

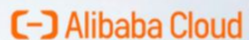
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PHILIPPINES FINTECH REPORT 2024





As we enter 2024, the Philippine fintech scene continues to evolve and mature, building upon the transformative changes witnessed in the previous year.

The increasing adoption of digital technologies, coupled with supportive government policies and a growing demand for accessible and innovative financial services, has further propelled the growth of the fintech industry in the country.

Financial inclusion remains a key focus, with fintech solutions crucial in providing effective access to a wide range of appropriately designed, high-quality, and responsive financial services for all, particularly the vulnerable sectors.

The goal is not merely to provide universal access to financial services but to ensure that these services genuinely enhance the well-being of their users, empowering them to make informed decisions about their financial welfare and future.

The Philippine government, led by the Bangko Sentral ng Pilipinas (BSP), has maintained its proactive approach to fostering a conducive environment for fintech development. Regulatory frameworks and initiatives continue evolving to balance encouraging innovation and ensuring consumer protection and financial stability.

In 2024 we expect further advancements in various fintech sectors, such as mobile payments, digital wallets, online lending platforms, and blockchain-based applications. These developments will disrupt the traditional banking industry and contribute significantly to the country's economic growth and development.

This report aims to provide an updated overview of the Philippine fintech scene in 2024, examining the latest trends, emerging players, regulatory updates, and the ongoing impact of fintech on different sectors. By offering valuable insights and analysis, this report seeks to assist stakeholders in navigating the dynamic fintech landscape and harnessing its potential to drive financial inclusion and national prosperity.

Christian König
Founder, Fintech News Network

FINTECH
NEWS NETWORK

It is with great pride that I present the Annual Philippines FinTech Report for 2024, a comprehensive document that highlights the remarkable progress our nation has made in the fintech and digital landscape over the past year. This report is not merely a collection of data and milestones; it is a testament to our collective vision, resilience, and unwavering commitment to driving sustainable inclusion and innovation in the Philippines. The past year has been pivotal for the fintech industry.

We have achieved transformative milestones that have reshaped the financial services sector, bringing us closer to our goal of a digitally inclusive society. The launch of the DICT's e-Verify Program marked a significant leap in ensuring secure and efficient identity verification for all Filipinos at scale. This initiative is crucial in our journey towards a safer and more inclusive financial ecosystem, enabling millions to access financial services with ease and security.

Equally significant is the Bangko Sentral ng Pilipinas (BSP) achieving its twin goals of the Digital Payments Transformation Roadmap: transitioning 50% of retail payments to digital by 2023 and ensuring that 70% of adult Filipinos have transaction accounts with the support of the entire industry. This accomplishment indicates that we are on the right path, with digital payments now playing a vital role in the daily lives of Filipinos. It also reflects our nation's ability to adopt digital solutions that promote economic growth and financial inclusivity. We have surpassed expectations with the Philippine Development Plan 2023-2028, exceeding our fintech target within less than two years. As of early 2024, 285 fintech entities operate in the Philippines—an incredible feat that underscores the rapid growth of our financial ecosystem.

Looking ahead, AI trends will continue shaping the future of financial services, offering more personalized, efficient, and secure solutions for consumers. AI-powered use cases are becoming more sophisticated, providing instant customer support, financial advice, and personalized product recommendations, including fraud detection and cyber resilience, among others. BSP and SEC's recent initiatives and regulations have been instrumental in fostering a conducive environment for fintech growth, such as the implementation of an Open Finance Framework.

This framework will enable seamless data sharing across financial institutions, leading to more competitive and innovative financial products and services for consumers and businesses alike. All these efforts ensure that we remain at the forefront of innovation while maintaining the highest standards of consumer protection and trust. This report results from years of hard work and fruitful collaboration among various stakeholders—fintech companies, regulators, policymakers, and industry partners. I extend my deepest gratitude to everyone involved. Your dedication drives the continued success and transformation of our industry. As we move forward, let this report serve as both a reflection of our achievements and a guide for the future. Together, we will continue to break barriers,

Lito Villanueva
Founding Chairman, Fintech Alliance PH

Alibaba Cloud Philippines - Powering Digitalization in the Philippines

As the Philippine BFSI (Banking, Financial Services, and Insurance) industry continues to evolve, cloud computing has become an essential tool for businesses looking to stay competitive and drive innovation. At Alibaba Cloud, a leading global cloud service provider, we are committed to the success of our customers in more than 200 countries and regions, providing reliable and secure cloud computing and intelligence processing capabilities that can enable customers to grow their businesses. In October 2021, Alibaba Cloud Philippines launched its first data center in the country.

Alibaba Cloud platform offers a comprehensive suite of services, including Infrastructure as a Service (IaaS), Platform as a Service (PaaS), Software as a Service (SaaS), and Model as a Service (MaaS), that can be customized to meet the specific needs of businesses across industries.

At Alibaba Cloud, we are proud to have worked with some of the leading local and leading global fintech companies and banks to drive innovation and growth in the industry, such as GCash, Alipay, Hang Seng Bank, CIMB, DANA, TNG Digital, UBX and more. Our commitment to innovation and growth in the industry is exemplified by our global best practices and comprehensive financial services, which include landing zone, digital e-KYC, Cloud Native, Cybersecurity, Network Acceleration, and Data Analytics, among others, to accelerate their digital transformation journey. At the same time, maintain the highest levels of security, compliance, and reliability.

For fintech companies, our cloud solutions like Mobile Suite and Cloud Adoption Framework have empowered lots of fintech startups to launch new products and services rapidly and cost-effectively without having to invest in expensive IT infrastructure. As we continue to expand our presence in the Philippines and across the region, we remain committed to providing world-class cloud solutions and driving innovation in the banking and fintech industries, among others. We look forward to working with more companies and organizations to help them achieve their goals and succeed in the rapidly evolving world.

Allen Guo
Country Manager, Alibaba Cloud Philippines



First and foremost, I would like to extend my thanks to Fintech News for inviting ZOLOZ to participate in the creation of the Philippines 2024 Financial Report. It is a great honor for us to contribute to this comprehensive analysis.

ZOLOZ is a global brand in security technology, dedicated to providing authentication services worldwide. Our core areas of expertise include identity verification(ekyc) , anti-money laundering, and transaction fraud risk control. We proudly serve over 1.2 billion users across 25 countries and regions, leveraging advanced artificial intelligence, facial recognition, liveness detection, and risk signal technologies. This allows us to offer robust, end-to-end identity verification, online fraud detection, and continuous risk monitoring services.

Our commitment to excellence and security is validated by top authoritative certifications such as SOC2 Type2, IBETA Level 2 and ISO 27701. These certifications underscore our dedication to maintaining the highest levels of data security and privacy, ensuring our solutions meet and exceed industry standards.

As we explore the Philippine financial market, it's clear that AI technologies are rapidly transforming the landscape. While AI-driven solutions enhance efficiency, customer experiences, and risk mitigation, they also bring heightened threats from sophisticated cyber attacks and fraudulent activities like Deepfake technology. In Southeast Asia, the rise in Deepfake-related fraud and identity theft cases has posed significant risks to financial institutions and their customers.

ZOLOZ is at the forefront of addressing Deepfake threats through our innovative solutions and technology. Looking ahead, ZOLOZ envisions a future where security technology and artificial intelligence work together to create a safer digital environment.

William Yao
Chief Technology officer, Zoloz Pte. Ltd

ZOLOZ

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- 02** Philippines at a Glance
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- 04** Cryptocurrency
- 05** Digital Banking
- 06** Key Regulatory Milestone

Philippines Fintech Map 2024 (Total: 335 Fintech Companies)

PAYMENTS (116)



e-WALLET (29)



OPEN FINANCE (4)



LENDING (73)



LENDING (BNPL) (10)



WEALTHTECH (12)



PROPTech (3)



BLOCKCHAIN/CRYPTOCURRENCY (16)



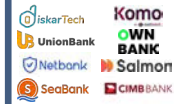
DIGITAL BANKS (6)



COMPARISON (3)



DIGITAL-CENTRIC BANKING APPS (8)



INSURTECH (9)



KYC/REGTECH (13)



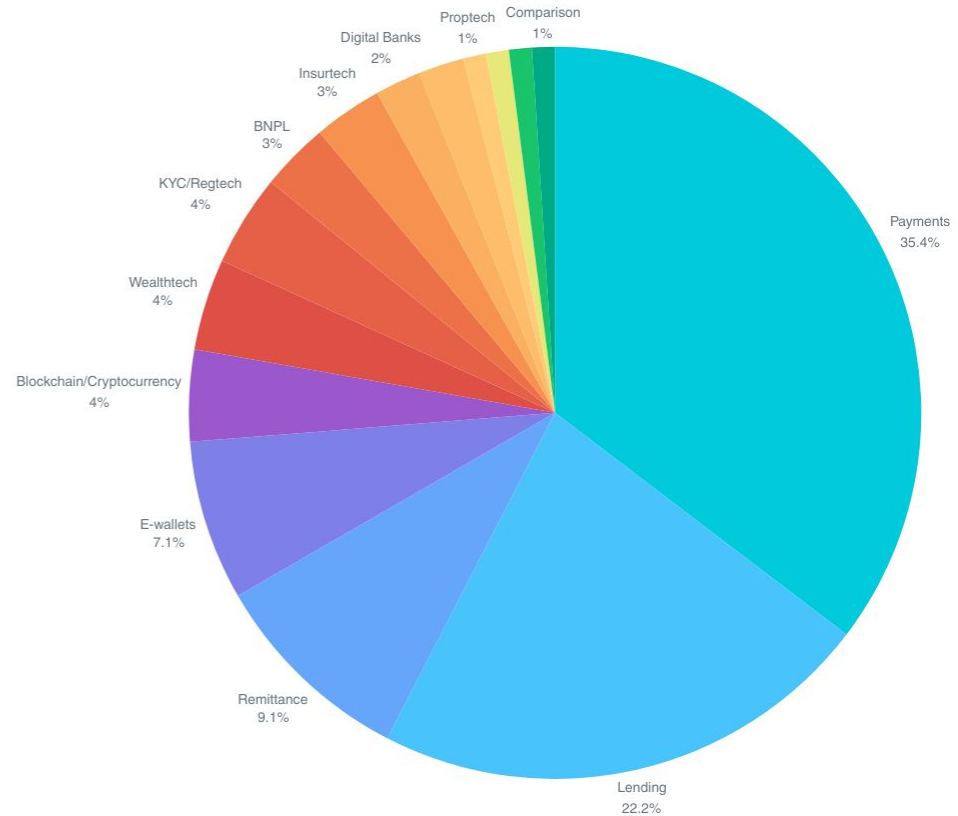
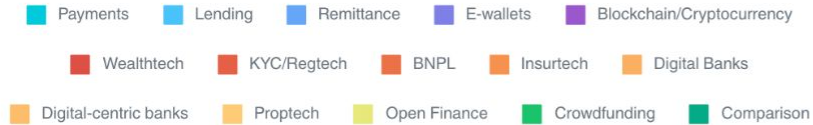
CROWDFUNDING (3)



REMITTANCE (35)



Philippines Fintech Map 2024



The Philippines' Flourishing Growth in Banking and Connectivity

PHILIPPINES



5.7%

GDP growth (1Q of 2024)

5.9%

GDP forecast (2024)

US 3,624

GDP Per Capita (2023)

5.5%

Inflation forecast (2023)



118,917,618

Total population (2024)

48.61%

Urban Population

33.4M

Filipinos aged 10-24

99.58%

(out of 1,080,810)
micro, small and medium enterprise



107.8M [+14.6%]

Number of deposit accounts Q1 2023
(Growth from Q3 2022)

23,252 [+0.9%]

Number of ATMs 2023 Q1
(Growth from 2022 Q1)

28.36 [-1.4%]

Number of access points per 10,000
adults Q1 2023

55

Number of banks with digital
onboarding capability 2023



87.1% [+2.3%]

Smartphone penetration
(2023)

85.16M

Number of Internet users
(2023)

144.5%

Mobile Broadband Connections
(2023)

85.16M

Mobile internet user
penetration

Sources: BSP Monetary Policy Report 2023, Philippine Statistics Authority (PSA), Statistics Times, Manila Times, OOSGA, The Philippine News Agency

*Mobile broadband connections - number of sim cards that are 3G and above (as percentage of total population)

Digital Governance Initiatives



National ICT Development Agenda

Pursuant to RA 10844, the Department of Information and Communications Technology as part of the executive branch of the government mandated to plan, develop, and promote the National ICT Development Agenda.



Digital Government Masterplan 2023-2028

Pursuant to the National ICT Development Agenda and the directives of the current Administration to develop plan and promote digital transformation across all sectors in the government.

SEC Proposed Regulations:

- New regulations targeting cryptocurrencies, tokenised securities products, and blockchain-based financial assets.
- Aim: Ensure market stability and investor protection.



Cryptocurrency Capital Gains Tax:

- Implementation of up to 15% capital gains tax on cryptocurrency transactions.
- Aim: Bring regulatory clarity and fiscal discipline to the crypto sector.



BSP VASP License Suspension:

- Three-year closure of the application window for new Virtual Asset Service Provider (VASP) licenses.
- Aim: Safeguard investors and allow for regulatory review and enhancement.



Open Finance PH Pilot:

- Initiation of an 18-month pilot with ten leading financial institutions.
- Exploration of advanced functionalities like account consolidation and credit analysis.
- Aim: Craft a comprehensive and inclusive open finance framework for the Philippines.

6 Key Strategies to Accelerate Innovation in Financial Services



Free Consultation

1 Leveraging Financial-Grade IaaS

Implement high-performance and reliable infrastructure tailored for the financial industry to ensure high availability and stringent security for mission-critical applications.

2 Adopting Cloud-Native Technologies

Modernize IT effortlessly with cloud-native technologies, enhancing agility, scalability, and efficiency to quickly adapt to market changes.

3 Harnessing Intelligent Data Analytics

Utilize advanced data analytics tools to process large datasets, uncover insights, and make data-driven decisions, improving predictive analysis and personalizing user experiences.

4 Integrating AI Solutions

Deploy AI solutions, including AI Infrastructure, MaaS (Model as a Service) and AI-driven SaaS applications to enhance operational efficiency, reduce risks, and elevate customer satisfaction.

5 Ensuring Financial Security and Compliance

Implement comprehensive security solutions with a multi-layered approach to confidently navigate the digital landscape and safeguard financial institutions.

6 Structured Cloud Adoption and Excellence Framework

Use the Landing Zone cloud adoption framework for a structured cloud transition. Combined with the Well-Architected Framework to achieve operational excellence, security, reliability, cost optimization and performance efficiency.

Digital Governance Initiatives

Regulatory technology (Regtech) and supervisory technology (Suptech):

- Early stages but with growing interest to improve regulatory compliance and financial institution efficiency.
- BSP promotes regtech and suptech adoption within the financial sector.



BSP Initiatives:

- Aim: Streamline compliance and manage IT-related risks for supervised financial institutions.
- Commitment: Strengthening regulatory and supervisory capabilities using suptech tools.



ASTERisC Introduction*:

- A cloud-based regtech and suptech solution by BSP.
- Functions: Cyber-profiling, cyber incident reporting, and cybersecurity control self-assessments.
- Access: Supervised financial institutions can access and transfer real-time cybersecurity-related reports and data.



Benefits of ASTERisC*:

- Facilitates BSP's cybersecurity supervision and oversight processes.
- Supports risk-based and proactive supervisory decisions.
- Guides the direction of cybersecurity policy.



Recognition:

- BSP received the Cyber Resilience Initiative Award for ASTERisC* at the 2023 Fintech & Regtech Global Awards.

Digital Governance Initiatives

Open Finance PH Pilot

The Open Finance Framework encourages established banks such as BPI, BDO, and Metrobank to participate in an open finance ecosystem. This ecosystem will use application programming interfaces (APIs) to connect various financial services, ensuring that customer data is used with explicit permission and respecting data ownership.

The BSP is advocating for open finance, particularly in financial health. Open finance facilitates consent-driven sharing of customer data among financial institutions and third-party providers. It also gives customers more access and more choices regarding financial services.

According to BSP Governor Eli M. Remolona Jr., the central bank believes that open finance holds significant potential to extend the reach of financial inclusion. It will do so by fostering innovations in financial services.

A core tenet at the BSP is that the centre of open finance should be the customer, who must be served and protected at all times. This is why the BSP is implementing their financial consumer protection framework. This would ensure that the rights and needs of consumers always come first and that their trust and confidence in the financial system are preserved.



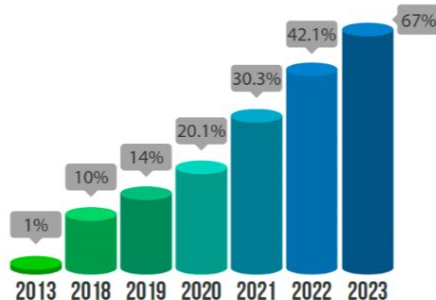
- Initiation of an 18-month pilot with ten leading financial institutions.
- Exploration of advanced functionalities like account consolidation and credit analysis.
- **Aim:** Craft a comprehensive and inclusive open finance framework for the Philippines.
- **Latest development:** The Open Finance PH Hackathon, taking place from July 15 to August 7, 2024, will serve as a collaborative event where BSP-Supervised Financial Institutions (BSFIs), FinTechs, third-party providers (TPPs), and other industry players can develop and showcase innovative proof-of-concepts (POCs) that will provide the industry with insights into the financial industry that can evolve with the adoption of an Open Finance ecosystem in the Philippines.

Digital Payments Statistics

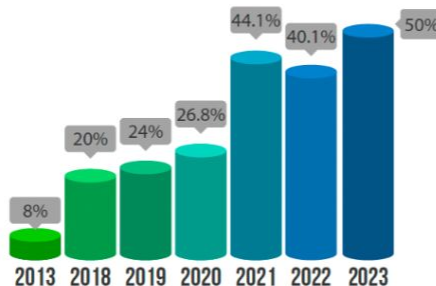
In 2023, the Philippines made significant strides in digital payments, with notable statistics reflecting this growth:

SHARE OF DIGITAL PAYMENTS TO TOTAL PAYMENT TRANSACTIONS

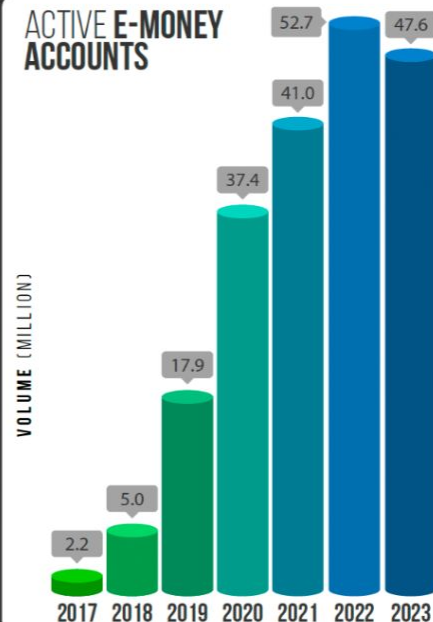
SHARE OF DIGITAL PAYMENTS BY VOLUME IN 2023



SHARE OF DIGITAL PAYMENTS BY VALUE IN 2023

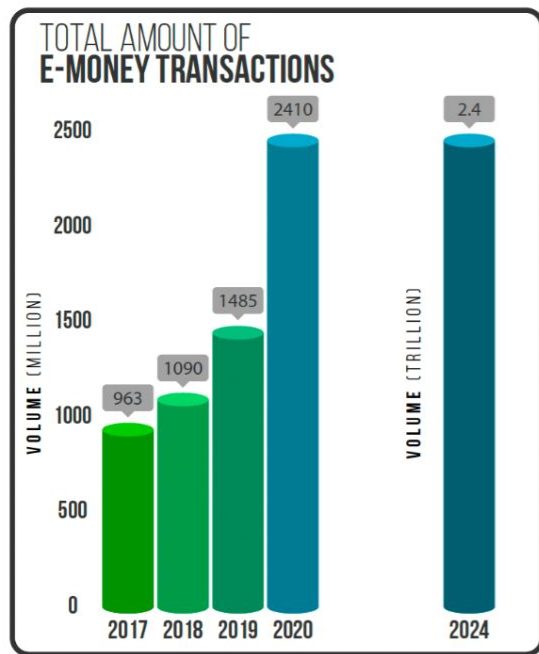


ACTIVE E-MONEY ACCOUNTS



Digital Payments Statistics

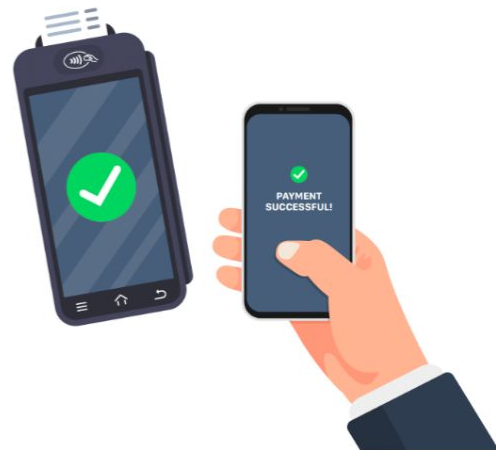
In 2023, the Philippines made significant strides in digital payments, with notable statistics reflecting this growth:



What is the state of digital payments in the Philippines 2024?

According to data from the Bangko Sentral ng Pilipinas (BSP), in the first quarter of 2024, the combined transaction value of PESONet and InstaPay in the Philippines reached P3. 81 trillion, a 33% increase, a third more than the P2. 87 trillion collected in the corresponding period of the previous year.

The BSP's 2023 Report on E-payments Measurement reported a rise in digital payment transactions to total monthly retail payments in the Philippines from 42.1% in 2022 to 52.8% in 2023 – surpassing the BSP target of digitalising 50% of payment volumes as laid out in its Digital Payments Transformation Roadmap 2018-2023.



Digitising Key Payment Streams



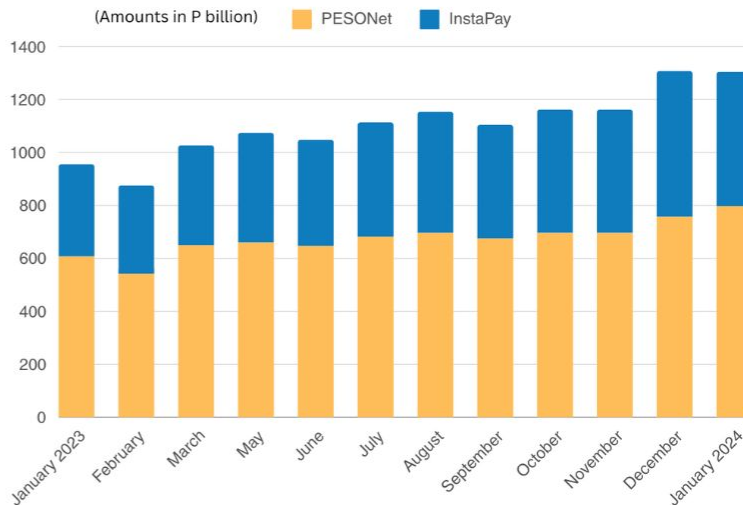
PESONet and InstaPay Transaction Value:

- First quarter of 2024: P3.81 trillion.
- 33% increase from P2.87 trillion in the same period the previous year.

Remittances and Cross-Border Payments:

- 70% of residents received remittances from other countries.
- 17% of residents sent remittances abroad.
- Influenced by the estimated 1.83 million Overseas Filipino Workers (OFWs) employed outside the country.

Combine fund transfers hit P1.31 trillion in January



Source: Business World and BSP

Embedded Finance

The Philippines is witnessing a surge in the adoption of embedded finance, a revolutionary approach that seamlessly integrates financial services within non-financial ecosystems.

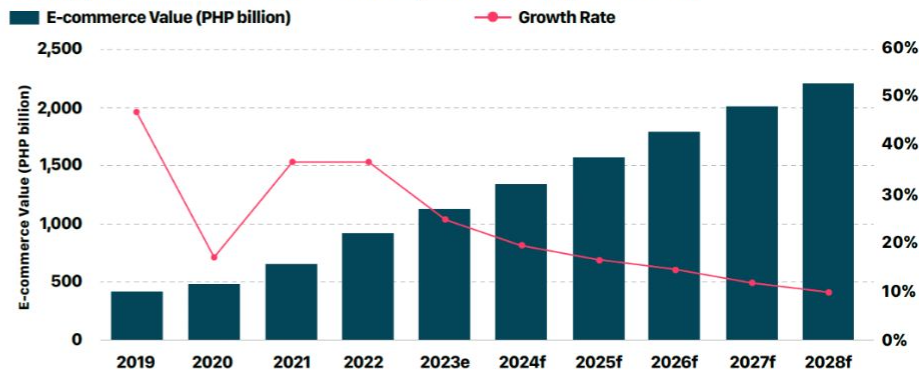
The Embedded Finance industry in the Philippines is expected to grow by 47.2% annually to reach US\$1.94 billion in 2024.

Market Potential and Growth Drivers

The Philippines e-commerce market is growing rapidly and is expected to surge by 19.6% in 2024, driven by growing consumer preference for online shopping and strong internet penetration.

GlobalData's E-Commerce Analytics reveals that the Philippine e-commerce market registered a compound annual growth rate (CAGR) of 28.6% between 2019 and 2023 and is set to reach PHP1.3trn (US\$24.1 bn) in 2024

Philippines: E-commerce Value (PHP billion), 2019-28f



Regulating Virtual Assets in the Philippines

As of 2024, the Philippines has 17 registered Virtual Asset Service Providers (VASPs), which are regulated by the Bangko Sentral ng Pilipinas (BSP). A VASP is any entity that offers services or engages in activities that provide a facility for transferring or exchanging virtual assets, such as Bitcoin.

List of Virtual Asset Service Providers (VASP) As of 10 January 2024



Cryptocurrency Regulation in The Philippines

Virtual Asset Service Providers (VASPs)

The BSP announced an extension of the application moratorium for new Virtual Asset Service Provider (VASP) licenses.

As of 2024, the Philippines has 17 registered Virtual Asset Service Providers (VASPs), which are regulated by the Bangko Sentral ng Pilipinas (BSP).

Regulatory Landscape and Challenges

A revised regulatory framework covering digital assets is still in the pipeline. The draft rules on Digital Asset Securities Service Providers (DASSPs) are under limited release by the Securities and Exchange Commission (SEC) for comments by key stakeholders and market leaders in cryptocurrency legislation/regulations.

Regarding active enforcement efforts, the Philippines joins other crypto-economies such as the UK, Singapore, and France in a global crackdown on Binance – the world's largest cryptocurrency exchange.



Timeline of Crypto Regulations in the Philippines

KEY REGULATORY MILESTONES AND DEVELOPMENTS



The proliferation of deepfake technology has also brought about security threats stemming from AI-generated face swapping

Deepfakes use neural networks that analyze extensive data sets to replicate a person's facial expressions, behaviour, voice and speech patterns. It is now ubiquitous on social media, with AI features and applications enabling users to generate avatars of themselves, or to create an entirely new persona. The popularity of such technologies has led to a boom in the development of apps and features offering AI avatars.

However, The proliferation of deepfake technology has also brought about security threats stemming from AI-generated face swapping. The Asia-Pacific region saw a 1530% increase in deepfake cases between 2022 and 2023, the second highest in the world after North America. Vietnam had the highest increase in deepfake fraud in the region (25.3%), followed by Japan (23.4%), and the Philippines saw the highest growth in deepfake cases (4 500%). AI and deepfakes are also being used in cyber-scam operations across the region, where thousands of people are reported to have been lured to work for organized criminal networks and forced to defraud other people through online scams. (resource: from CNA report)

How to effectively mitigate Deepfake risks?

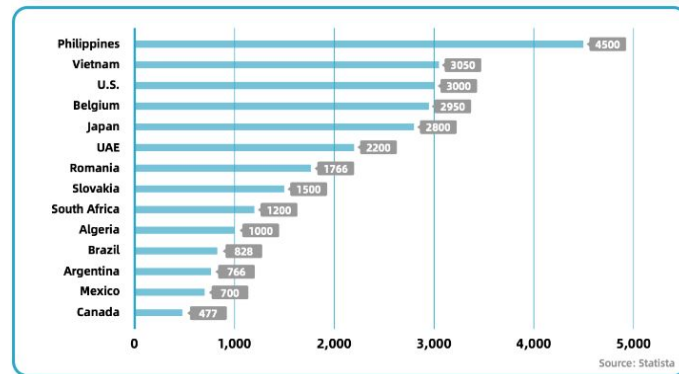
While for many, Deepfake technology is merely a concept, it involves a series of complex actions such as hijacking cameras, altering device permissions, manipulating system library images, and creating artificial chat backgrounds. To counter these sophisticated threats, ZOLOZ has developed a holistic detection system that operates across terminals to the cloud and from hardware to application levels, delivering comprehensive user protection.

To effectively mitigate Deepfake risks, ZOLOZ employs a four-pronged strategy:

- 1 Hardware Verification:** This involves sensor validation, device environment reviews, and camera status monitoring to ensure the authenticity and integrity of biometric data.
- 2 User Interaction Analysis:** Advanced deep learning models scrutinize detailed facial attributes, including micro-expressions, muscle textures, and eye movements, to confirm real-time interactions with real individuals.
- 3 Image Algorithm Checks:** Key image details such as reflection points, facial proportions, and background inconsistencies are examined to detect potential forgery.
- 4 Audio Monitoring:** This method assesses the fluency and naturalness of speech, as well as identifying anomalies like sudden frequency band disappearances.

ZOLOZ provides comprehensive services in user identity verification (ekyc), anti-money laundering and transaction fraud risk control. Serving over 1.2 billion users in 25 countries, we leverage advanced AI, facial recognition, liveness detection, and risk signal technologies. Certified by standards such as SOC2 Type2 and ISO 30107-2 Level 2, ZOLOZ ensures top-tier data security and privacy compliance, making it a trusted choice in the financial sector.

The increase (%) in deepfake fraud cases from 2022 to 2023



Digital Banks Boosting Financial Inclusion

Performance and Profitability Analysis

Only two of the six digital banks in the country are profitable, with losses likely to persist in the medium term as the nascent industry finds the right business model for their target market with a largely untested credit profile.

Investments and Funding Landscape

The Philippine digital banking sector already received more than USD700 million in investments from global and local investors since 2021.

The Digital Bank Association of the Philippines (DiBA PH) said the number of depositors also grew to 5.9 million as of the end of 2023. At the same time, deposits rose to PHP69 billion from PHP35 billion in 2022.

More Digital Banks Incoming

BSP Governor Eli Remolona Jr. said the central bank will resume accepting applications for the country's digital banking license after three years -- a move that opens up the industry to more players that have expressed interest in operating a branchless bank.



Digital Banks Boosting Financial Inclusion



**User Base: 1.5 million
(May 2024)**

- Tonik Bank has been offering innovative products with interest rates up to 6% per annum.
- They have introduced insurance products and expanded their partnership with Genesys to enhance customer experience.
- Tonik continues to highlight its innovative edge by becoming the first digital bank to incorporate Generative AI featuring ChatGPT into its operations successfully.



User Base: 75,000 (2022)
(No publicly available data up to date)

- OFBank has become the first digital-only bank in the Philippines after obtaining a digital banking license.
- They have introduced new deposit products and are focused on providing financial services tailored to the needs of overseas Filipinos.



User Base: 3 million (2023)

- Maya Bank has signed a P2.75-billion (\$48 million) loan channeling agreement with WeFund Lending Corp.
- They have reported a deposit balance of around P25 billion and are committed to improving the Philippines' 'Financial Health' Program.



**User Base: 4 million
(August 2024)**

- GoTyme Bank has reached over 2 million customers and has plans to expand its kiosk network across the Philippines.
- They have acquired SAVii, the largest fintech salary lender in the Philippines, to accelerate expansion into payroll-enabled financial products.



**User Base: 750,000
(April 2024)**

- UnionDigital Bank secured a capital infusion of up to P900 million to expand its digital loan offerings.
- They have reported significant growth in deposits and loans, capturing a large market share for loans among BSP-licensed digital banks.
- Henry Aguda stepped down as president and chief executive, effective 1 August 2024.



User Base: 1.6 million + (2024)

- UNOBank has tackled subprime lending with a greenfield strategy and launched a quick-cash loan product.
- They have acquired over 1.6 million + customers and are currently COAC-positive

Digital-Centric Banks Boosting Financial Inclusion



User Base: 7.5 million (2023)

- CIMB Philippines kicked off 2023 with an 8% high savings interest rate program.
- They have reported strong financial performance and are focused on becoming the leading ASEAN bank.



User Base: 3.5 million (2023)

- Diskartech has been recognized for providing secure and seamless payments to underserved communities, winning awards for security and data analytics in payments.

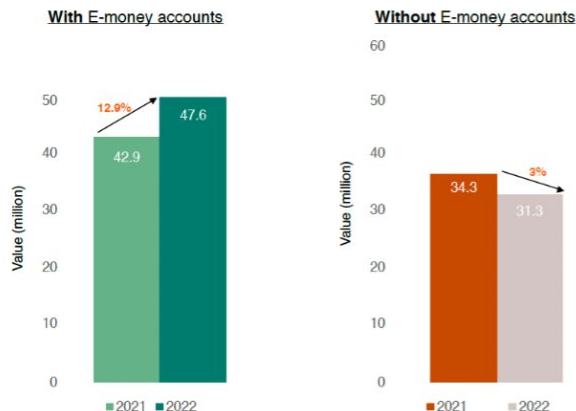


- SeaBank Philippines Inc. recorded a significant surge in net income due to increased loan portfolio and deposit expansion.
- They have been awarded for their security and analytics applications in payments.

BSP Pushes for Financial Inclusion

Access to Bank Accounts:

E-money accounts grew to 12.9% in 2022 Q2. Filipino adults with bank accounts are 47.6 million from 42.9 million in 2021. Filipinos without an account dropped to 31.3 million from 34.3 million.



Access to Financial Services:



Pinansiyal na Talino at Kaalaman (PiTaKa) Campaign

Targeted at Overseas Filipino Workers (OFWs), this campaign provides financial education to help them manage their earnings and investments wisely.



QR Ph System and Transaction Growth

The QR Ph system saw transactions amounting to approximately ₱32.7 billion during the first quarter of 2023, a 22.8% increase compared to the previous quarter and a 159.8% rise in the same period in 2022.



Integration of Digital Identity and Social Protection Programs

As of 3 May, more than 86.7 million people had registered their biometrics with the country's digital ID system, and more than 50.8 million PhilID cards had been delivered.



Traxion and LANDBANK Partnership

Traxion and LANDBANK have forged a pioneering partnership to enhance financial inclusion across the Philippines. The partnership will integrate Traxion's digital banking expertise with LANDBANK's services, including card QR code functionality.

Project Agila

- **Objective:** Explore issuing wholesale Central Bank Digital Currency (CBDC).
- **Launched:** 2022.
- **Goals:** Understand CBDC's capacity for interbank payments, securities transactions, and cross-border payments during off-hours.
- **Blockchain Technology:** Selected Hyperledger Fabric after rigorous evaluation.
- **Participants:** BDO Unibank, Inc., China Banking Corp., Land Bank of the Philippines, Rizal Commercial Banking Corp., Union Bank of the Philippines, and Maya Philippines, Inc.



Internet Transactions Act (ITA)

- **Signed into Law:** December 5, 2023.
- **Purpose:** Boost e-commerce transactions, encourage innovation, and protect consumer rights and data privacy.
- **Scope:** This applies to B2B and B2C transactions and excludes online media content and C2C transactions.
- **Jurisdiction:** Department of Trade and Industry (DTI).
- **Key Provisions:**
 - Extraterritoriality: Entities targeting the Philippine market must comply with Philippine laws.
 - Creation of E-Commerce Bureau: Responsible for ITA implementation, policy formulation, compliance, and enforcement.
 - Obligations: E-marketplaces, digital platforms, e-retailers, and online merchants must ensure transparency, data privacy, and compliance with laws.
 - Dispute Resolution: Internal redress mechanisms are required; DTI needs to develop an online dispute resolution platform.
 - Fines: Up to PHP1 million for ITA violations.

BIR Regulation on Online Marketplace Operators

- **Regulation:** BIR Revenue Regulation 16-2023.
- **Effective:** December 21, 2023.
- **Tax Imposed:** 1% withholding tax on online merchants earning over PHP500,000 annually.
- **Entities Affected:** Electronic marketplace operators and digital financial service providers.
- **Scope:** Applies to one-half of gross remittances to sellers or merchants through their platforms.

Draft Rules on Digital Asset Securities Service Providers (DASSPs)

- **Purpose:** Regulate Digital Asset Securities (DAS) and related activities.
- **Draft Status:** Under review to ensure alignment with existing cryptocurrency regulations.
- **Key Provisions:** Listing and issuing guidelines for DAS, and registration requirements for digital assets.

SEC's Binance Ban

- **Action:** National web space ban on Binance websites and platforms.
- **Reason:** Binance's failure to obtain the necessary license to operate as a securities exchange.
- **Implementation Date:** Set for February 29, 2024, subject to further evaluation



Financial Consumer Protection

- **Act:** Financial Products and Services Consumer Protection Act (FCPA).
- **Regulations:** BSP and SEC implementing regulations.
- **Requirements:** Financial Service Providers (FSPs) must conduct a gap assessment and develop a compliance action plan.

National AI Strategy Roadmap 2.0

In July 2024, the Department of Trade and Industry (DTI) launched the National AI Strategy Roadmap 2.0 (NAISR 2.0) and the Center for AI Research (CAIR). In line with the Philippines' ambitions to become ASEAN's AI hub, the NAISR 2.0 outlines seven strategic imperatives: establishing a robust, connected, and networked environment; enhancing data access and value extraction; transforming education and nurturing future AI talent; upskilling and reskilling the workforce; fostering an AI ecosystem that prioritises ethical considerations; advancing and pushing the boundaries of AI research and development; and accelerating innovation through the strategic application of AI technologies.



Online Lending Platforms (OLPs)

The Securities Exchange Commission (SEC) is also updating its Draft Guidelines on the Registration and Licensing of Online Lending Platforms (OLPs). OLPs are essentially the electronic platforms used by Lending and Financing Companies for customer onboarding, loan origination, and underwriting.

OLPs are still subject to a moratorium imposed by the SEC, in accordance with its Memorandum Circular dated 2 November 2021. The registration of OLPs is currently suspended by the SEC, pending the finalisation of the OLP Guidelines, which are currently undergoing public consultation by the SEC as of the time of writing.

Insurtech Sandbox

The Insurance Commission has issued a regulatory sandbox framework for insurtechs, applicable to all life and non-life insurance companies, mutual benefit associations, and licensed intermediaries or aggregators.

This framework defines a regulatory sandbox as a controlled environment set up by a licensed insurance provider, in collaboration with another entity, for small-scale and live testing of technical innovations under special circumstances and limited supervision. This is a pioneering development for Philippine insurance regulation.

e-Money Issuers Moratorium

The BSP has extended a one-year moratorium for Non-Bank Electronic Money Issuers (EMIs). Existing safeguards remain in place for Non-Bank EMIs, with exceptions outlined in BSP Circular No. 1153 (Regulatory Sandbox Framework) for entities offering strong value propositions to provide e-money services.

The EMI moratorium aims to enable the BSP to monitor the EMI sector and prevent the misuse of e-money licenses.

eGOVchain

The Department of Information and Communications Technology (DICT) introduced eGOVchain, the Philippines' first government blockchain initiative. This project aims to modernise operations, enhance efficiency and transparency, and reduce bureaucratic delays and corruption using decentralised, distributed ledger technology.

Unlike Web3 blockchain applications, eGOVchain focuses solely on data management across various government agencies, marking a significant step in the digital transformation of government operations.

Cross-Border Transaction

- **Current Status:** The central bank aims to implement cross-border payment connectivity within two years, keeping pace with its peers in the Association of Southeast Asian Nations (ASEAN).
- **Pending Legislation:** The BSP is working on the cross-border payments blueprint, and this scheme will be completed by 2024.
- **Notable Developments:** The BSP signed a Memorandum of Understanding (MoU) with other ASEAN central banks to enhance collaboration on regional payment connectivity (RPC) in November 2022. There are also plans to introduce a real-time cross-border payment service by 2026, aiming to simplify the process of sending back remittances for the millions of Overseas Foreign Workers from the Philippines.

Anti-Financial Account Scamming Law

- **Current Status:** In July 2024, the Bangko Sentral ng Pilipinas (BSP) welcomed Republic Act No. 12010, the Anti-Financial Account Scamming Act (AFASA), aimed at combating financial cybercrimes and protecting consumers.
- **Pending Legislation:** AFASA authorises the BSP to investigate violations, apply for cybercrime warrants, and collaborate with the NBI and PNP. It also allows the examination of financial accounts involved in illegal activities.
- **Notable Developments:** The law permits holding disputed funds and mandates verification of disputed transactions. BSP-supervised institutions must implement risk and fraud management systems. Government agencies, banks, and stakeholders must cooperate for effective prosecution and enforcement.



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