

# Record FDI and big rebound in economic growth show strength of the Philippines

Long popular with international investors, the country of 110 million people has emerged from the pandemic in great shape as a new government takes the helm

As the global economic headwinds that buffeted countries during and after the COVID-19 crisis begin to recede, some nations are emerging in far better shape than others, having handled the impact of the pandemic in a proactive and positive way.

The Philippines is one such success, with the government's economic strategy striking just the right balance and laying the foundations for a record year of foreign direct investment of \$10.5 billion in 2021. That up-beat trend has continued into 2022, with FDI up 8% year-on-year in the first two months of the year to \$1.7 billion and ministers upgrading their full-year economic growth forecasts to 7-8% for 2022 and 6-7% for each of the next two years.

"For the Philippines, at the height of the pandemic, we didn't sit idly by and wait for the virus to recede. Instead, we continued to push for game-changing reforms. We continued to invest in physical and human capital. All these aim to improve the Philippines' competitiveness, boost its productive capacity, and make it an even more attractive investment destination," stated Benjamin Estoista Diokno, Secretary of Finance and former governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas [BSP]).

The economic expert and veteran policymaker took up his leading role under the nation's recently elected pro-business government of President Ferdinand Marcos Jr. "Our banking system is stable, benefitting from regulatory reforms over the years. Banks have been extending loans to households and businesses, with credit activity growing since



**Benjamin Estoista Diokno**  
Secretary of Finance of the Philippines

August of last year," Diokno told a high-profile audience in Spain a few months ago in a speech entitled 'The Philippines: Pursuing Reforms, Accelerating Growth, Reaching New Heights.'

"On digital transformation, the Central Bank's policy agenda includes digitalization of the country's payments system. By 2023, we aim to digitalize at



**Robust and well-regulated banking industry helps attract record foreign investment**



**Eugene S. Acevedo**  
President and CEO  
RCBC

to incorporate sustainability principles into their operations."

The respected politician noted that amid the pandemic, the investor-friendly government continued to pursue game-changing reforms that help make the Philippines a preferred investment destination. Such measures included pursuing the passage of the Corporate Recovery and Tax

by the country managing to maintain all its investment-grade credit ratings. Prudent lending standards have also ensured banks keep bad debts manageable while ample capitalization enables them to absorb shocks.

Since 1960, Rizal Commercial Banking Corporation (RCBC) has been a pillar of the Filipino banking industry, offering a broad range of financial services to customers through its retail and investment bank, microfinance unit, foreign exchange brokerage house, leasing company and overseas remittance tie-ups. Headed by experienced president and CEO, Eugene S. Acevedo, RCBC is an industry pioneer spearheading positive change across the sector. This progress includes a focus on new Fintech and mobile banking solutions that have supported financial inclusion throughout the country.

The group's revolutionary financial app — DiskarTech — boasts a range of features, including touchscreen tools that allow users to arrange regular financial payments, take out micro insurance or even set up a virtual health check-up. "The best thing about the app is that it's in Taglish (Tagalog and English) which is basically how people talk," Acevedo explains. "Later on, we had a version that was half Bisaya and half English, for the southern part of the country.

"Suddenly, you had a mobile app which broke through language barriers. It was a hit within a period of three months: we had more than three million downloads and now have double that. Around 70% of DiskarTech users live in the provinces. It's pleasing to see our service is going to where it is needed the most."

## Our new mobile app broke through language barriers. In just three months we had over three million downloads."

Eugene S. Acevedo, President and CEO, RCBC

least half of retail payments and onboard at least 70% of Filipino adults to the formal financial system through transaction accounts. Complementing our digitalization agenda is the new Financial Consumer Protection Act. The law improves the resolution mechanisms for financial consumer complaints, including those involving cybercrimes.

"The Central Bank also issued six digital banking licenses and is at the forefront of promoting sustainable finance. We have issued regulations requiring banks

Incentives for Enterprises (CREATE) Act, which cut corporate income taxes to make it more competitive with members of the Association of Southeast Asian Nations (ASEAN) and rationalized the fiscal incentives system.

"These game-changing reforms will help stimulate the economy, generate more jobs, and allow for the exchange of skills and technology with the country's foreign partners."

The financial sector's resilience to the unprecedented macroeconomic chaos is illustrated