

Eli M Remolona: Protecting the banking system as a whole

Speech by Mr Eli M Remolona, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the Philippine Deposit Insurance Corporation Stakeholders' Appreciation Night, Manila, 20 June 2024.

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Magandang gabi po.

President Bobby Tan, members of the PDIC (Philippine Deposit Insurance Corporation) Board of Directors, members of the PDIC management, PDIC's institutional partners, good evening.

As the PDIC's 60th anniversary celebration draws to a close, we would be remiss if we did not express our gratitude to our stakeholders.

The PDIC's relationships have been crucial to the organization's success.

So, tonight is a stakeholders' appreciation night.

As President Bobby Tan said, when the PDIC was established in 1963, it was the first institution in East Asia to offer deposit insurance. Since then, it has stood as a bulwark against banking crises.

Yes, the PDIC provides depositor insurance. But its most important role, by far, is to protect the banking system as a whole. When a mass of depositors decide to withdraw their money, even when they do not need it, then you have what constitutes a bank run. This bank run can have catastrophic consequences for the financial system, the economy as a whole, and our people. We look to the PDIC to stop such a run in its tracks.

In the late 1990s, the Asian Financial Crisis shook the region's economies to their core. A decade later, the Philippine banking system itself was shaken by the Legacy Group scandal, which led to the collapse of 48 banks across the archipelago.

The PDIC plays its most critical role during times like these. It does this by restoring confidence among depositors.

Today, I am proud to say that the BSP itself is one of the PDIC's stakeholders.

We work very closely together and try hard to maintain the stability and resilience of the Philippine banking system.

Together, we are stronger in facing the challenges ahead. So, cheers to our enduring partnership. And cheers to our stakeholders.

Maraming salamat po at mabuhay tayong lahat!