

# GCash exec lauds BSP, finds fertile ground in PH for fintech developments

An executive of Mynt, the Philippine fintech company behind leading mobile payments platform GCash, recently lauded the efforts of the Bangko Sentral ng Pilipinas (BSP) to make financial transactions easier and more accessible to Filipinos.

Representing GCash in a round table held at the Makati Shangri-la Hotel and initiated by Ignite (an annual conference featuring talks by foreign and local business leaders), Frederic Levy, Mynt's VP of money transfers, lent an inside look into the Philippines' leading e-wallet and fintech platform, illustrating how current regulatory and market conditions are supporting progressive banking and bank-like infrastructures.

He said, "The Philippines, actually, surprisingly, is kind of supportive and moving fast. If you check, for example, the BSP perspective, they have the 2020 program. They say that in 2020, 20% of the transactions should be cashless. They are really pushing for it."

In December 2015, the BSP launched the National Retail Payment System (NRPS) framework, under which the Central Bank aimed to increase electronic transactions exponentially in five years.

A 2015 Better Than Cash Alliance (BTCA) report estimated that only 1% of financial transactions in the Philippines were done electronically. By 2017, electronic transactions rose to 9.2%, owing to several of the BSP's new regulations and programs that made collaborations easier and inter-bank transfers not only possible, but also convenient and seamless via the banks' respective apps.

At the Ignite round table, representatives of the growing fintech industry discussed the different ways the sector is impacting various markets in Asia and reshaping long-held perceptions of financial transactions.

When asked how the Southeast Asian market compares to Western countries, Levy emphasized that the former cannot be considered a single segment; Singapore, for example, is a vastly different landscape from Indonesia, whose users are more similar to GCash's.

Emerging markets like the Philippines are rife with opportunities for the sector. Gaps in the financial industry have thrown doors wide open for GCash to leverage its technology and institutional partnerships in finding end-to-end solutions. "There is more space for you to compete," said Levy. "That's why we talk about the unbanked and the underserved. That gives more opportunity. That, for me, is the big difference. Whatever you propose in Europe from a fintech perspective—whether it's a very small niche, and you try to compete because you see opportunity there—you will have to fight an existing product."

66% of Filipinos still don't have deposit accounts, and 34% have no physical access to banks. Left out of the formal financial system, these citizens are driven to borrow from high-interest credit providers and loan sharks charging as much as 20% on short-term loans.

The financial sector also faces difficulties with KYC (Know Your Customer). Verifying a client's identity is next to impossible without a government ID, the acquisition of which is itself a challenge for many Filipinos.

With features and products like GScore, GCredit, GSave, and a streamlined online verification process, GCash addresses chasms in the existing infrastructure by first understanding the customer's journey and then designing targeted systems based on those insights. "Basically, fintech starts from the consumer experience. Your job is to complete or, in some cases, replace the existing offer," said Levy.

The user experience begins, for example, with simple transactions like money transfers and payments. More activity builds the user's GScore, a trust rating that can eventually unlock GCredit, which gives more Filipinos an alternative debt facility.

GCash also addresses KYC issues through a simple process that capitalizes on available technologies. While a government ID is still necessary for full verification, a selfie and some personal information already give users access to basic features like Send Money. Unlike banks, GCash does not require a personal appearance or the filling out of a mountain of documents.

Levy highlighted, however, that GCash sees banks as partners rather than competition. GSave, for example, is a joint effort with CIMB, one of the top five banks in the ASEAN.

With thoughtful collaborations, a wealth of problem-solving opportunities, and a favorable regulatory environment, GCash is well positioned to transform how Filipinos interact with money. "We are not behind," said Levy. "We just have to be more creative." (30)t