

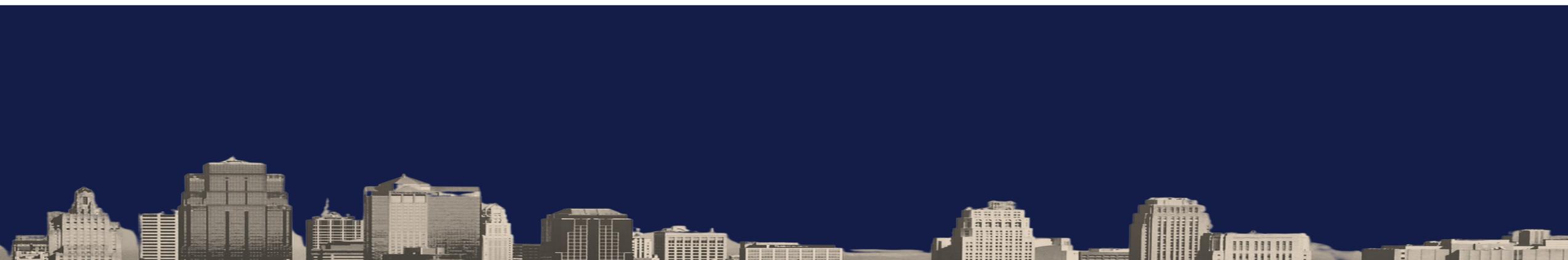


Economic Prospects and the State of the Thrift Banking Industry

Chamber of Thrift Banks at 50: Artificial Intelligence in Banking

Deputy Governor Chuchi G. Fonacier
Bangko Sentral ng Pilipinas

19 July 2024



Economic Outlook



5.7%

**GDP Growth
Rate**
Q1 2024



**2nd Fastest
Growth
Projection**
Asia-Pacific Region



4.0%

**Unemployment
Rate**
April 2024



3.7%

Headline Inflation
June 2024



State of the Thrift Banking Industry



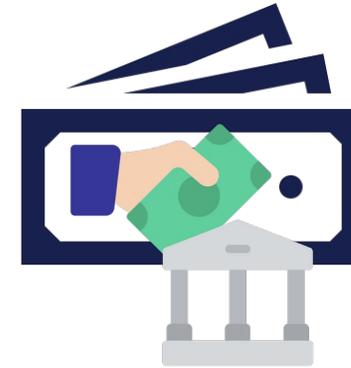
9.6%

Asset Growth
(₱1.03 trillion)
as of May 2024



17.0%

Loan Growth
(₱750.9 billion)
as of May 2024



9.9%

Deposit Growth
(₱783.3 billion)
as of May 2024



Capital Adequacy Ratios
as of March 2024

17.9% Solo

16.5% Subsidiary

19.8% Stand-Alone

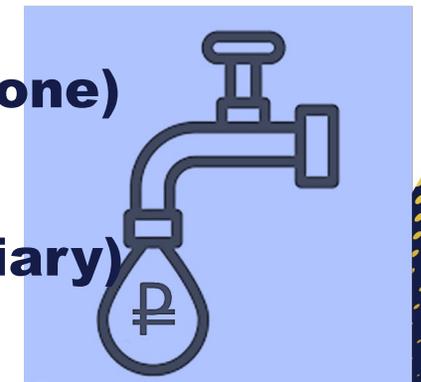
TB's Capital Position

as of May 2024 - ₱161.2 billion

32.8% MLR (Stand-Alone)
as of December 2023

145.8% LCR (Subsidiary)
as of February 2024

127.9% NSFR (Subsidiary)
as of December 2023



Digital Transformation in the Banking Sector

50.0%

TBs with online banking facilities



InstaPay

47.0%

TBs are InstaPay participants



42.0%

TBs are PESONet Participants



23.0%

TBs offer QR-PH Person-to-Person functionality



BSP Policy Reforms and Initiatives

1

Open Finance Framework
17 June 2022

2

Regulatory Sandbox Framework
05 September 2022

3

Thematic review on the use of AI in financial services

4

Financial Services Cyber Resilience Plan



BSP SupTech Initiatives

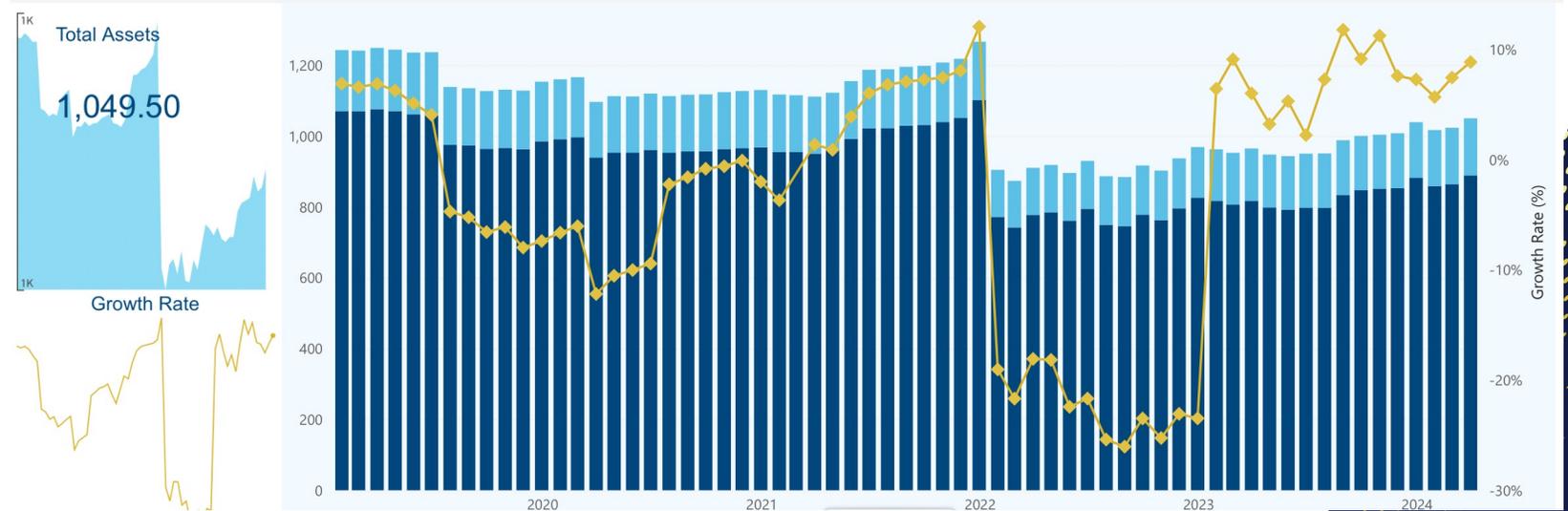
Advanced SupTech Engine for Risk-based Compliance (ASTERisC*)

Connectivity Mapping Initiative

Prudential Report Innovation Monitoring Engine (PRIME)

Fit and Proper System (FITPRO)

Visualization Tool for Analytics (VisTA)

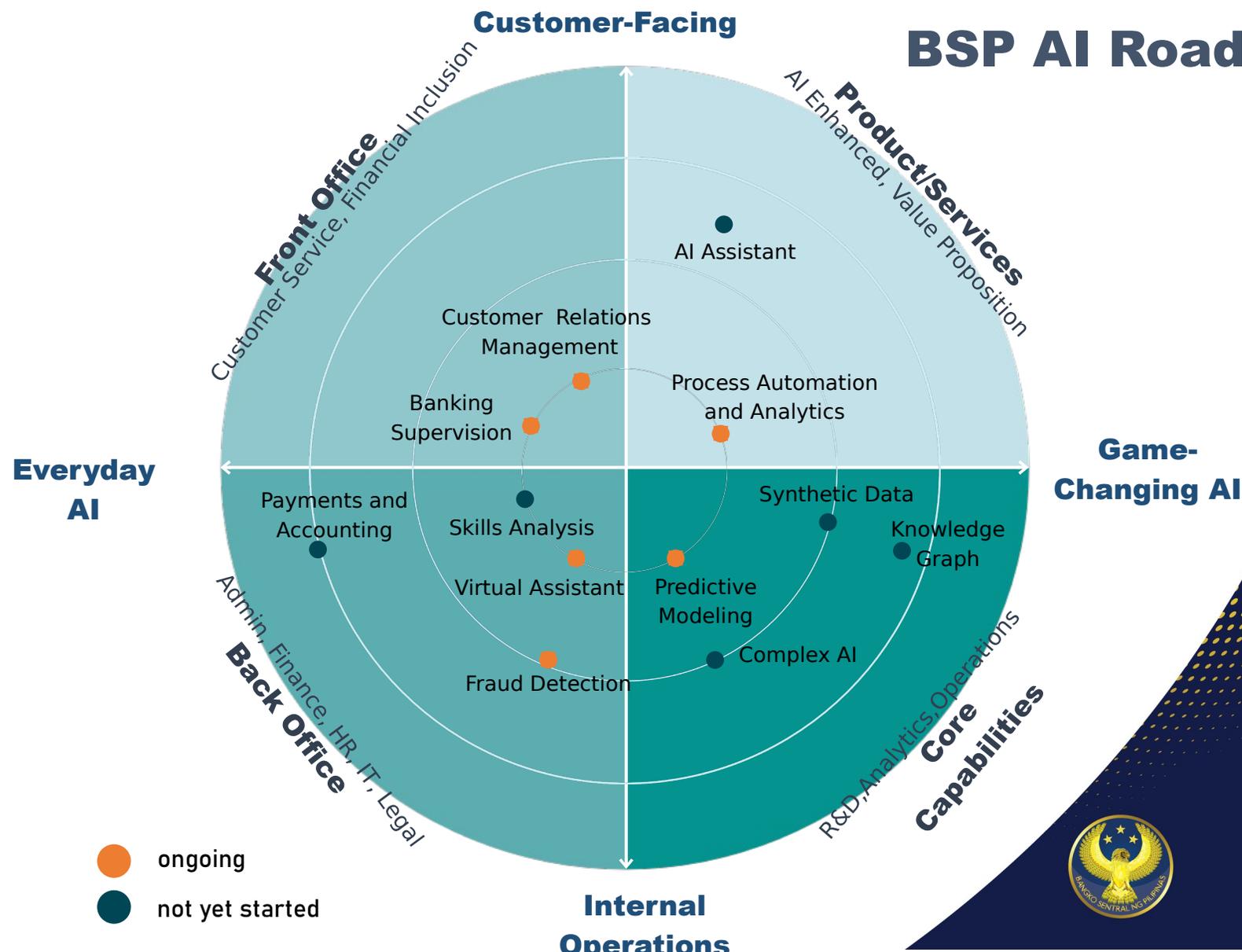


AI Exploration in BSP

BSP AI Roadmap

Explorations related to Supervision

- Smart search and updating of the Manual of Regulations
- SAFr Bank Peering (automated clustering)
- Data Anomaly Detection
- Complaints Classification and processing





- ✓ **Robust banking fundamentals** are paramount to withstanding crises.
- ✓ Becoming **agile** is vital to thrive in an evolving landscape.
- ✓ **Prudent innovation** requires a holistic assessment of attendant risks, management buy-in, change management strategies, capacity building intervention, among others.





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