



An environment of stability that fosters inclusive growth

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Philippine Economic Briefing
Iloilo City, 11 December 2023.

Three challenges in sustaining growth



Monetary policy in a supply-shock economy



Digitalizing the banking system



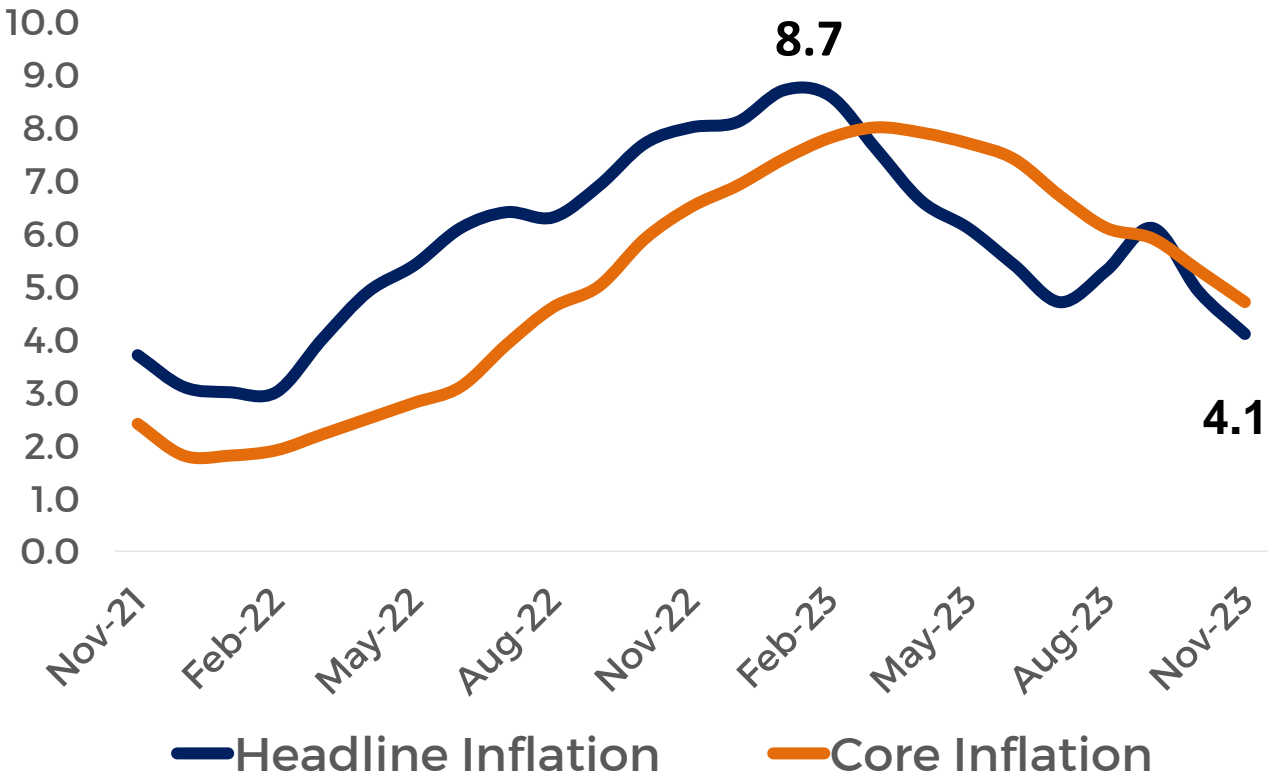
A payments system that serves the unbanked



We were hit by supply shocks the likes of which we hadn't seen before

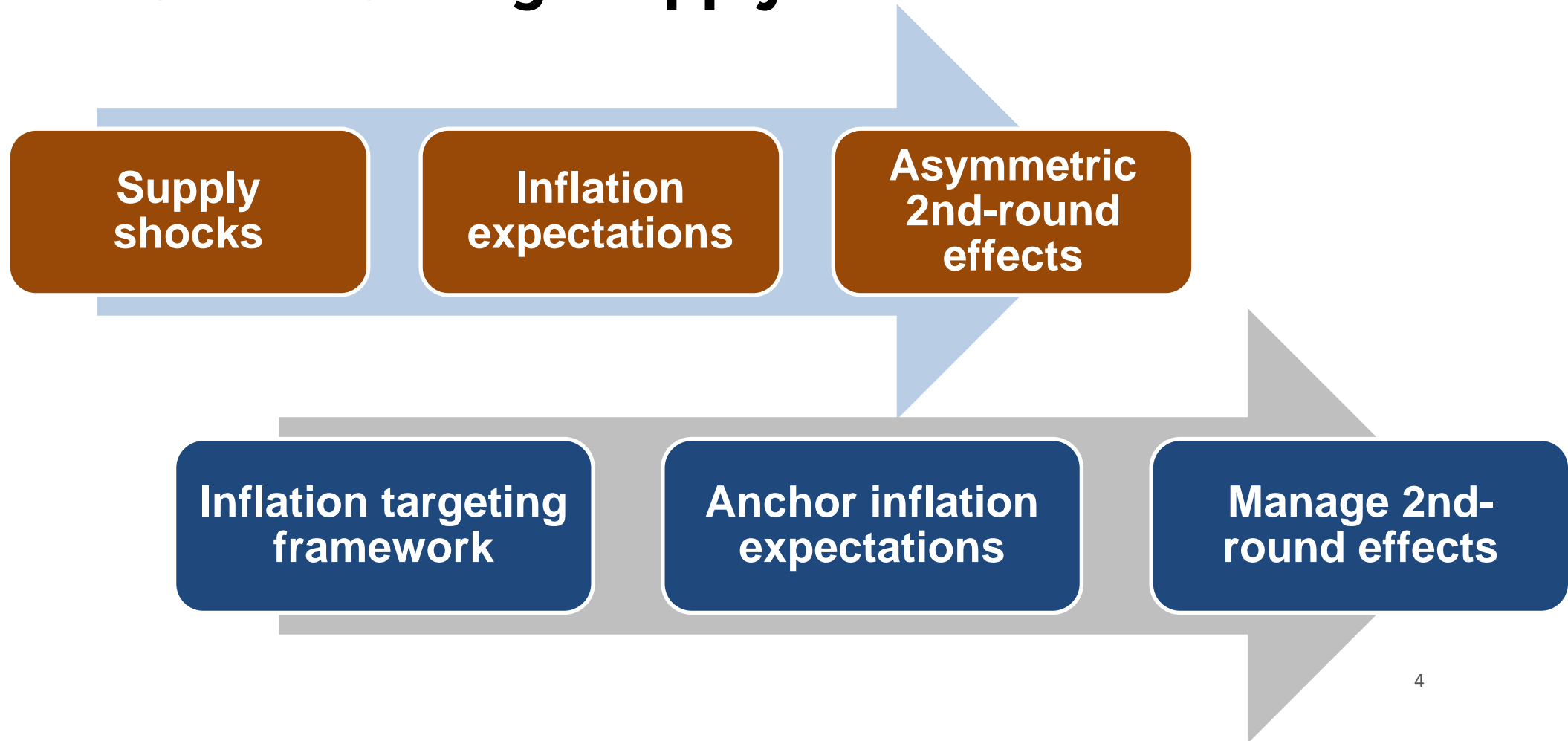
Supply shocks in oil, food, fertilizer and semiconductors gave us our highest inflation rate in 14 years

Headline and Core Inflation
Nov 2021 to Nov 2023 (in %)



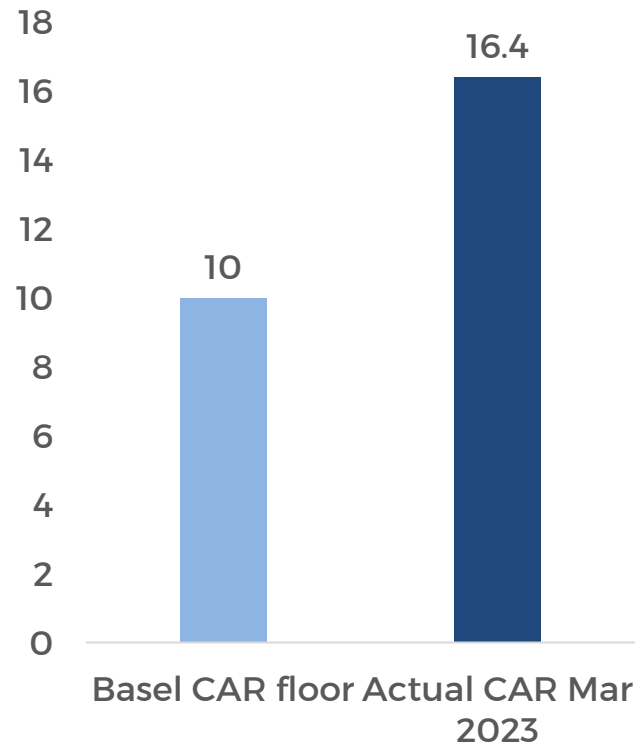
Source: PSA, BSP staff calculations

The monetary policy dilemma: whether to look through supply shocks

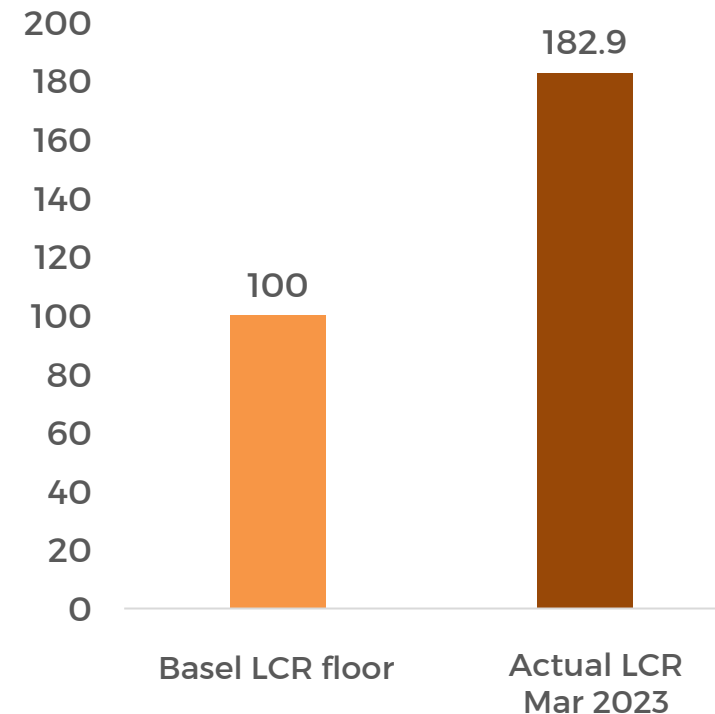


Our banking system continues to support growth

Capital adequacy ratio
U/KBs (consolidated basis, in %)



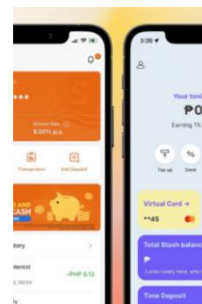
Liquidity coverage ratio
U/KBs (consolidated basis, in %)



To help our banking system digitalize, we offer four tools



**Open finance
framework**



Digital banking



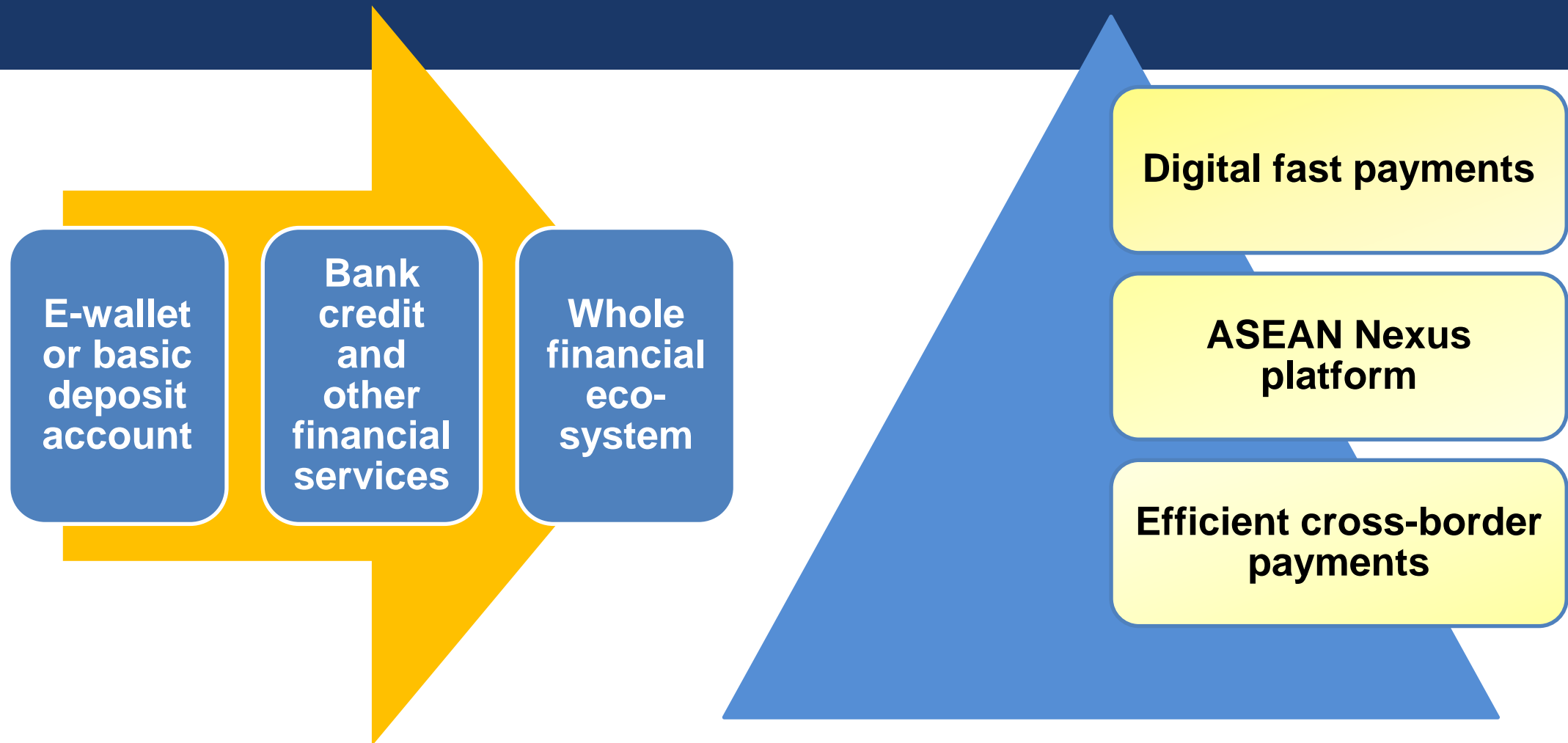
**Regulatory
sandbox**



Generative AI



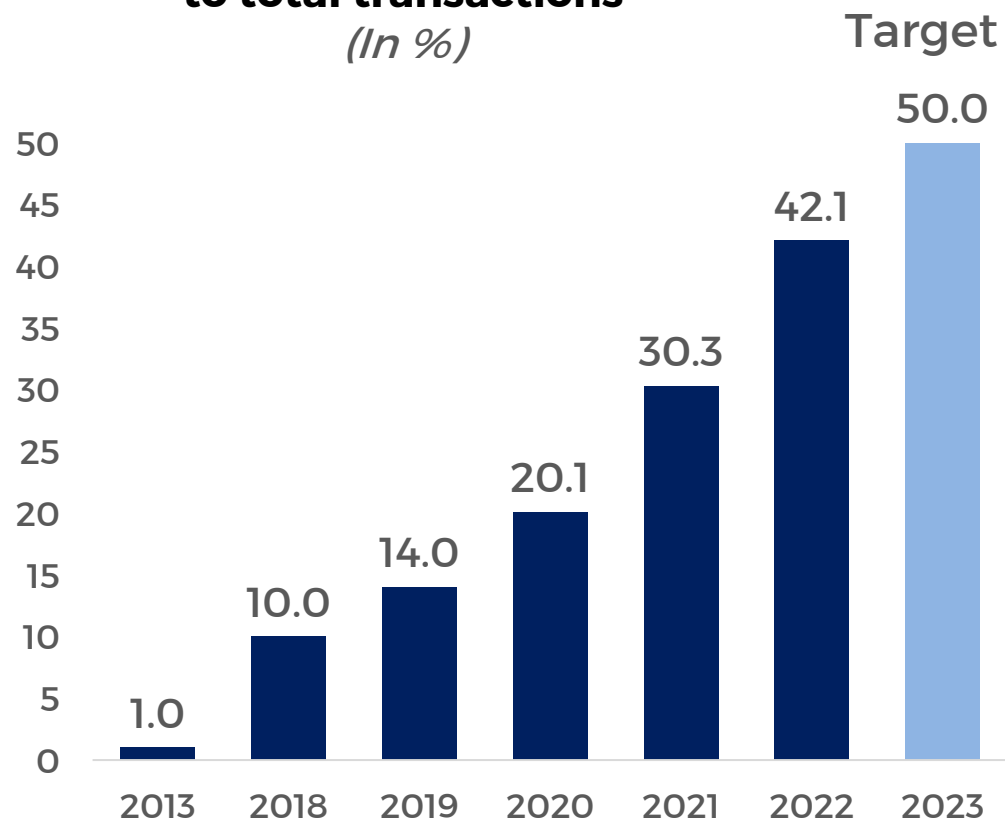
A digital payments system that serves the unbanked



As digital payments rise, so does access to the formal financial system

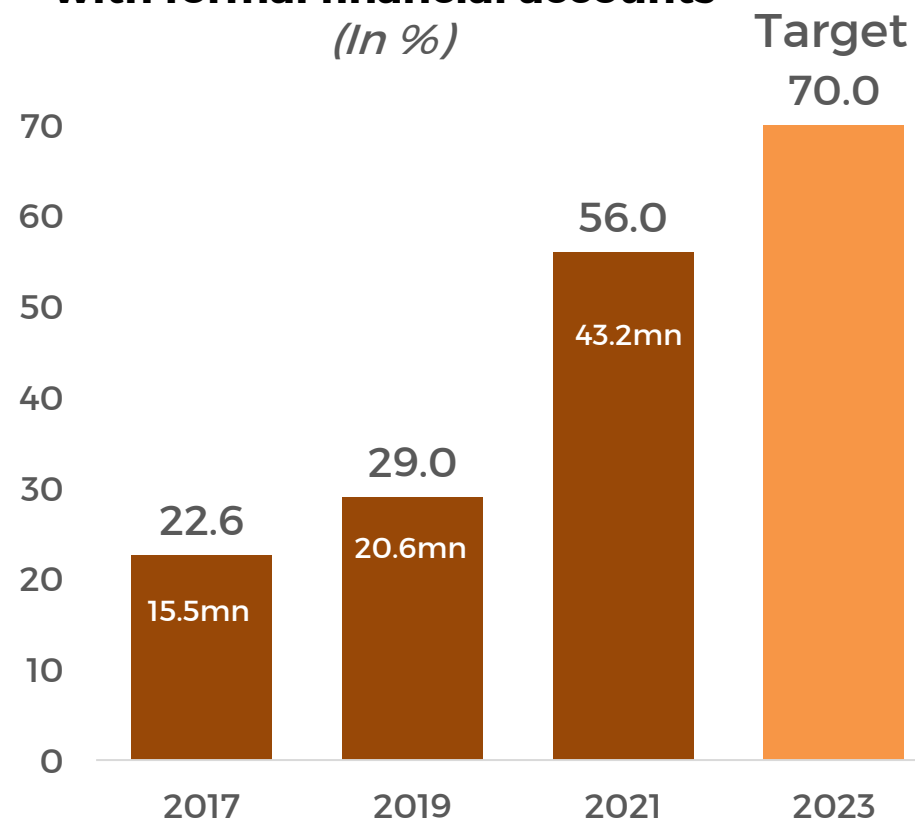
Share of digital payments to total transactions

(In %)

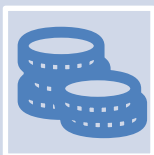


Percentage of Filipino adults with formal financial accounts

(In %)



Responses to three challenges



Monetary policy in a supply-shock economy is about anchoring inflation expectations



To digitalize the banking system, we offer the open finance framework, digital banking, a regulatory sandbox, and generative AI



To serve the unbanked, the payments system offers a gateway to financial inclusion and efficient cross-border payments

