

Eli M Remolona: Message for the Annual Reception for the Banking Community

Welcome message by Mr Eli M Remolona, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the 2024 Annual Reception for the Banking Community, Manila, 26 January 2024.

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Introduction

Magandang gabi.

I am so glad the weather cooperated.

Former central bank governors, members of the Monetary Board, colleagues and friends from the banking and diplomatic community, fellow government officers, ladies and gentlemen, a pleasant good evening to all of you.

On behalf of the Monetary Board, I'd like to thank you all for gracing the 2024 annual reception for the banking community within these walls of Fort San Antonio Abad.

I am especially delighted to join you in this yearly tradition because tonight's celebration is a very special one. This year marks 75 years of central banking in the Philippines.

It is fitting that we gather here at Fort Antonio Abad. This fort, together with Intramuros, was designated a national cultural treasure by the National Museum of the Philippines.

It played a significant part of the history of Manila and similar to this fort, the BSP [Bangko Sentral ng Pilipinas] has come a long way as a central bank from its inauguration on January 3, 1949.

Due to the leadership of visionaries who recognized that the BSP must change with the times and the painstaking efforts of the men and women of the BSP who made this happen, we are all here today.

The BSP started as a central monetary authority in 1949. It later assumed the responsibility for regulating the financial system.

And then in 2019, we were able to inscribe in our charter our three fundamental mandates, maintaining price stability; financial stability; and a safe and efficient payments and settlement system.

Through all these years, the BSP has managed to be a source of stability for the economy.

We are not resting on our accomplishments. We deeply feel that we still have work to do.

Indeed, we have outlined a reform agenda. It is an ambitious agenda, and we will need your help for most of it.

Four goals

Let me just mention four goals in this agenda.

First, we want to further enhance our monetary policy framework by sharpening our research, our model, and non-monetary tools.

We want these to be more responsive to inflation pressures, particularly during periods of unusual and large supply shocks.

So far, the BSP managed to anchor inflation expectations and thus, effectively control second-round effects.

Through our inflation-targeting framework, headline inflation has gone down to 3.9 percent as of December 2023, from a high of 8.7 percent in January 2023.

Second, we will strengthen the way we conduct systemic risk oversight. You saw what happened in March 2023 with Silicon Valley Bank and Credit Suisse. We don't want this to happen to us.

And for now, the banking system remains healthy, characterized by strong balance sheets, profitable operations, and sound performance indicators.

The banking system likewise stood firm and proved its true resilience through the pandemic and through the international disruptions of March 2023.

Third, the BSP financial stability mandates also carry with it the responsibility to deepen our capital markets.

This is meant to diversify the sources of funds in our financial system so that our businesses and our investments do not have to rely entirely on the banking system in case there is a credit crunch.

Fourth, we will strive to make the BSP sustainability initiative more meaningful by infusing it with an inclusion perspective.

We want to ensure that the entire financial system supports an inclusive adaptation program so that the burden of transition does not fall on the most vulnerable segments of our society.

Parallel to this, the BSP is harnessing digital technology to empower sectors which have been traditionally underbanked.

We think our open financial framework will unlock opportunities for consumers.

The BSP has been relentless in bringing our Paleng-QR Ph Plus Program to various parts of the country, giving market vendors, public transport drivers, and other merchants a more convenient way of accepting e-payments for their transactions.

Conclusion

So, the BSP has accomplished a lot in the last 75 years.

None of these would have happened without the help of various stakeholders present here today.

To the past members of the BSP Monetary Board and BSP officers, we salute you for helping shape the BSP into the world-class organization that it is today.

Meanwhile, I hope that through the initiatives which we will put into play in collaboration with the banking industry, the BSP will be able to contribute to a brighter and better future for our countrymen.

To officially cap this evening, let me now call on my fellow Monetary Board Members (MBM) to please join me on stage for the ceremonial toast, MBM Bruce Tolentino, MBM Anita Aquino, MBM. Rosalia de Leon. MBM. Romeo Bernardo, and MBM Benjamin Diokno.

Mabuhay po tayong lahat and enjoy the evening.