

The Rise of Challenger Banks

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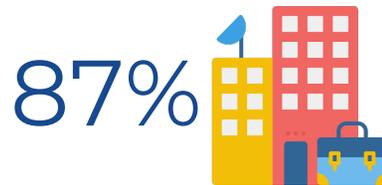


State of Digital Payments and Financial Inclusion in the Philippines

1H 2020 DIGITAL PAYMENT STATISTICS



of all monthly payments by value were digital
(from 10% in 2018)



of G2X payments were digital
(from 64% in 2018)



of the 4.6 billion monthly payments are from consumer payments



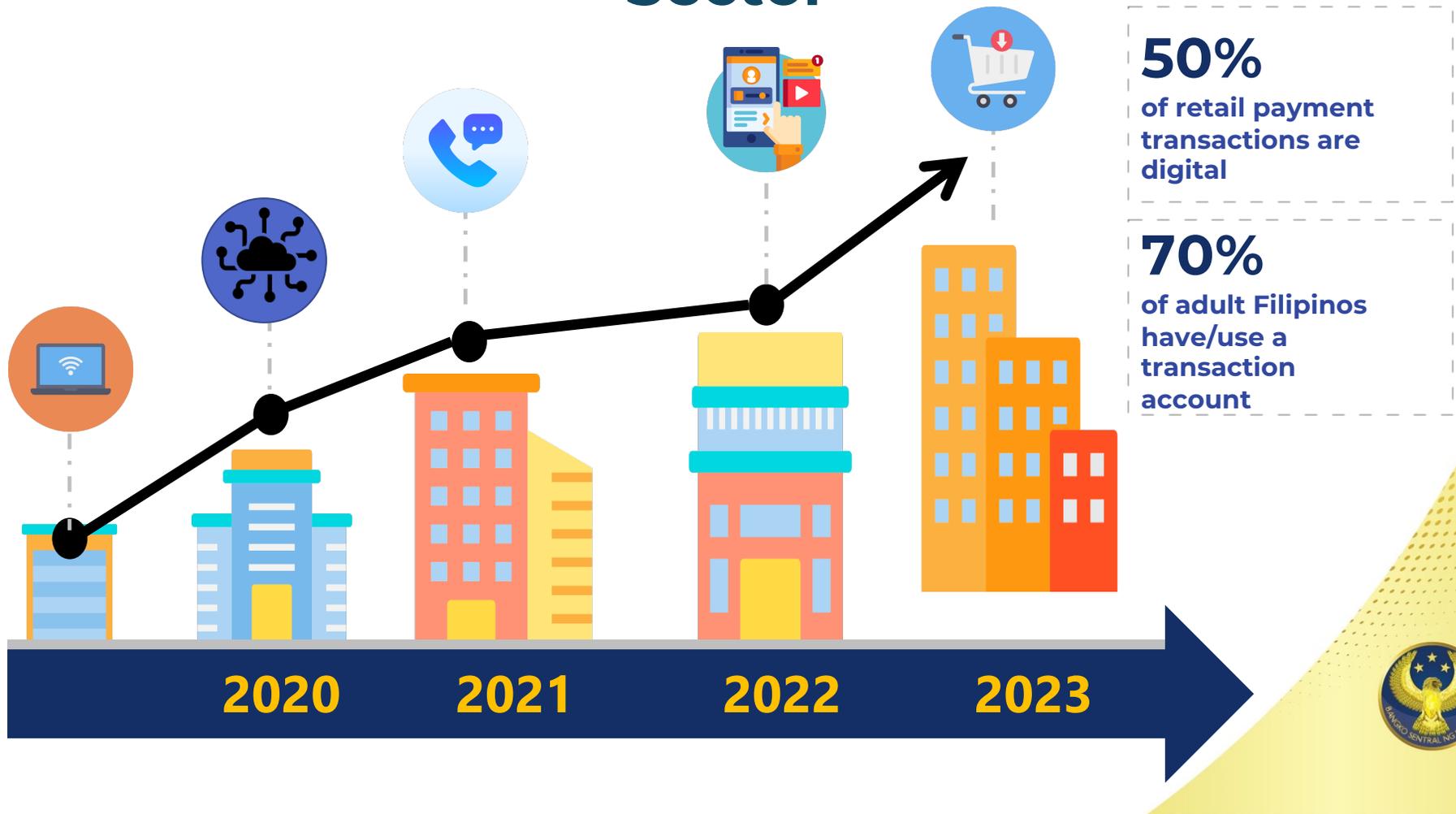
Increase in digital merchant payments as the main growth driver



Sources: Based on data estimates available for the 1H of 2020



Digital Transformation of the Financial Sector



Digital Banking Framework



BANGKO SENTRAL NG PILIPINAS
OFFICE OF THE GOVERNOR

CIRCULAR NO. 1105
Series of 2020

Subject : Guidelines on the Establishment of Digital Banks

The Monetary Board, in its Resolution No. 1536 dated 26 November 2020, approved the inclusion of "Digital Banks" as a distinct classification of banks and the corresponding guidelines for their establishment.





Changing Consumer Behavior



Strong shift to online shopping



Consumers likely won't go back to their old ways



Digital Banking Statistics

Six (6) Approved Digital Banks

Since December 2020



OFBANK
- Approved
25 Mar 2021



TONIK
- Approved
3 Jun 2021



UNOBANK
- Approved
3 Jun 2021



**UNION
DIGITAL**
- Approved
15 Jul 2021



GOTYME
- Approved
12 Aug 2021



MAYA BANK
- Approved
16 Sept 2021



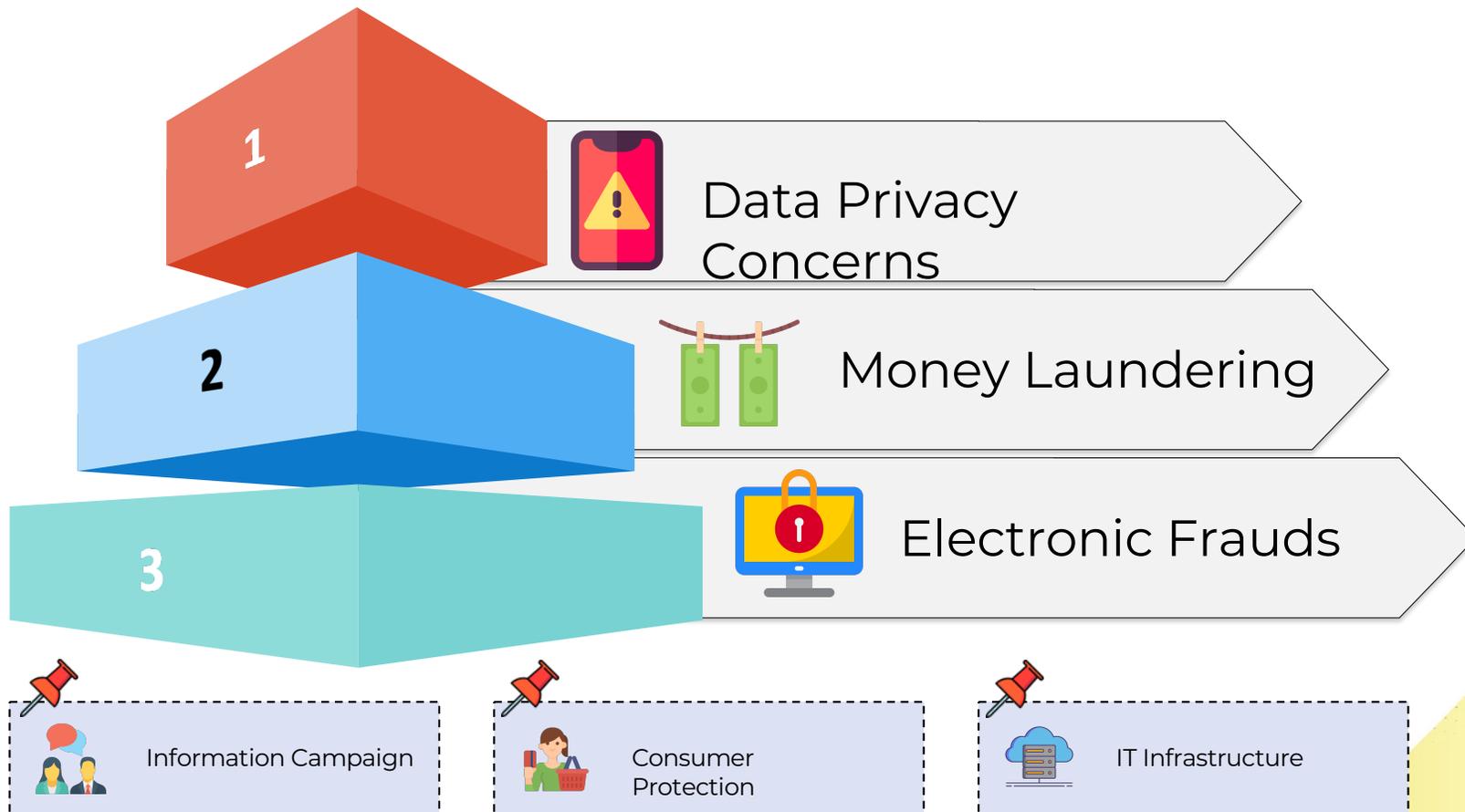
Closure of Window for DigiBank Applications



- **BSP Memorandum No. M-2021-046 dated 19 Aug 2021** – closure of the application window for digital banks, including converting banks after 31 Aug 2021.
- Following such announcement, the BSP received nine (9) applications from new players and existing banks.
- These are on top of the two (2) digital bank applications which were under evaluation prior to the announcement.



Risks and Challenges



Role of Management Association of the Philippines (MAP)

MAP has been aiming to share the best practices to its members.

(1) Usher prosperity and alleviate poverty



Benefits of Digital Banks



(2) Advance financial inclusion



(3) Boost digital transformation initiatives



What MAP should consider



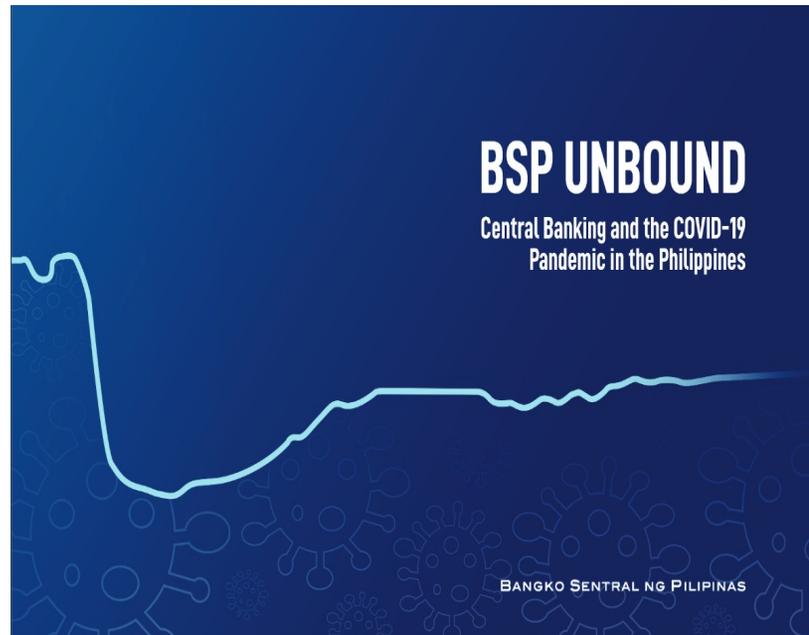
Investing in the right technology and tools



Involving all departments in strategy development



Investing in staff training



Introducing new products



Strengthening business continuity framework



Pursuing digitalization initiatives



Digital Banking: An Element of Inclusive Digital Finance



Thank you.

