

Disruptive technology the new normal — BSP

The Philippine Star · 7 May 2018 · B11 · By LAWRENCE AGCAOILI

The Philippines is bent on harnessing and leveraging financial technology (fintech) as the “Fourth Industrial Revolution” has transformed and continues to change the way people think and do things.



In his closing remarks during the host country event titled “Past, Present, and Future of the World Economy” at the 51st Asian Development Bank annual meeting, Bangko Sentral ng Pilipinas Governor Nestor Espenilla Jr. urged authorities to continue their close monitoring of fintech developments.

“Technological advances are changing our needs and wants. Disruptions to the economic and financial landscape brought by innovation and technology are the new normal. These disruptions may aggravate inequalities among nations, putting inclusive growth in peril,” Espenilla said.

Espenilla, however, said the Philippines and other countries have the capability to cope with the disruptions.

“In the Philippines, we nurture a regulatory environment that will foster innovation while ensuring risks are effectively managed. We espouse proportionate regulation, multi-stakeholder collaboration and consumer protection,” he said.

Espenilla said the democratization of technology enables efficiencies. “This phenomenon of fintech, while new and exciting, shares commonalities with the Silk Road. Both are powerfully transformative. But like the Silk Road, fintech’s positive impact can only be sustained if its further development and use are done in an inclusive manner,” he said.

An industry report puts the number of fintech startups in the country at 60 players in 2017. Mobile payment and alternative finance firms dominate with 26 and 17 players, respectively.

The transaction value of the fintech market in the Philippines is estimated at \$5.7 billion in 2018 and is expected to grow at an annual rate of 16.4 percent to \$10.5 billion by 2022. Digital payments account for the largest share of the market at 98.9 percent or \$4.6 billion last year.

“Technology is our now and our future. To harness its benefits, we must collaborate and leverage on each other’s strengths. Only then will we be able to enjoy sustained economic growth over the long term,” he said.

Espenilla said in a separate session titled “New Technologies in Finance: Opportunities and Challenges for Asia” monetary authorities remain cautious on cryptocurrencies particularly bitcoins.

“In terms of digitizing the currency, for a country like the Philippines, this is not a first-order concern. It’s a very interesting proposition but I think the perspective is before something like that happens in the Philippines, there are more fundamental issues that we need to sort out,” he said.