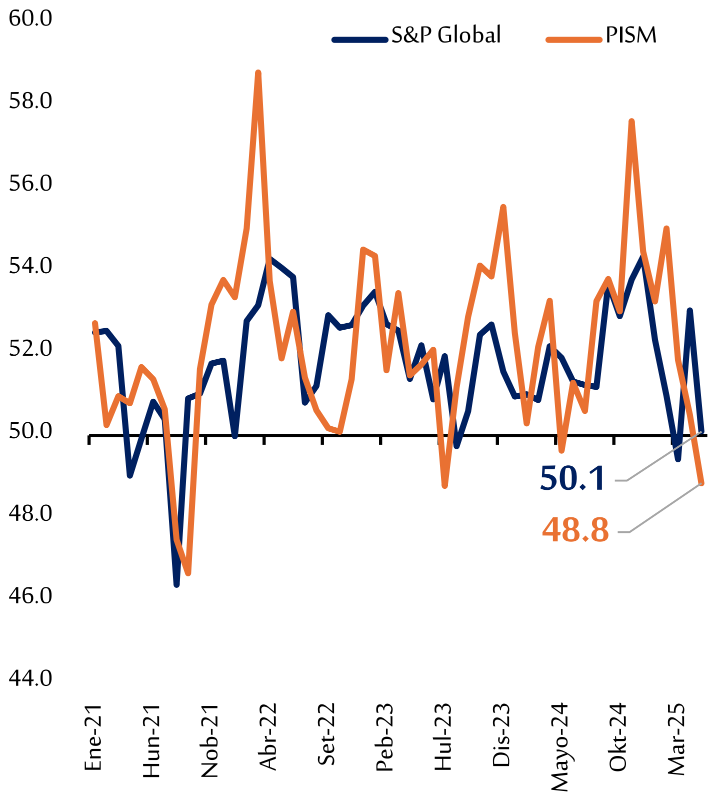
as of 19 June 2025 Monetary Board Policy Meeting



Source: BSP staff calculations

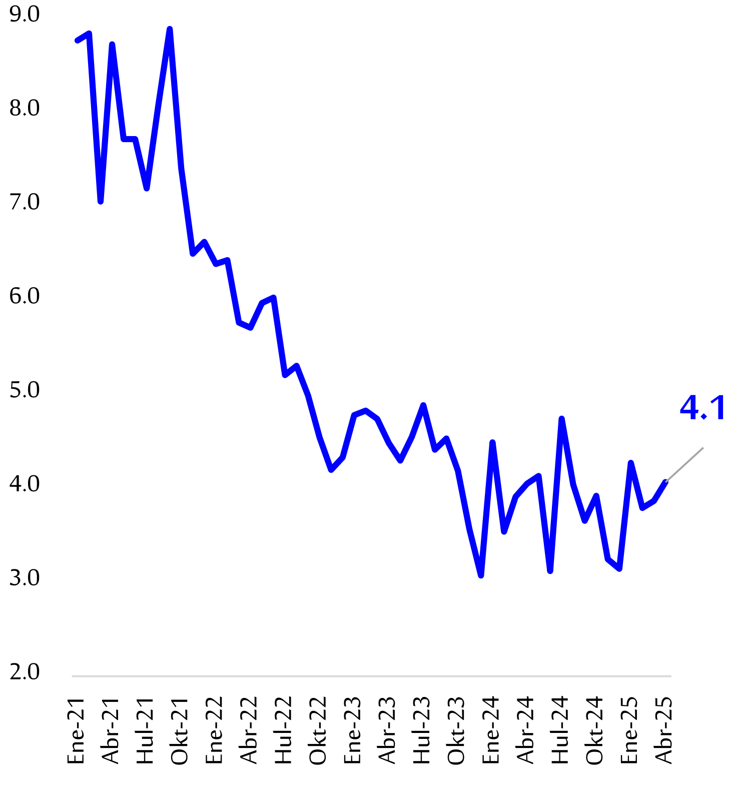
High frequency demand indicators point to easing growth momentum

Manufacturing PMI
Seasonally-adjusted



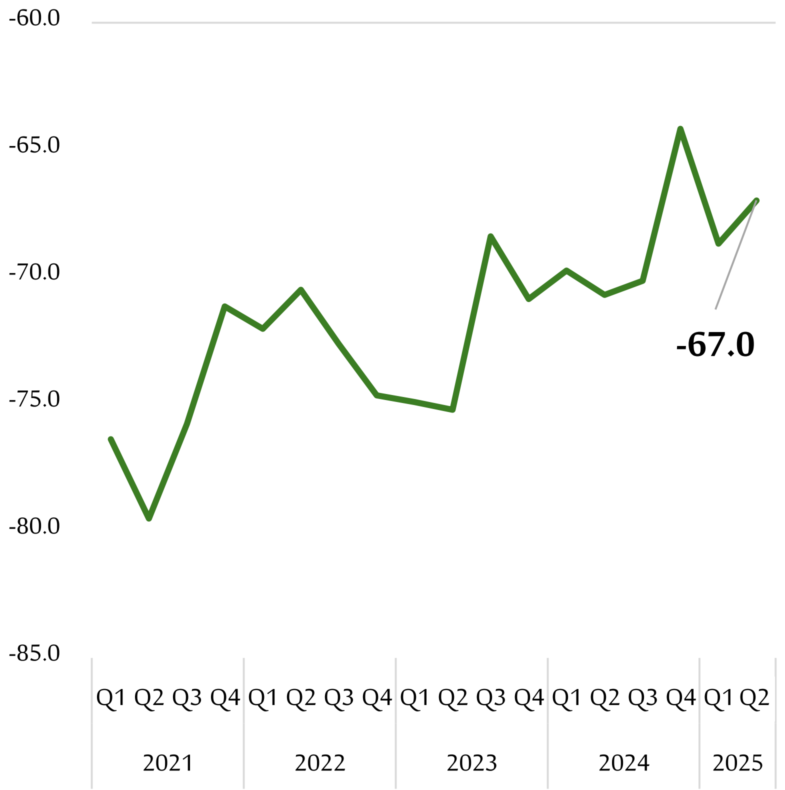
Sources: PISM and S&P Global HIS Markit

Unemployment Rate
In percent



Source: PSA

Consumers' Buying Sentiment for Next 12 Months



Source: Q2 2025 Consumer Expectations Survey

Classification: GENERAL

State of the Thrift Banking Industry

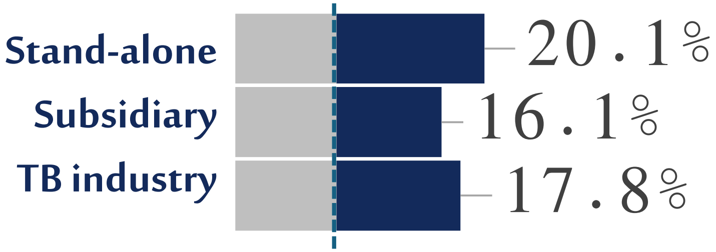
Data as of April 2025, unless otherwise stated.

ASSETS
₱1.1T
(+8.5%)

GROSS LOANS
₱823.3B
(+7.9%)

DEPOSITS
₱850.1B
(+8.2%)

CAPITAL ADEQUACY RATIO
As of end-March 2025



BSP Minimum ***10.0%***

MLR (Stand-Alone)
32.5%
As of end-January 2025

LCR (Subsidiary)
133.1%
As of end-March 2025

NSFR (Subsidiary)
121.2%
As of end-December 2024

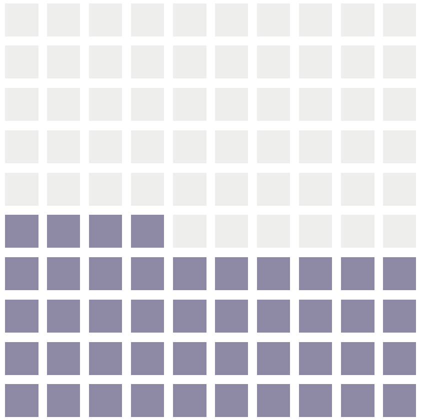
Digitalization of Thrift Banks

Share of Payment System Participants among TBs

48.8%

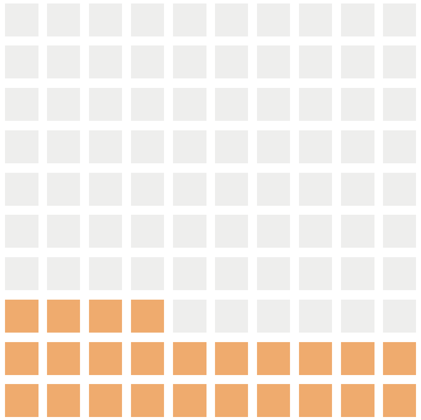
instaPay
TB participants

43.9%



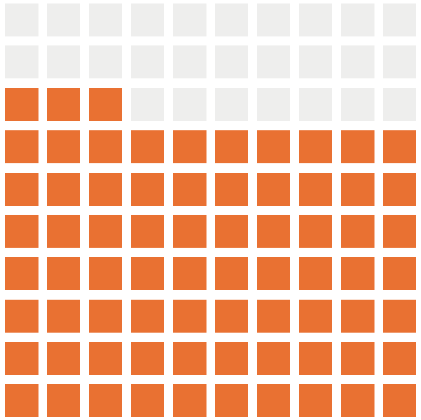
PESONet
TB participants

24.4%



Paleng-QR Ph plus
TB participants

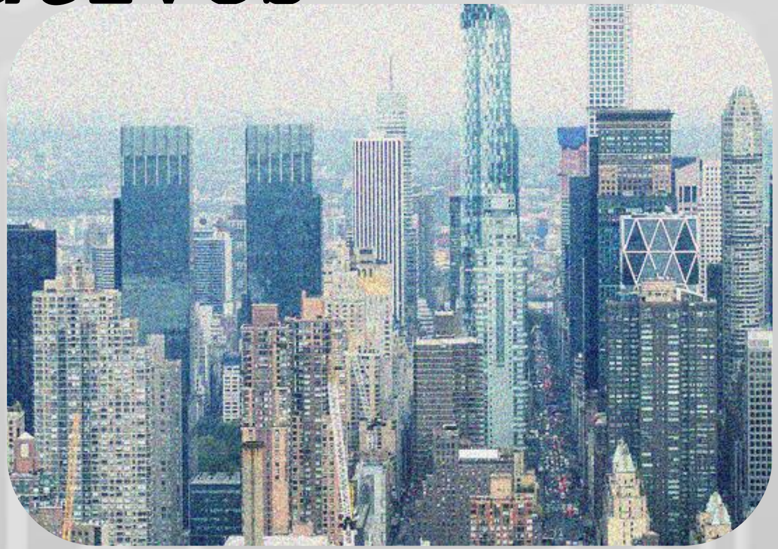
73.2%



TBs with electronic payment and financial services (ePFS) licenses

BSP Policy Reforms and Initiatives

1 Digitalization



2 Resilience

Policy drafts

Guidelines on the Adoption of a Digital Marketplace Model

exposed 21 February 2025

Mandatory Credit Allocation for Innovation Development

exposed 17 October 2024

Ongoing implementation

Open Finance Framework — 17 June 2021

> **Project OFxPERA** — *to go live soon*

Regulatory Sandbox Framework — 05 September 2022

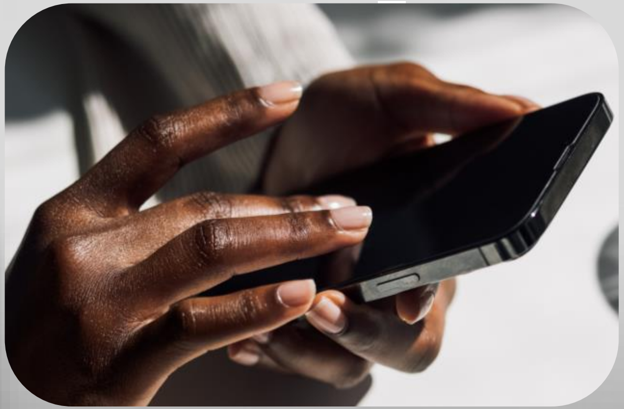
Digitalization

BSP Policy Reforms and Initiatives

Initiatives for 2025 and beyond

Guidelines on the assessment of the level of digital centricity of thrift banks, rural banks, and cooperative banks

Ethical use of Artificial Intelligence (AI)



Digitalization

BSP Policy Reforms and Initiatives

Key pillars of upcoming regulations:

- Ethical Artificial Intelligence (AI) deployment
- Continuous improvement in AI's accuracy
- Rigorous management of algorithmic bias

Resilience

BSP Policy Reforms and Initiatives

Financial Services Cyber Resilience Plan (FSCRP)/Cybersecurity Roadmap in 2025

Anti-Financial Account Scamming Act (AFASA)

Various issuances from 2024 to 2025

Submission of ML/TPF incidents and/or risk events

27 May 2024 and 29 April 2024

Guidelines on Operational Resilience

28 October 2024

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