

Eli M Remolona: Off to the next 75 - celebrating 75 years of central banking in the Philippines

Speech by Mr Eli M Remolona, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the 75th anniversary of central banking in the Philippines and 31st anniversary of the Bangko Sentral ng Pilipinas, Manila, 3 July 2024.

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Introduction

Monetary Board [Members] Benjamin Diokno, Lea De Leon, and Romy Bernardo; Deputy Governors Chuchi Fonacier, Francisco Dakila Jr., Mamerto Tangonan, Eduardo Bobier, and Bernadette Romulo-Puyat; our BSP (Bangko Sentral ng Pilipinas) family; guests, magandang umaga po! Happy 75th anniversary!

First 75 Years

After this ceremony, we will officially open the anniversary exhibit in the lobby. The exhibit is modeled after the [La] Intendencia in Intramuros, our first home.

All 100 staff of the Central Bank [of the Philippines] at that time, could fit comfortably there. Medyo mapapayat kasi tayo noon.

Their main concerns were a change in our currency system and working with the government and banking sector to lift the country out of the devastation of World War II. Since then, the Central Bank and the Bangko Sentral ng Pilipinas have played a leading role in navigating the financial sector and the economy through various challenges, some global and some home-grown.

The most recent challenges have been the COVID pandemic and the surge in inflation driven by global supply shocks. These were crises that had not happened for over a hundred years.

As the Central Bank did after World War II, the BSP lent the government massive amounts of money during the pandemic. We slashed interest rates to a record low [of] two percent. We imposed moratoriums on interest payments. We helped the growth of e-payments to counter lockdowns. Then, as inflation rose, we raised policy rates to their highest in 17 years.

Today, inflation is poised to return to our target range while economic growth is among the fastest in the world.

But crises are not all that define us. Some of our most important work happens incrementally over years and decades. With diligence and technology, we have improved supervision to the point that we have not had a major bank failure in more than 20 years.

With diligence and technology, we have helped create a payment system that enabled businesses to expand and create jobs, and that makes all our lives more convenient. All of these we have accomplished because of you. You can, and you should be proud of what you and your predecessors have given the country.

On to the next 75

Over the next 75 years, our work will remain as important, if not more so. Three areas stand out: sustainability, digitalization, and the deepening of our capital markets. On sustainability, the BSP will play a growing role in protecting the present and future generations and the world they live in. Our geography makes us especially vulnerable to climate change.

We are seeking that kind of sustainable finance that would help our people adapt to the physical risks of a worsening climate. Indeed, we are working with other agencies to harmonize policies in order to accelerate such sustainable finance.

On digitalization, we will continue to push digital payments as a pathway to financial inclusion. We will foster the Open Finance approach to give more Filipinos better access and better choices in credit, pensions, and other financial services.

We will also harness the power of artificial intelligence for our own work in the BSP. Artificial intelligence promises to allow us to digest quickly vast amounts of information to support monetary policy and banking supervision.

Finally, we are renewing our efforts at deepening our capital markets. This will not only have enhanced investments for our economy, but will also strengthen the transmission mechanism of monetary policy.

Meanwhile, we at the government are working to achieve the investment grade status that will bring in a new wave of investors.

Upholding the principles

When I took my oath as Governor last year, I talked about pagpapatuloy and pagpapabuti.

As we mark the 75th year of central banking in the country, it is a good time to remind ourselves of a third P: prinsipyo.

Amid pagpapatuloy and pagpapabuti-forward and upward-we should remind ourselves of our immovable, unchanging principles. We must live them as fully as our predecessors did when we were new and much smaller at the Intendencia.

Our principles remain: integrity, excellence, solidarity, accountability, and patriotism. I know that patriotism lives in your hearts. I hear you singing it in the BSP anthem, whose final words are "puso at diwa [ay] sa bayan."

These are the principles that have guided our decisions and actions for 75 years. They are what will guide us on to the next 75.

Maraming salamat! Mabuhay tayo at mabuhay ang BSP!