

# The Bangko Sentral ng Pilipinas faces up to its challenges



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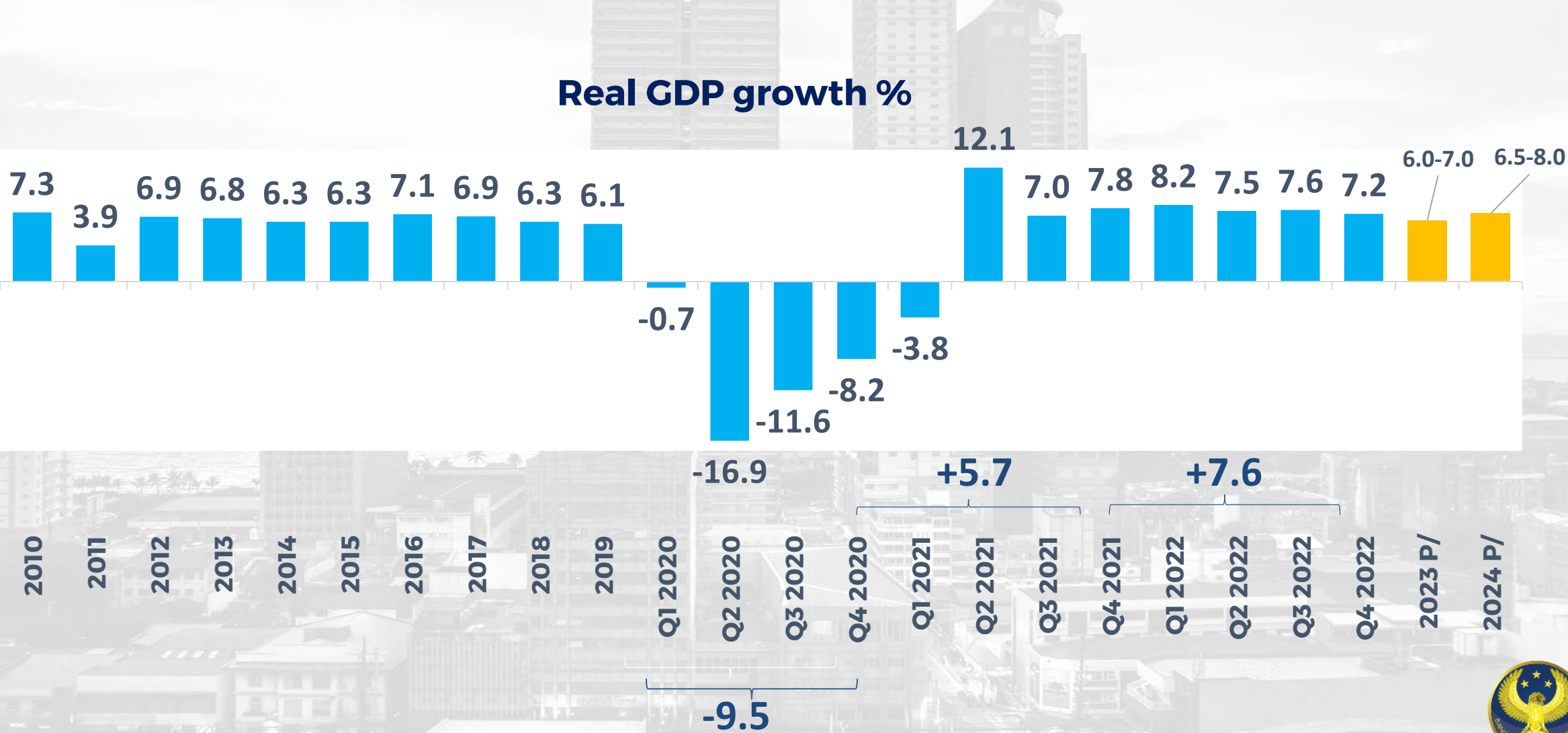


# **The Bangko Sentral has overcome one challenge but faces others**

- 1. Overcoming the Covid challenge**
- 2. The inflation challenge**
- 3. The climate-change challenge**



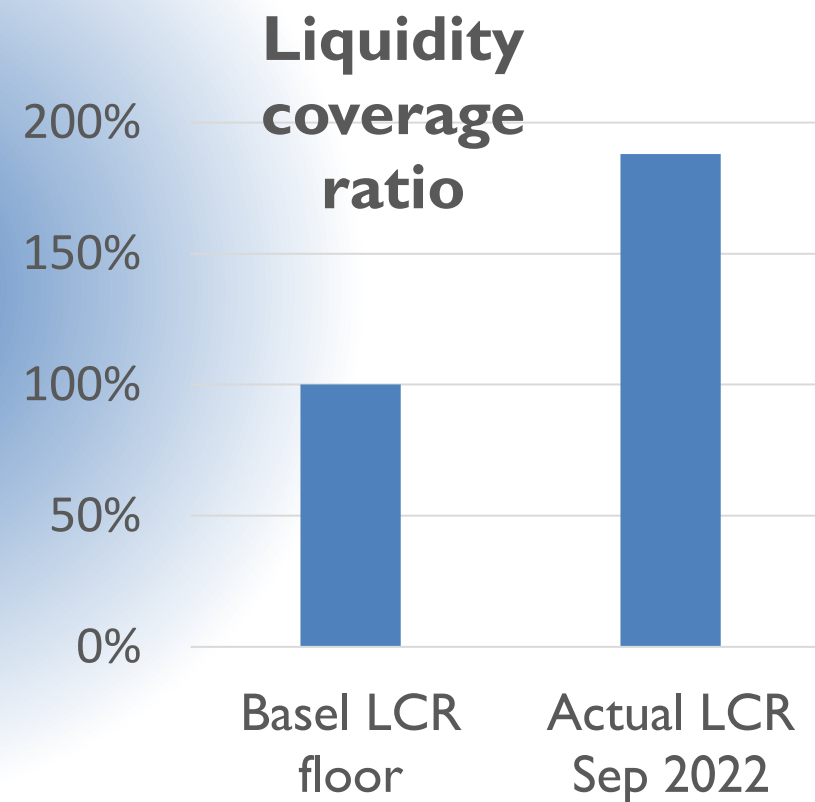
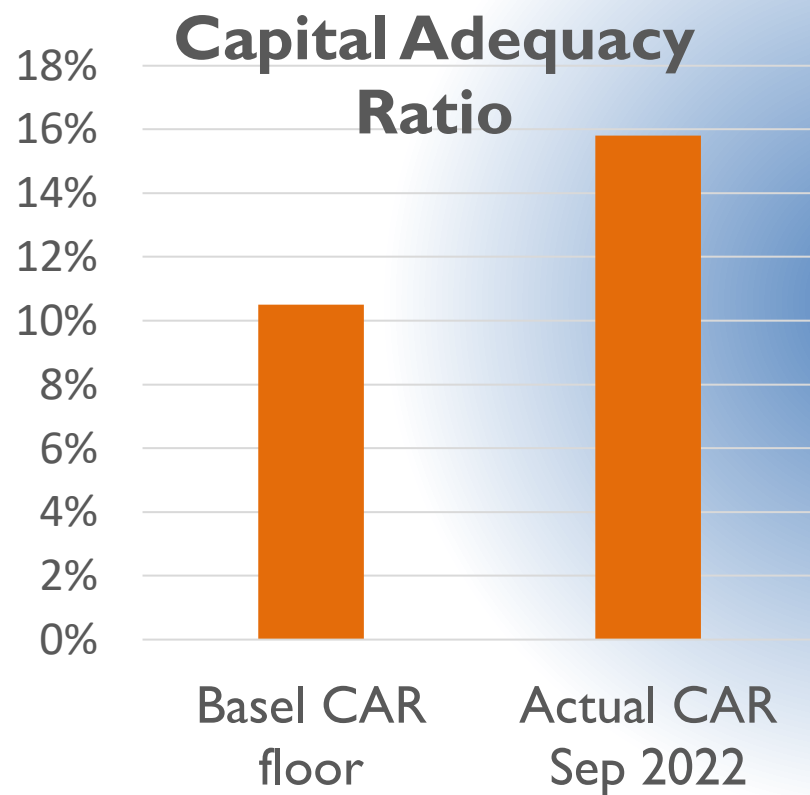
# The economy has come back with a vengeance



p – GDP growth targets by the Development Budget Coordination Committee (DBCC)



# Thanks in large part to the fact that the banks have remained strong



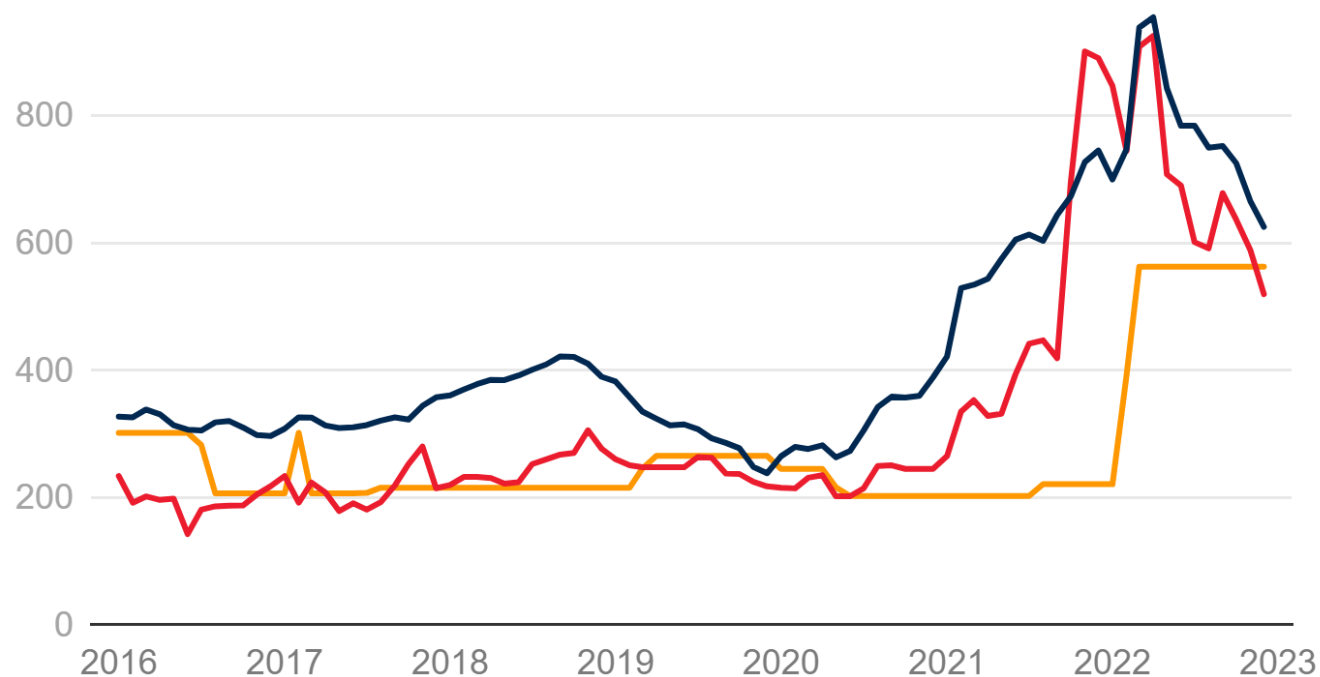
# Our immediate challenge is inflation

**We saw a  
confluence of  
unusual supply  
shocks**

## Fertilizer prices

US\$/mt

— DAP — Urea — MOP

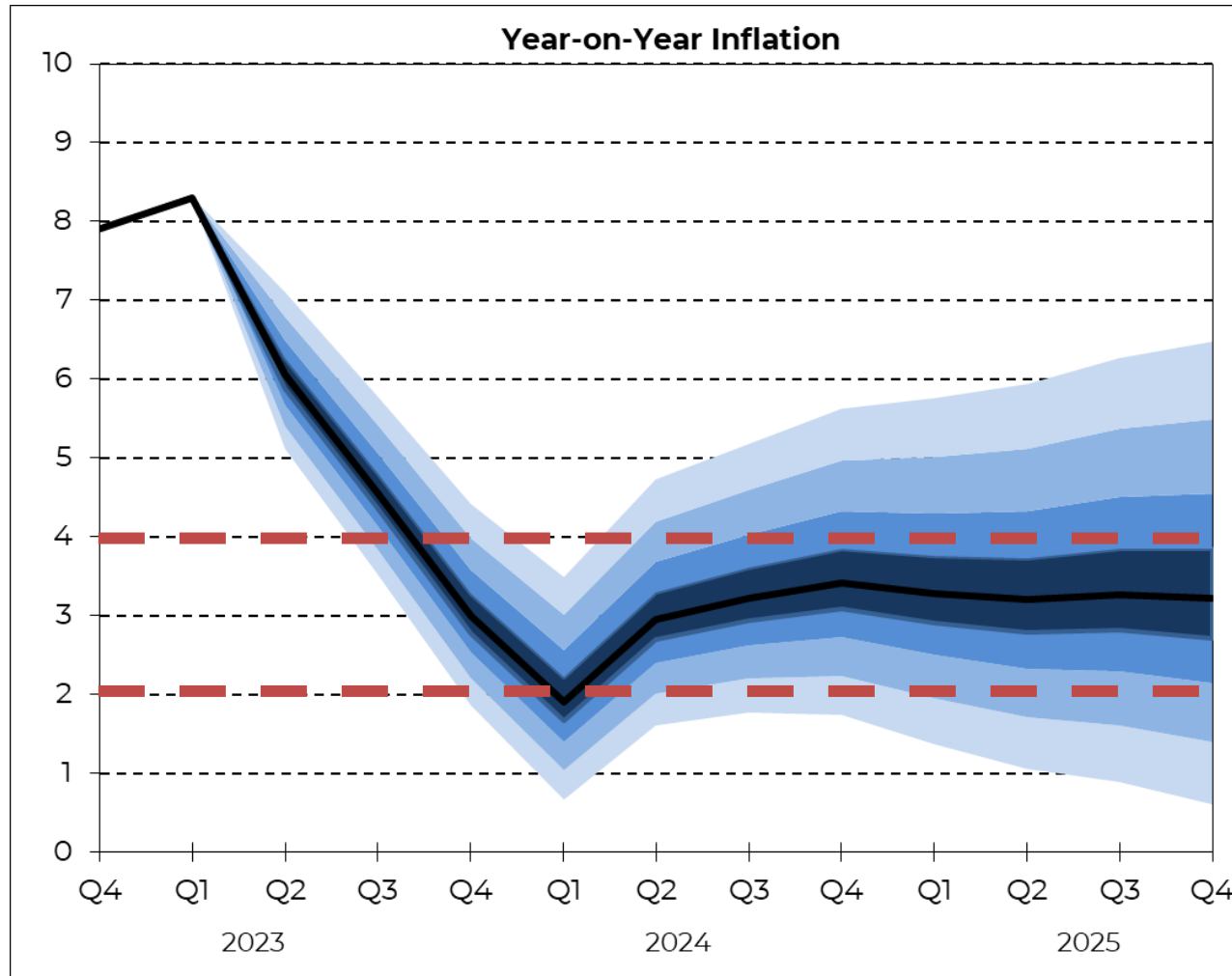


*Note: DAP = diammonium phosphate. MOP = muriate of potash. mt = metric ton. Last observation is December 2022.*

Source: Bloomberg; World Bank. • [Embed this chart](#) • [Download image](#)



# But our inflation-targeting framework has served us well



**Inflation is now forecast to return to its target range by Q4 2023**

**Year-on-year inflation forecast**  
*As of 22 June 2023, Monetary Board Policy Meeting*



A photograph of Mark Carney, a middle-aged man with grey hair, wearing a black tuxedo and a black bow tie. He is standing at a podium, gesturing with his hands as he speaks. The podium has a blue sign with the word "LLOYD'S" in white capital letters. The background is dark and out of focus, with some greenery visible on the left.

## **Climate change is a third challenge**

“[O]nce climate change becomes a defining issue for financial stability, it may already be too late.”

-- Mark Carney in 2015

**The BSP proposes  
eleven  
sustainability  
strategies**

1. **Vulnerability assessment**
2. **Enhanced disclosure**
3. **Climate stress testing**
4. **E&S risk in prudential policy**
5. **Climate change in monetary policy**
6. **Incentives for green lending**
7. **Sustainability in BSP's portfolio and risk management**
8. **Task force for inclusive green finance**
9. **Reporting climate-related disclosure**
10. **Sustainability in BSP's operations**
11. **Capacity building**



# Towards a taxonomy of bank assets

Classification	Specific assets	Bank as a whole
Good for climate	X%	Overall rating
Not so good for climate	X%	
Bad for climate	X%	
Very bad for climate	X%	

# Facing up to the challenges

- 1 The BSP is determined to bring inflation back towards its target range**
- 2 The Philippine banking system will join the global fight to slow climate change**



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