

## **Eli M Remolona: Keeping the Bayanihan spirit alive**

Speech by Mr Eli M Remolona, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the 6th General Membership Monthly Meeting of the Consular Corps of the Philippines, Makati City, 31 July 2024.

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### **Introduction**

Your Excellencies, consul generals, heads of missions, representatives from various organizations, ladies and gentlemen, good evening. *Magandang gabi po.*

What an honor it is to join all of you tonight. This event happens to coincide with the International Day of Friendship, which is held every 30th of July. As I recall, this was an initiative of the United Nations to build bridges of friendship in the international community. So let me greet you a happy International Friendship Day.

### **Unity and cooperation**

I am afraid this will be a serious speech. We will have to earn the dinner we just had. One core Filipino value that resonates with the bond of friendship in this group is the *bayanihan* spirit of unity and cooperation.

The *bayanihan* tradition is deeply rooted in our culture and heritage. It was earlier associated with the collaboration of the whole community in moving someone's house. It has now taken on a modern meaning that more general collective action of a community to support one another.

We, at the Bangko Sentral [ng Pilipinas] (BSP), recognize your critical role in promoting the interest of the countries you represent, while at the same time promoting cordial relations and mutually beneficial exchanges between your countries and the Philippines.

We are grateful that you have chosen to go beyond these struggles by engaging in projects that directly uplift the welfare of Filipino communities. These projects include environmental protection, disaster relief and rehabilitation, and assistance to the seriously ill and abandoned children. All these activities mirror the *bayanihan* spirit.

For its part, the BSP plays a critical role in maintaining price stability, financial stability, and a safe, secure, and efficient payments and settlements system. We believe that performing these roles helps strengthen our economic relationships. Consistent with the *bayanihan* spirit, our actions are part of the collective effort of nations to maintain global and regional economic stability while promoting international trade.

### **Digitalization and sustainability**

Tonight, let me focus on just two of our initiatives to support our communities. These initiatives are about digitalization and sustainability. Under a mandate of providing a

safe, secure, and efficient payment system, we are pushing for digital payments. This includes the use of innovative digital payment rails, such as InstaPay, PESOnet, and QR Ph. Building on these payment systems, we have also rolled out Bills Pay PH, which you can use to pay your bills, PalengQR which you can use to pay your market vendors, and eGov Pay which you can use, if you are a taxpayer here, to pay the government. These programs have helped us surpass our goal of digitalizing at least half of total retail payments. As of end-December 2023, 52 percent of these payments were done digitally.

Working with the Bank for International Settlements, we are trying to connect our fast payment system with those of our ASEAN (Association of Southeast Asian Nations) neighbors as well as India, Saudi Arabia, and other countries with fast payment systems. This platform is called Project Nexus. Once this is in place in two years, this platform will make cross-border retail transactions more secure, more efficient, and less costly.

Meanwhile, we are painfully aware that our geography makes us especially vulnerable to climate change. Just last week, we witnessed typhoon Carina that made this vulnerability all too evident.

Hence, we have issued guidelines for the management of risks related to environmental, social, and governance issues. At the same time, we have developed a taxonomy for banks for sustainable finance. This will allow banks to tag each of their activities as environmentally or socially sustainable.

## **Economic fragmentation**

Let me now turn to you, the Consular Corps for help. We need your help for one increasingly important concern—that of economic fragmentation. For decades after World War II, increasing globalization was the norm.

Most governments believed in its benefits, and thus, most wanted to be part of it. But for almost two decades now, globalization has been losing ground to global fragmentation.

In recent years, fragmentation has been fueled by the global financial crisis, trade wars, trade disruptions caused by the Russia-Ukraine conflict.

As we all know, global trade is now on its back foot. According to the World Bank, the average annual number of new trade agreements in the 2020s is less than half of that of the 2000s.

In contrast, the number of new trade-restricting measures in 2022 and 2023 has tripled relative to 2019. This has led to a slowdown in the growth of trade. It appeared from 2020 to 2024 [that] it is poised to have the slowest growth in global trade of any five-year period since the 1990s.

The trade disruptions have caused the kind of supply shocks across the world that have led to the highest global inflation rates in decades.

In the case of the Philippines, our inflation rate rose to 8.7 percent in January 2023. To tame this inflation, central banks around the world, including the BSP, have had to raise interest rates. We hope that diplomatic channels can help prevent further economic fragmentation and maybe even repair the existing one.

Let me close by restating the obvious. The Consular Corps of the Philippines is an important partner in building economic bridges that connect the Philippines to the nations that you represent.

We need to continue to build bridges for both trade and finance. Together, let us continue to nurture our bond of friendship. Let us keep the bayanihan spirit alive as we move towards a more resilient and inclusive Philippine and international financial system.

Thank you very much. *Maraming salamat po.*