

The Digital Finance Opportunity in the Philippines

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Preface

The Philippines stands out among emerging markets for its rare combination of scale, sustained macro momentum, and favorable demographics. With a population exceeding 100 million, projected real GDP growth of ~6% over the next 5 years, and a young, digitally engaged population, the country offers a large and expanding addressable market. Growth is structurally consumption-led, supported by steady remittance inflows and a broadly stable, market-oriented policy environment.

While the macroeconomic landscape in Philippines is very favorable, financial services penetration has historically been low, particularly through digital channels. Roughly half of adults are unbanked, and household and MSME credit penetration lags peer countries. These gaps reflect persistent supply-side constraints – rather than lack of demand – most notably in terms of historically prevailing operating models, distribution economics, and risk assessment.

Digital infrastructure and regulation are easing historical supply constraints. Payments are now at scale; identity and credit-data plumbing is improving; and digital-first platforms are positioned to translate transaction engagement into deposits and credit.

The next stage of growth will be defined both by first-time access for the remaining underbanked population, and broader, more frequent engagement among existing customers. This sets up a step-change opportunity for digital-first models to leapfrog physical incumbents in segments where technology, data, and integrated platforms can materially improve reach, economics, and customer outcomes.

Investment Attractiveness of the Philippines

The Philippines is one of the fastest-growing large economies with a large population globally, with its attractiveness anchored in four key factors: large scale with strong private institutions and a laissez-faire approach

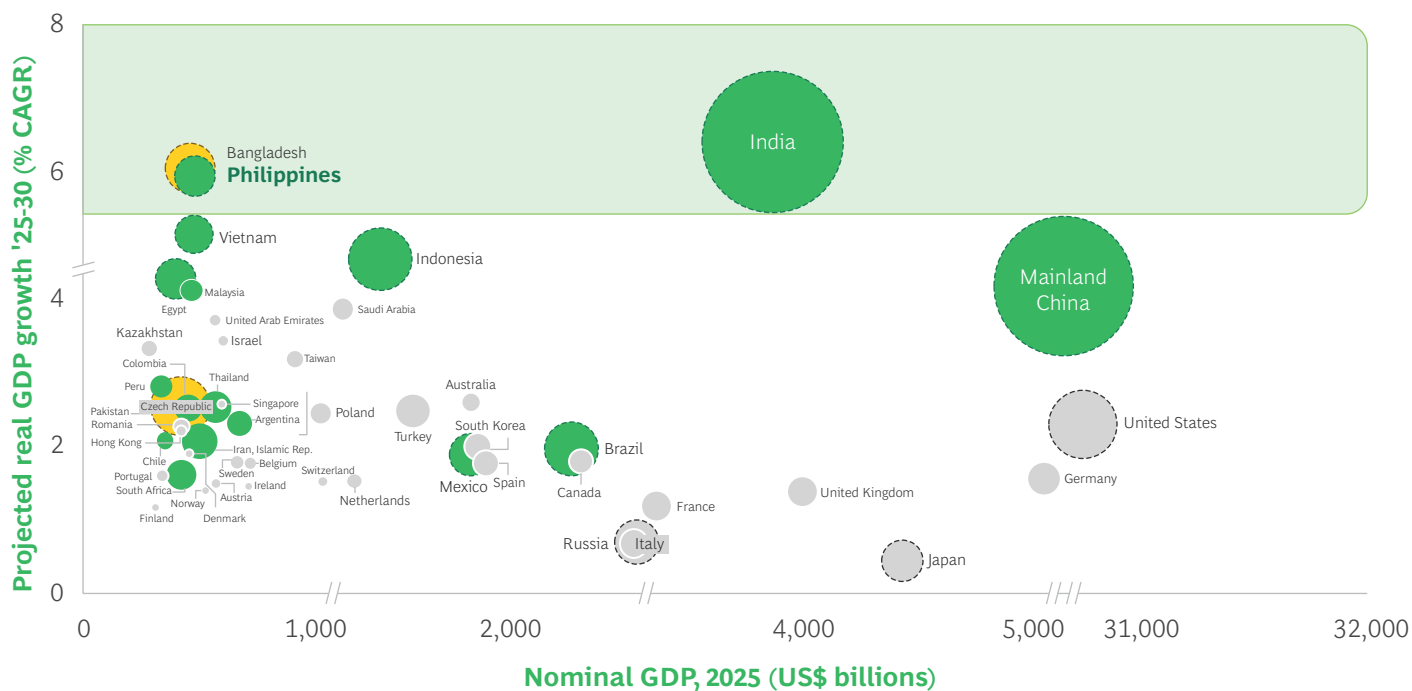
to the market, consumption-led growth buffered by remittances from overseas, favorable demographics, and high digital engagement that supports rapid adoption of digital-first services.

Large economic scale supported by macro stability and market-oriented institutions

EXHIBIT 1

Philippines is one of the fastest growing large economies globally

Projected growth vs economic size, 50 largest economies (by nominal GDP)



Legend | Market type (GDP per capita, PPP, nominal)

● Affluent ● Middle Income ● Low Income ● Bubble size = population ○ Population >100m

Notes: GDP and population data reflect latest available actuals (2025, nominal); Real GDP growth rates represent projected real GDP CAGR for 2025–2030; The Philippines ranks 33rd globally by nominal GDP; Real GDP growth may be positive even in high-inflation environments because real GDP adjusts output for price changes; Countries are segmented into income groups based on GDP per capita, nominal PPP (2025): Advanced > USD 40,000; Middle income USD 10,000–40,000; Emerging < USD 10,000

Source: Nominal GDP, real GDP and population data from Oxford Economics

The Philippines sits within a defined group of seven emerging economies with populations exceeding 100

million—Mainland China, India, Indonesia, Vietnam, the Philippines, Mexico, and Brazil—where domestic market

scale is sufficient to support sustained company growth and capital deployment. Within this group, Mainland China and India stand apart as scale-driven Asian markets, while the Philippines aligns with ASEAN growth markets such as Vietnam and Indonesia, but with comparatively stronger democratic institutions and governance metrics alongside sustained growth. By contrast, Mexico and Brazil represent more global, mature peers with slower growth trajectories [Exhibit 2].

The Philippines has delivered resilient, above-peer growth, with real GDP averaging above 5% over the past decade and forecast to hover around the 6%¹ mark through 2030 supported in the near term by household consumption and, over the medium term, by higher private

investment and efficiency gains as recent structural reforms take hold in a young, services-led economy. Together, these drivers have enabled sustained expansion across consumer-facing and services sectors, underpinning a broad-based growth profile.

This performance has been reinforced by comparatively strong institutional foundations and a broadly market-led economic model, which have supported policy continuity, limited state intervention in commercial activity, and a stable operating environment for private investment. The restrained role of the state in most commercial sectors has allowed private firms to lead capital deployment and growth [Exhibit 3].

EXHIBIT 2

Among 100 million+ population emerging markets, the Philippines stands out for growth and stability

	Scale-driven Asian markets		ASEAN growth markets			Global, mature peers		
	 China ¹	 India	 Vietnam	 Indonesia	 Philippines	 Mexico	 Brazil	 Egypt
Population, 2025 (million individuals)	1,416	1,464	102	286	117	132	213	117
Real GDP growth '25-30 (% CAGR)	4.2%	6.4%	5.2%	5.0%	6.0%	1.8%	2.0%	4.2%
GDP per capita, PPP, nominal, 2025 (US\$ thousand)	29.2	12.1	17.9	17.6	12.6	20.1	23.5	20.3
Democratic index score, 2024 (0-10 scale)	5.3	6.5	2.6	6.4	6.6	5.3	6.5	2.8
Credit rating (Fitch, 2025)	A	BBB-	BB+	BBB	BBB	BBB-	BB	B
FX volatility (10-yr, annualized)	6%	4%	3%	9%	6%	13%	16%	28%
			Peer countries with comparable population scale, income levels, and macroeconomic performance over the last decade					

1. China includes Mainland China and Hong Kong

Notes: Democracy Index scores are measured on a 0–10 scale and reflect performance across electoral process and pluralism, functioning of government, political participation, political culture, and civil liberties; FX vol. Measured as the annualized volatility of quarterly movements in the local currency versus USD over 2016–2025

Source: Population, real GDP growth, and GDP per capita (PPP) from Oxford Economics; sovereign credit ratings from Fitch Ratings (2025); Democracy Index scores from Economist Intelligence Unit (EIU); BCG analysis

This institutional and market-led foundation has been complemented by disciplined macroeconomic management. Inflation has remained largely within the BSP's 2–4% target band outside of shock years², while the Philippines' sovereign credit rating has improved from sub-investment grade (BB+/Ba2) in the early 2010s to

sustained investment-grade status (BBB/Baa2) across major agencies today, supporting stable foreign direct investment inflows averaging ~2% of GDP over the past decade³, with recent moderation reflecting global macro headwinds rather than domestic weakness.

EXHIBIT 3

Philippines has a more laissez-faire approach to business compared to similarly sized Southeast Asia peers, Vietnam and Indonesia

	State ownership & market presence	Industrial planning	
 Philippines	Limited state footprint; market-led delivery State ownership is largely confined to policy or legacy institutions, with most commercial activity undertaken by private firms Government-Owned or Controlled Corporations (GOCCs) play a supporting or enabling role, rather than acting as dominant market players	Market-driven, liberalized planning setup Policy focused on creating enabling conditions for private investment, rather than directing sector outcomes Sector development primarily guided by market demand and private actors	The Philippines follows a relatively market-led approach, with limited state ownership, liberal investment rules, and a preference for rules-based policy frameworks The Philippines stands out among similarly sized regional peers for its market-led approach to business, with limited state ownership, relatively liberal investment rules, and a preference for neutral, rules-based policy frameworks Economic activity outside of utilities and core infrastructure is largely driven by private firms, while recent reforms have focused on lowering economy-wide costs and barriers to entry rather than directing sector outcomes
 Indonesia	Material state presence in key sectors State-owned enterprises (SOEs) play a central role in strategic sectors including energy, utilities, mining, and banking Large state-owned banks ¹ and enterprises act as anchors for investment and policy execution	Selective, policy-guided development Industrial policy used to support priority sectors (e.g., natural resources, manufacturing) Policy tools: targeted incentives and regulatory measure to encourage use of domestic resources	
 Vietnam	Extensive state ownership across the economy State-owned enterprises (SOEs) remain deeply embedded across strategic and commercial sectors, including energy, telecoms, transport, and finance State-owned banks and enterprises retain a systemic role in credit provision ²	Coordinated, state-guided development Economic direction set by state through five-year socio-economic plans Explicit national targets guide industrial and investment policy based on priority sectors and development objectives	
 Mexico	Private-sector-led economy; limited SOE dominance outside of energy Predominantly private-sector driven at the economy level, with very selective state influence in strategic sectors like energy State-owned enterprises (e.g., Pemex, CFE ³) act as policy and investment anchors	Market-driven industrial planning, with selective intervention Sector policies are generally market-responsive, but in energy and infrastructure there has been targeted state support and legal frameworks that strengthen the role of state enterprises ⁴	
 Brazil	Market-based economy; limited state ownership Predominantly private-sector driven across manufacturing, agribusiness, and consumer markets State ownership is limited to a set of strategic sectors (e.g., energy, utilities, transport infrastructure, and development finance)	Selective, state-coordinated development Economic development shaped through targeted industrial policy and public development finance, rather than economy-wide planning Public banks (notably BNDES ⁵) and sector programs are used selectively to steer investment toward priority areas	

■ Market-led/laissez-faire
 ■ Moderate intervention
 ■ State-led/interventionist

1. The three large Indonesian state-owned banks collectively account for about 47% of total assets, 52% of loans, and 47% of deposits (2024);
 2. State-owned commercial banks were estimated to account for roughly 43 per cent of total credit (2025); GOCC – Government-owned or Controlled Corporation; SOE – State-owned Enterprise
 3. Pemex – state-owned integrated oil and gas company; CFE – state-owned electric utility
 4. 2024 - Presidency signed a decree restoring Pemex & CFE as public companies under state control
 5. National Bank for Economic and Social Development; GOCC – Government-owned or Controlled Corporation; SOE – State-owned Enterprise
- Source: S&P Global; Press search

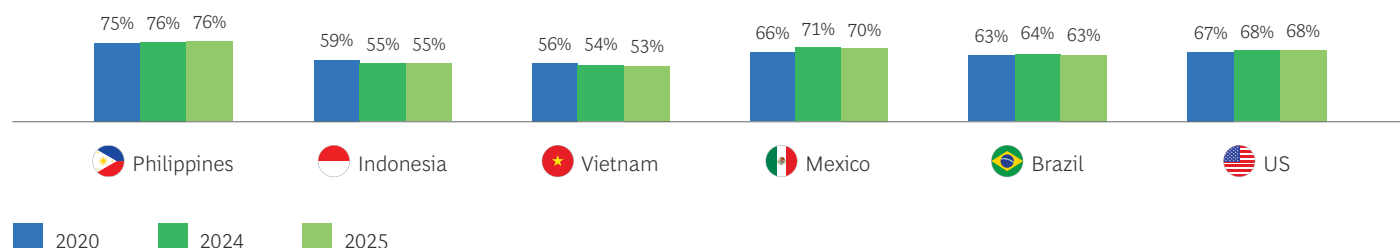
Consumption-led growth reinforced by rising incomes and structurally resilient remittances

EXHIBIT 4

A consumption-led model differentiates the Philippines from Southeast Asia peers

PH is a highly consumption-oriented economy relative to peers, similar to Mexico...

Private consumption 2020-2025 (% of GDP)



Source: Private consumption and GDP data from Oxford Economics

The Philippine growth model is structurally consumption-led, with private consumption accounting for approximately 76% of GDP⁴—well above most Southeast Asian peers and closer to levels observed in more consumption-driven Western economies such as the United States.

This structure reflects underlying income dynamics and demographic factors, including a large working-age

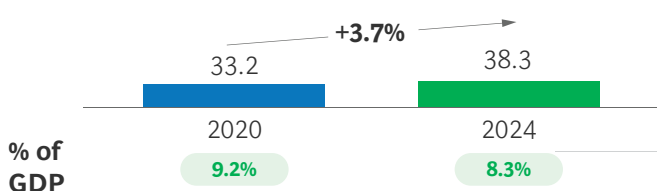
population and steady household income support from remittances. Over time, institutional and economic frameworks shaped by prolonged Western engagement—particularly during the American period—have reinforced household-driven demand as the central engine of growth [Exhibit 4].

EXHIBIT 5

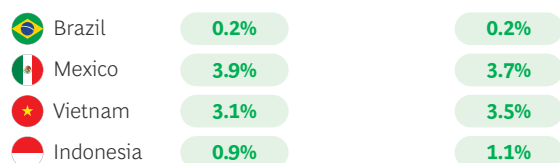
Remittances to the Philippines continue to grow and exceed peers as a share of GDP

...with a consistent flow of remittances, contributing meaningfully to domestic consumption

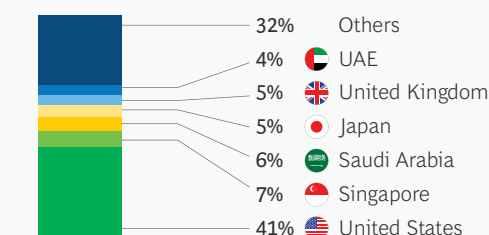
Remittances to Philippines per year (USD bn)



Remittances as share of GDP (%)



Remittances to PH by source country 2024 (%)



Source: Bangko Sentral ng Pilipinas (BSP) Overseas Filipino Cash Remittances; GDP from Oxford Economics

This demand base is reinforced by large and predictable overseas remittances—consistently 8–9% of GDP—anchored by mature diaspora networks and stable transfer behavior. By comparison, remittances account for a materially smaller share of GDP in peer markets, such as Mexico (3.7%) and Vietnam (3.5%)⁵ [Exhibit 5].

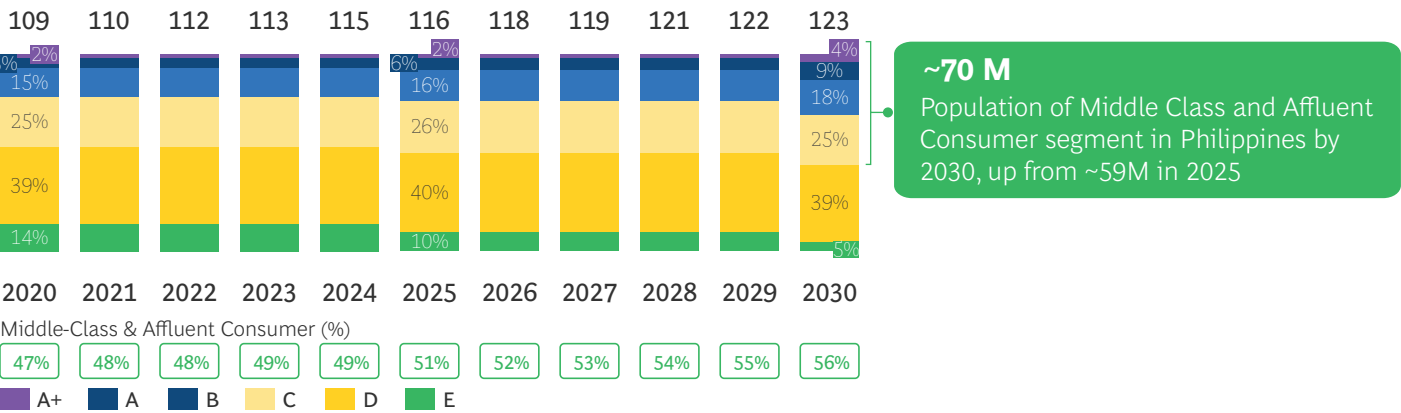
Rising incomes are further broadening the spending base. Middle-class households are projected to reach 8.8

million by 2035, up from 5.8 million in 2025⁶, growing the middle-class share of households by over 50%. This expansion is already reshaping consumption patterns, supporting a shift toward more discretionary categories such as leisure, durables, education, and financial services. As a result, per-capita consumer spending is forecast to grow at 5.1% CAGR between 2025 and 2030, outpacing most regional peers (vs Indonesia, 4.4%) and global, mature markets (vs Brazil, 1.2%) [Exhibit 7].

EXHIBIT 6

Philippines to have ~70M middle-class & affluent consumers by 2030, fueling continued consumption

Total population in the Philippines (million)

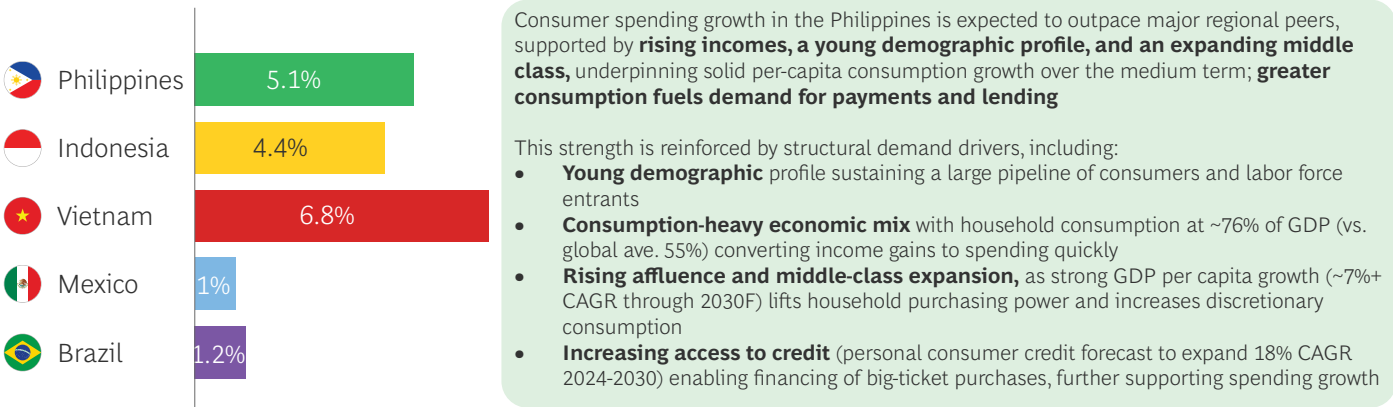


Source: BCG Center for Consumer Insights, BCG analysis
A+ = Affluent (>1,938,769); A = Affluent (1,246,352 - 1,938,769); B = Established (553,934 - 1,246,352); C = Aspirant (152,332-304,664); D = Aspirant (152,332-304,664); E = Poor (<152,332)

EXHIBIT 7

Larger middle class and rising affluence expected to drive continued consumer spending growth

Consumer spending per capita growth 2025-2030F CAGR (%)



Source: Consumer spend, real, PPP\$ total (millions, 2015 prices), Population Data from Oxford Economics; World Bank; BCG analysis

Demographic structure provides a long runway for labor, income, and demand growth

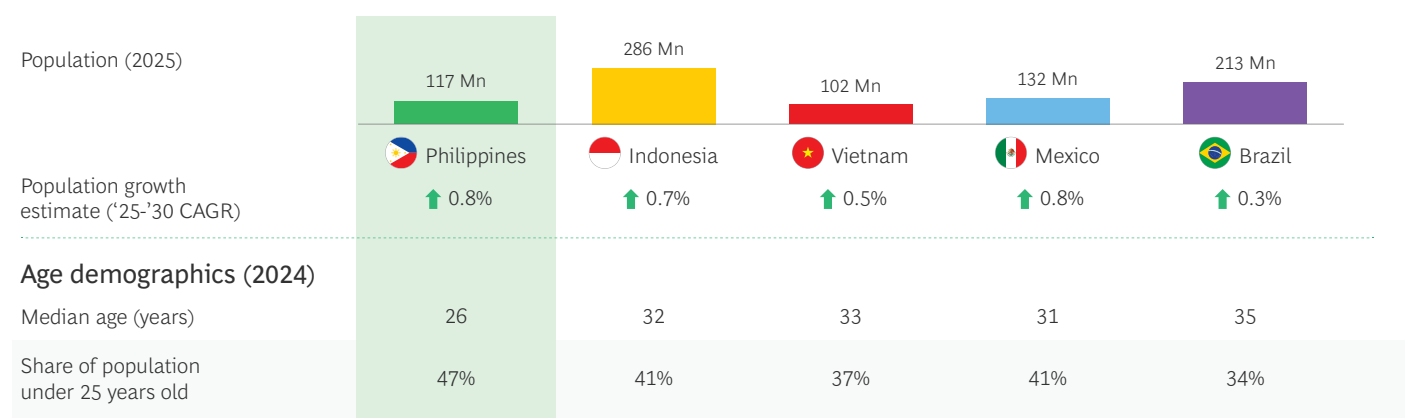
The Philippines combines large population scale with the youngest demographic profile in Southeast Asia, further differentiating it from other 100-million-plus population markets. With more than 117 million people and

population growth of approximately 0.8% CAGR through 2030, the country benefits from a structurally expanding labor force and consumer base [Exhibit 8].

EXHIBIT 8

Philippines has the second largest and the youngest population in Southeast Asia, with ~50% of the population under 25

Philippines population and growth



Source: Population data and growth estimated from Oxford economics; Median age data (est. 2024) from CIA World Factbook; Population data, share of population under 25 years old, and population growth estimated from Oxford economics; Median age data (est. 2024) from CIA World Factbook.

This demographic structure creates a favorable window for labor-driven growth as younger cohorts enter the workforce, adding to the current base of roughly 49 million employed individuals. Importantly, this expansion is increasingly supported by improving human capital:

tertiary education participation has risen from below 30% in the early 2000s to approximately 47% by 2024⁸, positioning new entrants for higher-productivity and higher-income roles.

Hyper-digital, mobile-first population creates exceptional conditions for digital businesses

High internet (87%) and mobile penetration (>100%) coupled with over eight hours of daily online time make the Philippines one of the most digitally engaged markets in ASEAN [Exhibit 9].

Social media penetration in the Philippines is among the highest globally and leads Southeast Asia, with approximately 82% of the population active on major social

media platforms such as Facebook and Instagram—well above Indonesia (63%) and broadly in line with Vietnam (78%). Usage is concentrated on large, mass-market platforms, with Facebook reaching roughly 82% of the population and Instagram at around 23%, positioning social platforms as a primary channel for communication, discovery, and increasingly commerce.

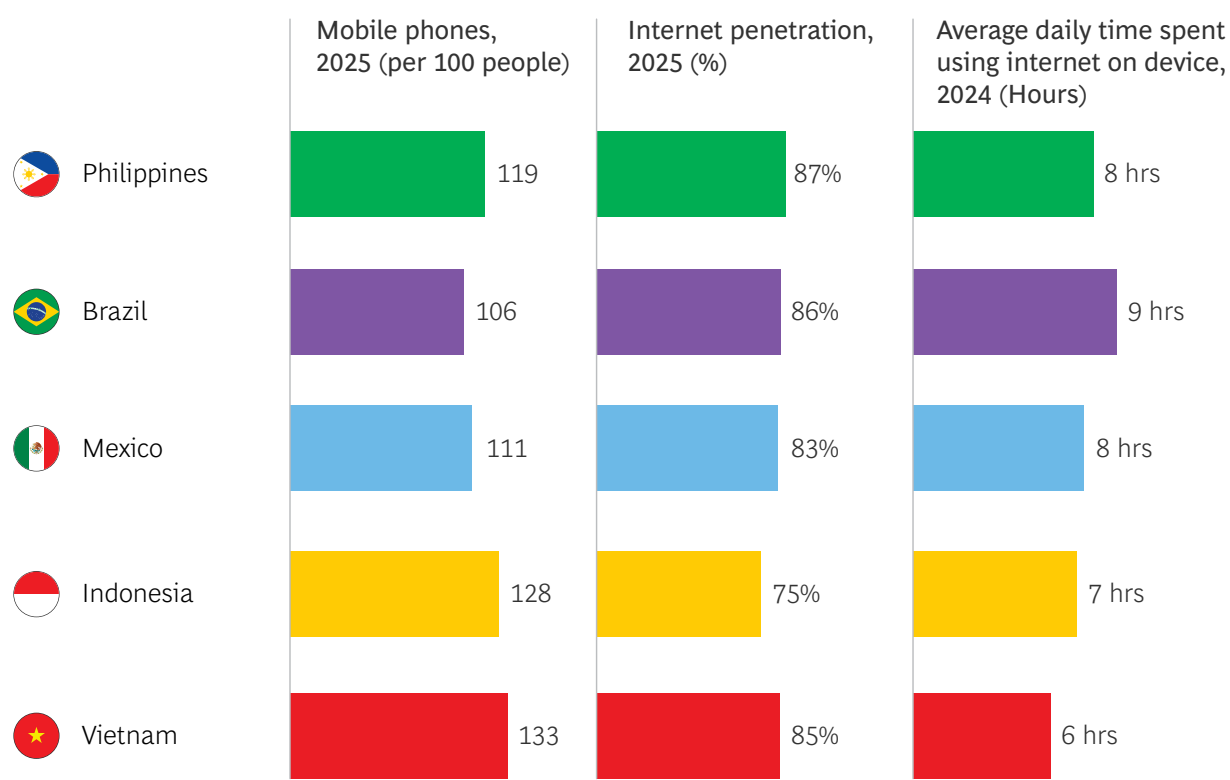
This scale and intensity of engagement signal that digital applications are deeply embedded in everyday behavior in the Philippines, shaping discovery, engagement, and transactions across consumer journeys. As the digital economy approaches US\$36B in GMV by 2025, social- and video-led interactions increasingly influence purchasing decisions, with the resulting transaction footprint—~475K sellers and ~1.2B transactions—highlighting the depth of digital adoption as e-commerce grows toward ~US\$50B by 2030⁷.

This digital intensity also extends to emerging financial

behaviors, including cryptocurrency ownership. As of 2025, 15% of Filipinos aged 16 and above who are active internet users own cryptocurrency, above the global average of 9.6% and comparable to regional peers⁹. Adoption has been supported by clear asset-level regulation under the BSP-licensed Virtual Asset Service Provider (VASP) regime, which allows users to convert between pesos and crypto, alongside the reach of mass-market digital wallets that enable small-ticket participation at scale. Early exposure through play-to-earn gaming accelerated wallet adoption among younger users, contributing to higher penetration despite restrictions on crypto as a payment instrument.

EXHIBIT 9

High connectivity and exceptional time online make the Philippines a high-engagement digital market, creating one of ASEAN’s most monetizable online populations



High internet and mobile penetration in Philippines despite **challenging geography; penetration expected to expand with concerted push for infrastructure development and improving affordability.**
Philippines has the longest average daily time spent using internet in SEA, and often cited as the **“social media capital of the world.”**

Source: "Mobile phones", "Internet Penetration" from Oxford Economics, "Average daily time..." from GWI based on latest data available (2024); Press search, BCG analysis

Financial Institutions Landscape in the Philippines

Despite strong demand and high digital adoption, the Philippine financial system has historically delivered uneven access to formal banking and credit, with payments scaling faster than deeper financial intermediation due to supply-side constraints.

These frictions explain the divergence between payments penetration and credit depth—and why recent regulatory and technology shifts now mark a true inflection point rather than incremental change.

Key historical frictions

Constrained consumer banking access beyond urban cores

Despite rapid growth in digital payments and e-money, the Philippines remains structurally underbanked by regional and global standards. As of 2024, around 50% of adults remain unbanked, materially higher than Indonesia (44%), Vietnam (29%), and Brazil (14%). Even among banked users, engagement remains shallow, with limited access to formal consumer credit: credit card penetration stands at just 3%, well below peers (vs. Indonesia, 6% and Brazil, 44%). As a result, borrowing and day-to-day financial activity continue to rely heavily on cash, informal lending, and wallet-based transactions.

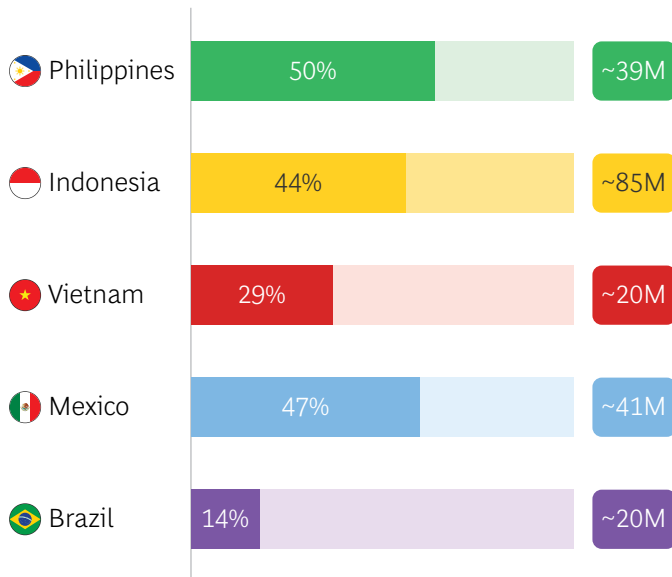
Headline improvements in inclusion have been driven primarily by e-money and wallet adoption, rather than the formation of full-service banking relationships. The unbanked share has declined from 69% in 2014 to 50% in 2024 as mobile money expanded, but many users remain “wallet-only,” with limited access to savings or credit. Beyond access and product constraints, lower financial literacy and trust have also dampened adoption and deeper engagement with formal financial services, particularly among lower-income segments [Exhibit 10].



EXHIBIT 10

While the Philippines has improved financial inclusivity over the years, a large portion of the population remains underbanked

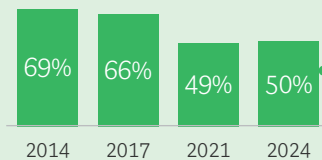
2024 unbanked population (% of adult population)



PH financial inclusion has improved as **active e-money accounts grew at ~29% CAGR (2020–2024) and cash and e-money agent networks**—local outlets providing basic cash-in, cash-out, and payments services—**expanded by ~50%** between 2022 and 2023, reducing reliance on physical bank branches

Proportion of unbanked population has decreased significantly driven by e-wallet penetration...

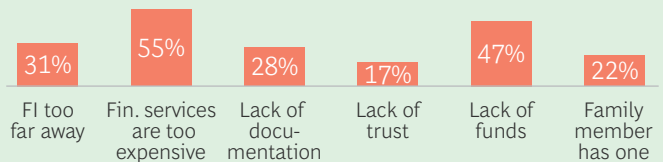
Unbanked population in Philippines by year (% of adult population)



29% of adult population has a mobile money account (vs. 4% in 2014)

... however, there are still frictions prohibiting more Filipinos from accessing formal financial services

Reasons why Filipinos do not open accounts, 2024



While e-wallet penetration has expanded access, structural barriers persist—**high costs, limited funds, and physical distance** still prevent many Filipinos from opening formal accounts

Note: Banked = share of population aged 15+ with an account; Figures reflect the latest available data

Source: Share of banked and unbanked population and reasons for not opening accounts from the World Bank Global Findex Database (latest available); population estimates from Oxford Economics; growth in active e-money accounts and agent networks from Bangko Sentral ng Pilipinas (BSP); BCG analysis

In parallel, access to full-service banking remains uneven for products and processes that continue to require physical interaction. Physical banking infrastructure is heavily concentrated in Metro Manila, which hosts 28% of bank branches despite representing only 14% of the adult

population, with branch density of 34.5 per 100K adults versus 10.5 in Mindanao¹⁰. As a result, digital inclusion has expanded faster than full financial intermediation, particularly in savings and formal credit.

Thin-file credit profiles and data fragmentation constrain formal lending

A second structural constraint is the prevalence of thin-file consumers and limited penetration of formal credit. While borrowing activity is widespread, only ~9% of adults report borrowing from a bank or similar financial institutions, with most relying on informal sources such as family, friends,

and savings groups. This reliance on informal channels limits the creation of standardized, reportable repayment histories, materially constraining lenders' ability to assess risk beyond prime, salaried segments [Exhibit 11].

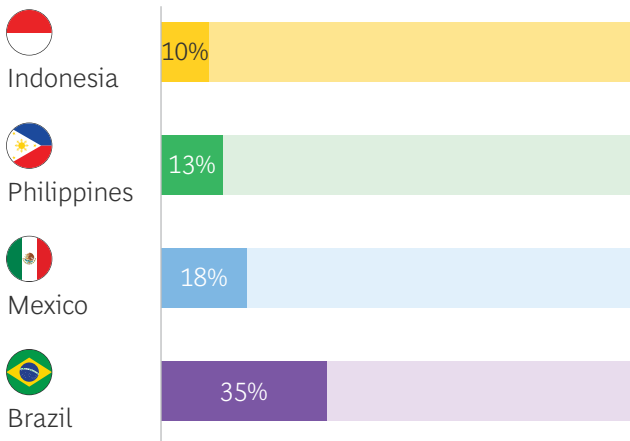
EXHIBIT 11

Access to formal credit is a challenge in the Philippines, with only ~9% of adults borrowing from a bank in the past year

Philippines has one of the lowest household debt to GDP in SEA, likely due to lack of access to formal credit

Household debt, 2025 (% of GDP)

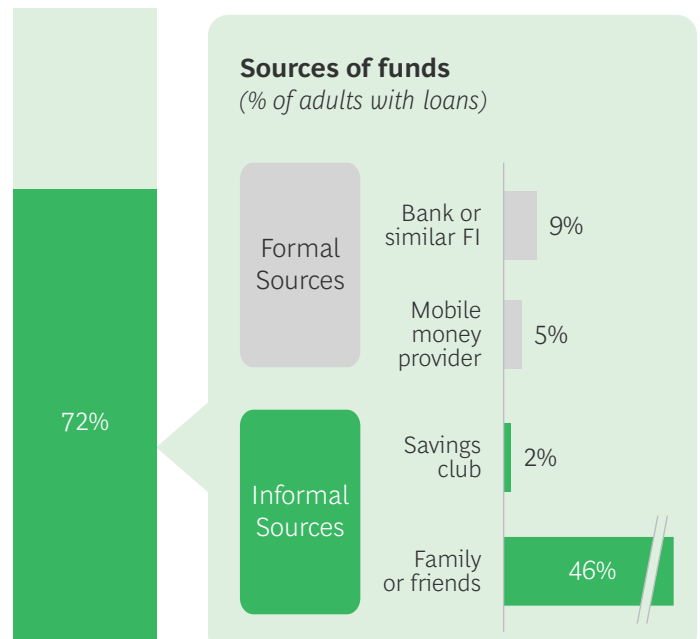
Does not include informal loans



Philippine households carry one of the lowest debt burdens in Asia, reflecting more conservative borrowing patterns and **limited formal credit access**, which supports financial stability but also signals **untapped consumer credit demand**

Filipino adults have borrowed money in the past year, but a limited percentage of that falls under formal sources

Filipinos who borrowed money (2024)



Notes: Sources of funds are self-reported and not mutually exclusive; respondents may borrow from multiple channels in the same year, so individual source percentages do not sum to the total share of adults who borrowed

Source: Household debt (% of GDP) from Oxford Economics; All other data from World Bank Global Findex Database 2025; BCG analysis

Formal consumer credit in the Philippines remains structurally under-penetrated due to data and underwriting constraints rather than weak demand, reflected in one of Southeast Asia's lowest household debt-to-GDP ratios of around 13% (vs. Mexico at 18% and Brazil at 35%). Centralized credit data remains difficult to use at scale, with persistent data-quality issues in the public credit registry operated by the Credit Information Corporation (CIC)—including missing, inaccurate, or duplicated

tradelines—while private credit bureaus remain fragmented, with no single bureau providing comprehensive coverage of the adult population. Consequently, lenders continue to rely on proprietary data, conservative scorecards, and secured or payroll-based products, explaining why consumer credit growth has lagged the rapid expansion of digital payments and wallets.

MSME sector chronically underserved by universal and commercial banks

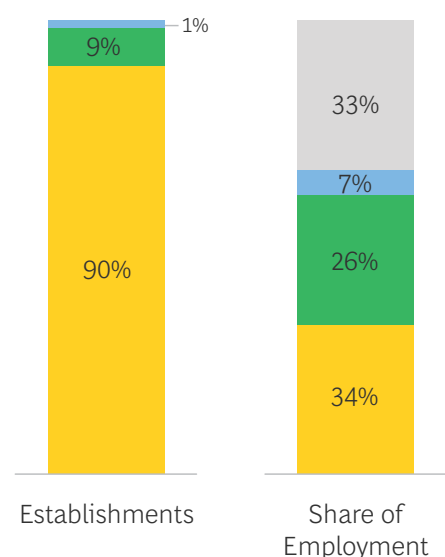
MSMEs dominate the Philippine economy, accounting for over 99% of registered businesses, 67% of employment, and 40% of GDP, yet remain structurally underserved by formal finance. Bank lending to MSMEs amounts to only 2% of GDP, materially below Indonesia (7%), reflecting a long-standing bank focus on large corporates and secured

lending. Most MSMEs lack audited financials, formal records, or acceptable collateral, raising underwriting costs and perceived risk and limiting the viability of cash-flow-based lending by universal and commercial banks [Exhibit 12].

EXHIBIT 12

MSMEs make up the largest share of businesses; access to loans and business services highly constrained vs peer countries

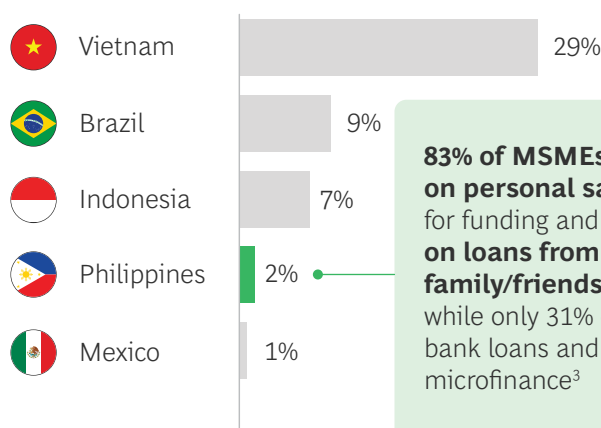
MSMEs make up >99% of businesses an 67% of employment and 40%¹ of GDP



■ Micro ■ Small ■ Medium ■ Large

But loans to MSMEs remain low at 2%, vs. peers

MSME bank loans to GDP ratio by country in 2024²(%)
Does not include NBFIs, informal loans



83% of MSMEs rely on personal savings for funding and 46% on loans from family/friends, while only 31% on bank loans and microfinance³

Limited access to financial products driven by

- **the lack of required documents** to open a transaction account
- **associated costs** in opening and maintaining accounts
- **lack of financial data** to access formal credit
- **limited awareness** and knowledge about financial products and services

Digital providers like Maya well-placed to address these issues with:

- Digital-first approach with streamlined documentation requirements,
- Reduced fees enabled by lower cost to serve
- Credit scoring through other forms of data e.g., payments data

Note: Large enterprise (200+ employees, PHP 100M+ annual revenue); SME (10-199 employees, PHP 3-100M); Micro (1-9 employees, up to PHP 3M)

1. From BSP Report on MSMEs;

2. Latest available data for Vietnam from 2020;

3. From DTI-BCG MSME Survey, funding sources are self-reported and not mutually exclusive; MSMEs may use multiple channels (e.g., personal savings, family/friends, banks, microfinance), so percentages do not sum to 100% and reflect incidence of use

Source: MSME employment data from Report on MSME Statistics; MSME loans to GDP (VN, ID, PH) from ADB SME Monitor, BR from Central Bank of Brazil, MX from Association of Mexican Banks; BCG analysis

This reflects a banking model that continues to prioritize enterprises, with roughly 79% of total Philippine banking system loans going to enterprises and MSME loans growing at just 3% CAGR between 2021 and 2025—lagging both individual lending (17%) and enterprise lending (6%)¹¹.

Despite rapid growth in MSME payments and acquiring, this activity has not translated into commensurate credit expansion, reinforcing a persistent financing gap that constrains working capital availability, business scaling, and productivity growth.

Fragmented market and underdeveloped digital offerings from incumbents

The Philippine banking system is anchored by a small number of large universal and commercial banks that account for roughly 60% of system loan balances and dominate enterprise banking and secured retail lending. These segments are characterized by larger ticket sizes, lower risk profiles, and relationship-led distribution, aligning with incumbents' balance-sheet strength, regulatory positioning, and low cost of funding.

Major banks are advancing their digital capabilities, though at different stages and with different priorities.

This variation is reflected in execution outcomes: incumbents with sustained digital transformation programs achieve app-store ratings comparable to digital banks (4.6–4.8), while others remain early in the journey with lower ratings. Digital banks, built on mobile-native architectures, consistently cluster at high ratings (4.3–4.6), reflecting differences in digital maturity and operating models rather than institutional capability.

Emerging trends and shifts

While historical frictions shaped the evolution of Philippine financial services, recent developments point to a clear shift into a new phase. Digital payments and wallets have reached scale, regulatory reforms have lowered key structural barriers, and new operating models are increasingly linking transactions to credit, savings,

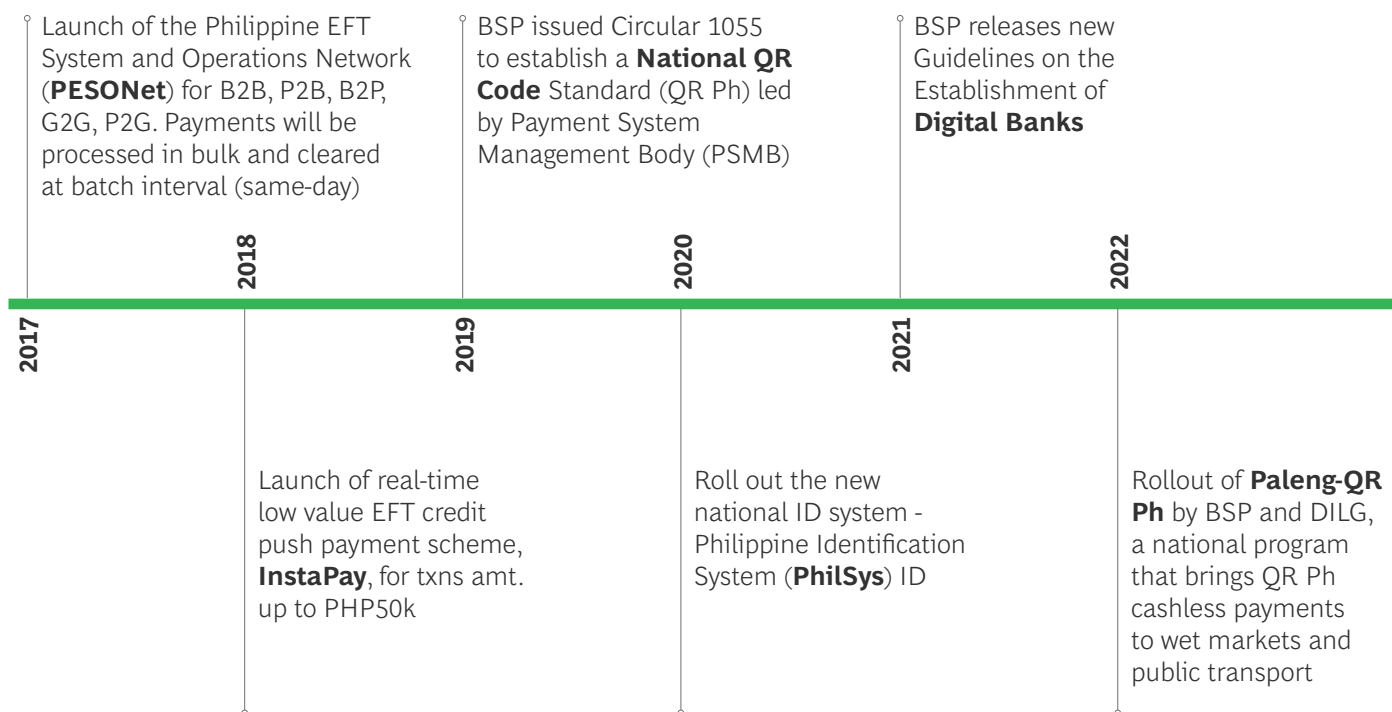
and higher-value services. Together, these changes are driving higher transaction intensity, improving data visibility, and creating clearer pathways from payments into broader financial engagement—particularly for mass-market consumers and MSMEs historically underserved by universal and commercial banks.



EXHIBIT 13

Pace of innovation has accelerated, supported by several key pieces of payment infrastructure and standards

Developments in digital finance



Digital payments adoption in the Philippines has accelerated **as interoperable infrastructure, clear standards, and enabling regulation were rolled out in quick succession**

- The launch of **PESONet and InstaPay** established nationwide account-to-account payment rails, while the introduction of **QR Ph and digital bank guidelines** improved interoperability, reduced fragmentation, and increased confidence among both users and providers

Complementary initiatives such as **PhilSys and Paleng-QR Ph** helped translate infrastructure into everyday usage by lowering onboarding friction and extending digital payment acceptance to MSMEs and informal merchants, embedding cashless transactions into daily economic activity

Note: BSP – Bangko Sentral ng Pilipinas; DILG – Department of the Interior and Local Government
Source: Bangko Sentral ng Pilipinas (BSP) Press search; BCG analysis

Digital payments adoption has crossed a structural tipping point

Digital payments in the Philippines have transitioned from early adoption to habitual, everyday use. By 2024, 40% of Filipinos reported sending or receiving a digital payment in the past year, signaling a meaningful shift in routine

financial behavior. This inflection is evident not only in user penetration, but also in the rapid scaling of transaction volumes and values across the country's national payment rails [Exhibit 13].

InstaPay illustrates this shift from episodic usage to everyday infrastructure. Introduced under the BSP's National Retail Payments System, InstaPay is a real-time electronic funds transfer rail that enables instant, low-value (currently up to PHP 50,000 per transaction) account-to-account payments. It has become the central rail for high-frequency, low-value retail and P2P transactions, with volumes rising from under 233 million transactions in 2020 to over 4.5 billion in 2025. Over the same period, transaction value increased nearly tenfold—from ₱1.2 trillion to ₱11.6 trillion—reflecting sustained growth in both frequency and reliance.

In parallel, PESONet has scaled as the preferred rail for payroll, bill payments, and higher-value transfers. PESONet operates as a batch-processed interbank transfer system designed for scheduled and higher-value payments, such as payroll disbursements, supplier settlements, and corporate transfers, with transactions typically settled

within the same or next business day. Annual transaction volumes have scaled roughly 4.7x since 2020, reaching almost 13.2 million transactions by 2025, while transaction values have increased by roughly 3.2x over the same period, rising to ₱117 trillion.

Together, InstaPay and PESONet now process over 4 billion transactions annually, with combined transaction value reaching ₱24.8 trillion in 2025. This growth reflects a sustained migration of both consumer and merchant activity onto digital channels, rather than one-off substitution. Adoption has been reinforced by strong user value propositions in terms of convenience, speed, lower cost, and perceived safety, as well as the rapid rollout of QR Ph P2M, whose transaction volumes increased from 55 million in 2023 to 228 million in 2024, and further to 2.5 billion in 2025, embedding digital payments into daily commerce¹².

Growing translation of payments activity into broader credit access, supported by expanding but still maturing credit infrastructure

The Credit Information System Act (CISA) of 2018 established the Credit Information Corporation (CIC) as a centralized credit registry and has begun translating into measurable scale and usage. As formal lending expands—driven in part by digital banks—credit data submission and access have increased materially: individuals covered rose from 23 million in 2020 to 62 million in 2024, tradelines nearly quadrupled from 85 million to 298 million, and credit report queries grew more than 20x, from 0.4 million to 9.8 million¹³.

Recent enforcement actions—including mandatory submission standards, compliance ratings, and penalties—have strengthened reporting discipline, shifting the system from compliance-driven reporting toward more decision-grade use. While data quality and identity resolution gaps remain, these trends point to improving coverage, depth, and usability, laying the foundation for broader, payments-enabled credit access over time.

Emergence of digital-first players leveraging payments-led models to scale credit and adjacent services

A defining shift in the Philippine financial services landscape has been the rise of digital-first, payments-led players that achieved rapid national scale by addressing everyday transaction needs. By 2024, 40% of Filipinos had made or received a digital payment within a one-year period—up from fewer than one-in-four a decade prior. E-money accounts enabled low-friction onboarding and frequent engagement among underbanked consumers and micro-merchants, with users growing from 23 million in 2020 to 52 million in 2021, continuing to 63 million in 2024¹⁴. As engagement deepened, these platforms accumulated rich transaction data that supported

expansion into credit and adjacent services—including consumer loans, BNPL, merchant working capital, and wealth management—with faster decisioning and lower cost-to-serve than universal and commercial banks. As a result, payments have become the primary distribution and data backbone for financial services, positioning digital-first players to convert high engagement into deeper financial relationships.

Conducive regulatory environment, with progressive central bank positioning and policies

A key enabler of the Philippines' financial services evolution has been the BSP's independent and technocratic regulatory approach, which has delivered policy continuity and predictability while advancing system modernization. Successive BSP leadership has consistently pushed reforms across payments, digital banking, and financial inclusion, reducing uncertainty for incumbents and new entrants and supporting steady growth in digital payments and mobile money adoption.

Following the rollout of PESONet (2017) and InstaPay (2018), the BSP expanded its regulatory focus to system integrity and adjacent use cases as adoption accelerated. Measures such as the Anti-Financial Account Scamming Act (AFASA) strengthened the BSP's authority on fraud prevention and consumer protection, while subsequent initiatives extended the regulatory perimeter into areas such as long-term savings through open-finance-enabled PERA onboarding. In parallel, the BSP operationalized its fintech-friendly stance through a calibrated digital bank licensing regime, issuing six licenses since 2020, capping numbers to manage supervisory risk, and reopening licensing in 2025 with applicants evaluated on governance, risk management, and technological readiness.

A further enabler has been the rollout of PhilSys, the national digital ID and authentication framework, which has materially reduced onboarding and identity-verification friction. Banks, digital banks, and e-wallet providers are

required to accept the national ID as sufficient proof of identity, enabling remote e-KYC and faster account opening. By 2025, 24 financial institutions had been onboarded to the national ID authentication services, with 14 systems already live for public use, signaling growing operational adoption¹⁵. With over 88 million Filipinos able to access a digital national ID, financial institutions can perform near-real-time identity checks, reducing manual verification effort and fraud risk.

Relative to ASEAN peers, the Philippines stands out for clear and pragmatic regulation of digital finance, combining early moves on digital banking and open finance with proportionate capital and licensing requirements that support experimentation and gradual scale-up. While execution—particularly in open finance—remains limited, predictable supervisory engagement and regulatory certainty materially lower friction for new business models compared with peers such as Vietnam and Indonesia.

Against global leaders, the BSP's framework is best characterized as converging rather than leading, reflecting a sequenced, risk-managed approach that caps licenses, formalizes sandboxes, and phases expansion in line with supervisory capacity. This measured execution supports steady ecosystem growth and financial stability, positioning the Philippines to narrow the gap as open finance, digital identity, and payments interoperability mature.

Digital Penetration in Payments and Lending

The Philippines' payments and lending markets sit at the intersection of strong demand fundamentals and easing structural constraints. Consumption-led growth, rising digital engagement, and favorable demographics continue to expand transaction volumes, while recent advances in digital distribution, data infrastructure,

and regulation are beginning to unlock supply-side capacity that has historically constrained financial intermediation. Together, these forces position the market for rapid expansion from a structurally underpenetrated base.

Payment

Overview of the Philippines payments market tipping point

Money movement in the Philippines spans a wide range of use cases—from consumer purchases at neighborhood sari-sari stores to supplier payments, government collections and peer-to-peer transactions. These flows are supported by four underlying rails: interoperable account-to-account networks, on-us bank rails, on-us wallet rails, and global card schemes. Payments represent a subset of money movement and exclude peer-to-peer transactions, which are therefore not included in this analysis. The ecosystem itself is anchored by three institution types. Banks play a central role in enterprise and government flows, NBFIs bridge cash-adjacent and niche use cases, and fintech platforms play a more prominent role in consumer and MSME payments, particularly in high-frequency, lower-ticket transactions.

Digital adoption across the Philippine payments landscape has undergone a clear step-change over the past decade,

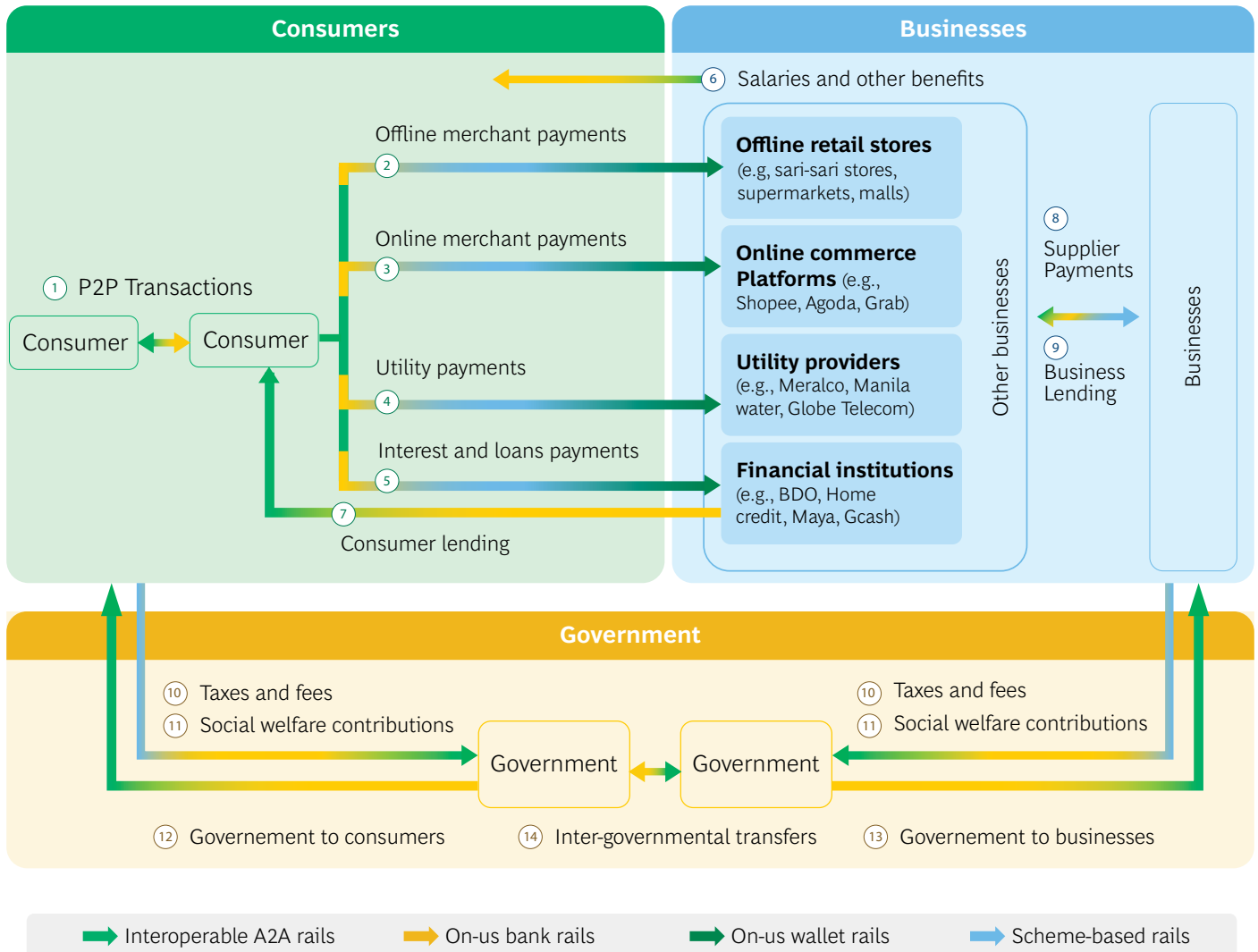
driven by infrastructure modernization and ecosystem scale-up. Government investments—including the launch of PESONet (2017), InstaPay (2018), and QR Ph (2019)—enabled nationwide real-time A2A transfers and a unified QR standard, significantly lowering barriers for merchants and consumers alike. The pandemic accelerated first-time digital usage—particularly among mass-market consumers and micro-merchants—resetting entrenched cash preferences. Banks and large wallets subsequently converted this episodic adoption into sustained behavior by embedding payments into daily routines.

Our analysis focuses on consumer and MSME payment flows, where fintech platforms have the greatest headroom to drive structural change in adoption, usage intensity, and monetization.



EXHIBIT 14

Depending on use case / payment flow, the electronic rail utilized differs



From Consumers (C2X)	From Businesses (B2X)	Government linked
C2C ① P2P transactions C2B ② Offline merchant payments ③ Online merchant payments ④ Utility payments ⑤ Interest and loans payments	B2C ⑥ Salaries and other benefits ⑦ Consumer lending B2B ⑧ Supplier payments ⑨ Business lending	X2G ⑩ Taxes and fees ⑪ Social welfare contributions G2C ⑫ Government to consumers G2B ⑬ Government to businesses G2X ⑭ Inter-governmental transfers

Source: BCG analysis

Digital payments

For consumers and MSMEs, digital payment transaction value is expected to expand by approximately 2.5x, from ~\$590 billion in 2025 to ~\$1.4 trillion by 2030, driving digital penetration from 38% to 56% [Exhibit 15].

Underlying payment volumes are supported by strong macroeconomic momentum, with nominal GDP growth of ~9–10% directly expanding transaction activity.

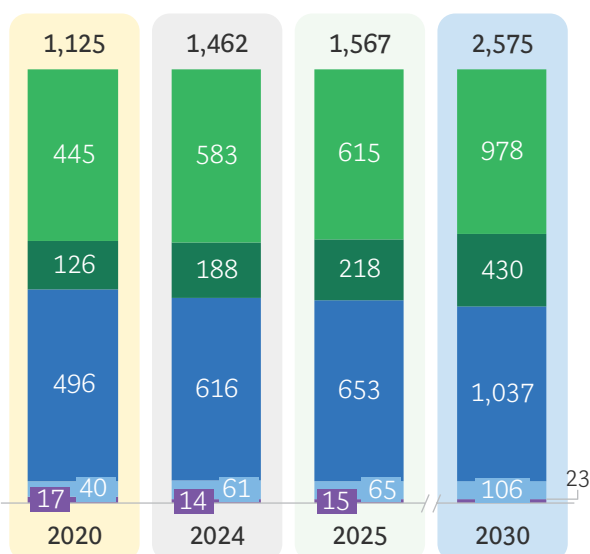
On the consumer side, essential consumption and e-commerce anchor growth, while gradual credit deepening—particularly rising credit card penetration—adds recurring repayment and bill-payment flows. In parallel, MSMEs are expected to contribute an increasing share of payment activity as formalization and access to financing improve, supporting salary, supplier, and government-related transactions.

EXHIBIT 15

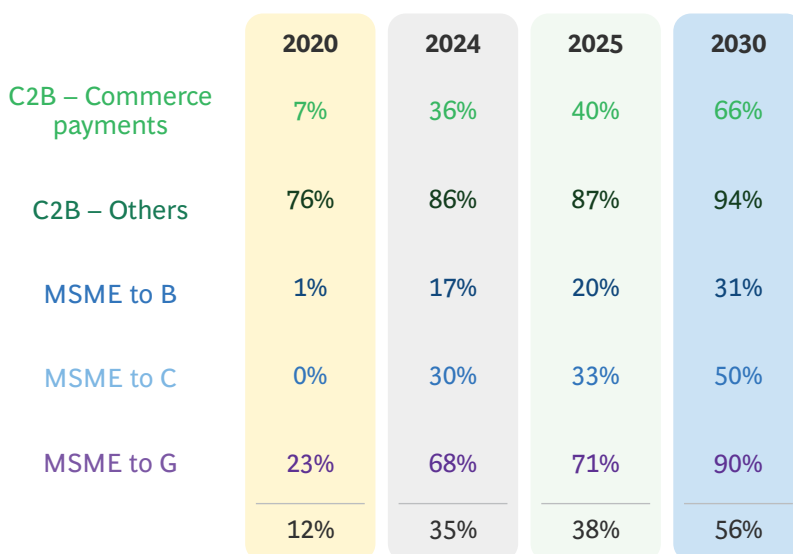
Digital penetration in consumer and MSME payments has grown from 12% in 2020 to 38% in 2025, expected to reach 56% by 2030

Payments TAM (2020-2030)

USD Bn



Digital penetration (2020-2030)



Commentary

C2B - Merchant payments: Continued adoption of interoperable QR code (QR PH) expected to greatly increase share of digital payments especially in GT

C2B – Others: Scaling of debit pull expected to improve convenience of digital payments particularly for recurring bills

MSME to B: B2B supplier payments remain primarily cash-based today, however, digital penetration is expected to grow, largely in line with the adoption of digital penetration in merchant payments

MSME to C: MSME to C digital penetration expected to track merchant payments as consumers get increasingly comfortable with digital options

MSME to G: Large push from the government toward digital payments; however, residual cash usage is expected in 2030 especially for micro enterprises

Source: BSP, Euromonitor , Oxford Economics, PSA, World Bank, Expert interviews, BCG analysis

Beyond market expansion, rising digitization across consumer and MSME flows is the primary driver of incremental growth. Online commerce continues to transition away from cash-on-delivery (currently ~45-55% of transaction value) as trust in prepaid and in-app payments increases. In modern trade, digital acceptance is already widespread, with remaining cash usage driven largely by consumer preference. The largest gap in digital penetration today persists among smaller merchants (general trade) beyond Tier-I cities in the Philippines, particularly sari-sari stores selling everyday essentials, where connectivity gaps and entrenched cash habits continue to constrain digital usage. As these frictions ease, the digital share of commerce payments is expected to rise from ~40% today to ~66% by 2030.

Other consumer flows—including bills, utilities, and loan repayments—are already highly digitized, at ~88% in 2025, reflecting their concentration among higher-income

consumers with greater use of formal financial products such as credit cards. Residual cash usage, primarily in rural areas, is driven by habit and comfort rather than access constraints. The continued rollout of debit pull and automated payment mechanisms is expected to reduce manual initiation, normalize digital usage across income segments, and push penetration to ~94% by 2030.

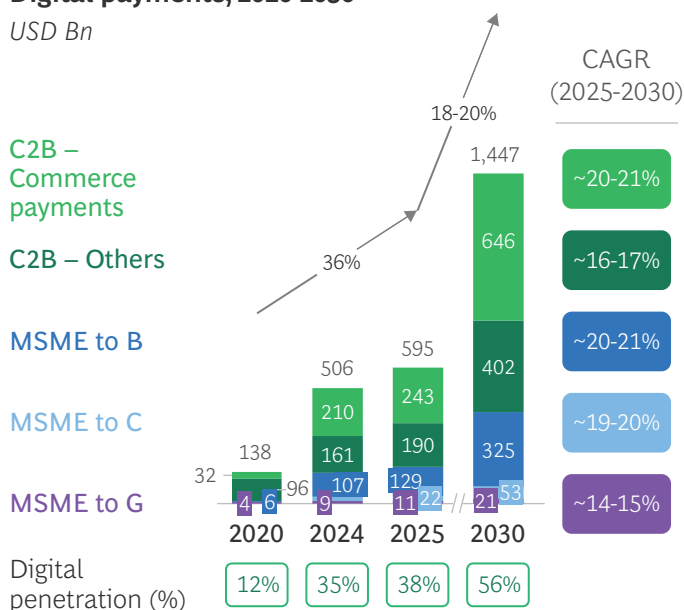
MSME payment flows are expected to see a material increase in digital penetration from a lower base, largely tracking the digitization of consumer commerce payments. As merchants increasingly receive inflows electronically, operational incentives emerge to digitize outbound payments to suppliers, employees, and government agencies. While cash usage is likely to persist among micro enterprises, digital penetration across MSME payment flows is expected to rise steadily over time.

EXHIBIT 16

Rapid growth in digital payments across core areas underpins strong revenue potential

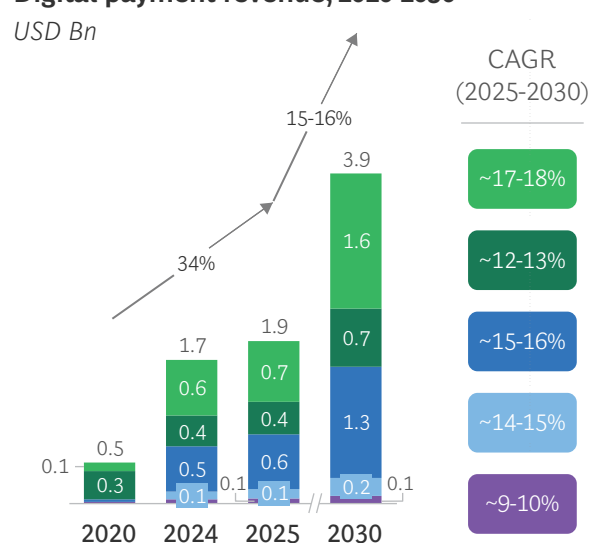
Digital payments, 2020-2030

USD Bn



Digital payment revenue, 2020-2030

USD Bn



Revenue potential driven by increased digital penetration across majority of the use cases

C2B – Commerce payments

- Increased digital penetration in rural areas coupled with the rise of e-commerce is expected to drive digital payments in merchant payments
- Growth is slightly offset by MDR erosion with the proliferation of PH QR coupled with the entry of new digital banks

C2B - Others

- High growth is driven primarily by increased consumer credit and credit card penetration
- Compared to other segments, MDR is expected to remain relatively stable

MSMEs

- MSMEs offer the highest growth potential due to low current adoption of digital supplier payments, with uptake expected to track offline retail penetration
- MDRs are expected to remain relatively stable

While rising digital penetration and transaction volumes continue to expand the overall revenue pool, part of this growth is expected to be offset by moderation in payment take rates. As digitalization deepens and competition intensifies—supported by the entry of new digital banks and the continued expansion of digital payment platforms—take rates are expected to experience some degree of compression.

The interplay of rising digital penetration and a gradual decline in payment take rates is expected to drive digital payments revenue growth from ~USD 1.9bn in 2025 to ~USD 3.9bn by 2030, implying an ~15-16% CAGR over the period [Exhibit 16].

Lending

Overview of the Philippines lending market

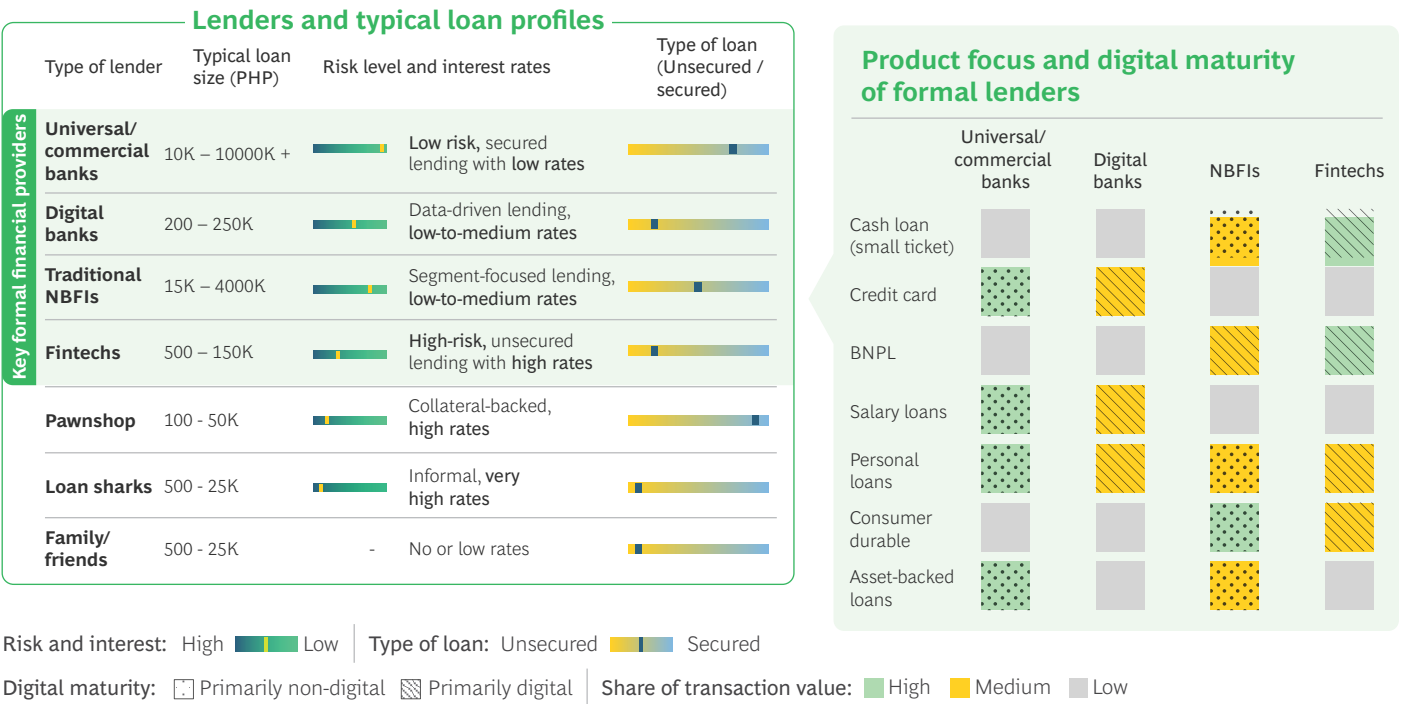
Lending in the Philippines is served by seven player archetypes spanning formal and informal channels. The market includes physical-first incumbent banks and non-bank financial institutions (NBFIs), an expanding group of digital-first banks and fintech lenders, and several informal sources of credit [Exhibit 17]. Player positioning is primarily differentiated by ticket size, use of collateral versus unsecured structures, and associated risk and pricing profiles. In practice, these differences translate into distinct product offerings, customer segments, and borrowing use cases.

Universal and commercial banks anchor the formal lending system, concentrating on larger-ticket and secured products and credit cards, typically at lower pricing. Their digital-first counterparts have focused more

on lower-ticket, higher-yield products such as personal and cash loans where digital distribution and faster underwriting provide an advantage, and are increasingly beginning to expand to conventional bank products including credit cards, and salary-linked and personal loans. Traditional NBFIs and fintech lenders remain more specialized: NBFIs have a strong presence in auto loans with lower-risk and collateralized structures, while fintech lenders have largely concentrated on unsecured, higher-risk products such as BNPL or cash loans and operate at the smallest ticket sizes across formal lending. Informal credit remains prevalent—particularly outside major urban centers and among mass-market segments—but is expected to structurally decline as formal digital lending becomes more accessible, affordable, and transparent.

EXHIBIT 17

Financial services provider archetypes and product coverage



Source: BCG analysis

Consumer lending

The consumer lending market totals approximately USD ~90bn in outstanding balances in 2025, generating around USD ~16bn in interest revenue. Over the past five years, consumer credit has grown at ~12% CAGR, supported by

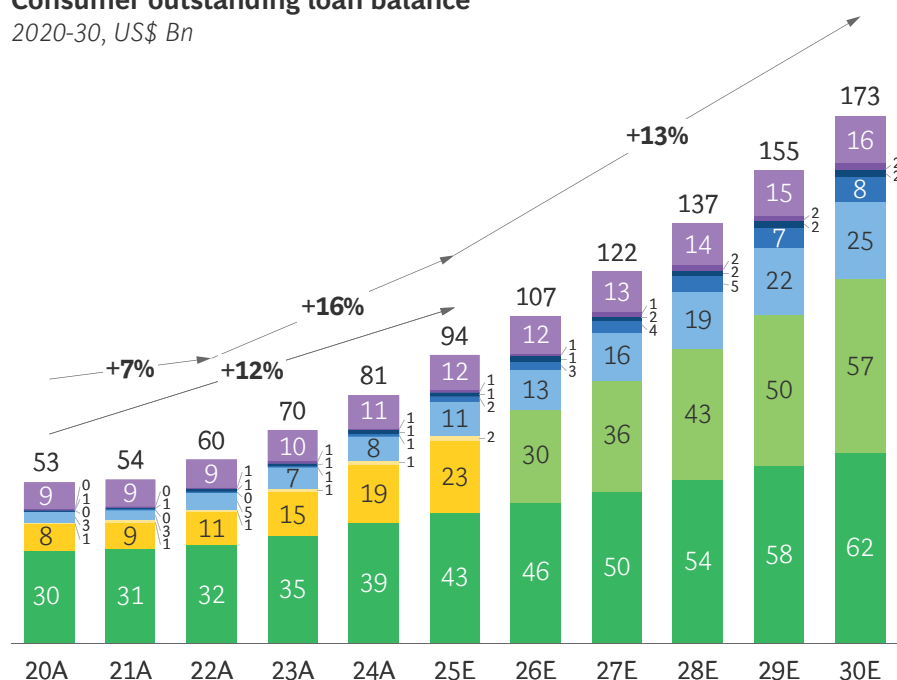
higher spending from existing borrowers, the onboarding of new-to-credit customers, and a mix shift toward faster-turn, smaller-ticket products [Exhibit 18].

EXHIBIT 18

~\$90 billion in consumer loan balance per 2025, expected to grow to ~\$170 billion by 2030 at ~13% CAGR

Consumer outstanding loan balance

2020-30, US\$ Bn



Highlight

- **Consumer credit expanded meaningfully over L5Y** (~12% CAGR) from increased spending by existing customer base and new-to-credit customer onboarding
- **Fintech-led lending (e.g., BNPL, cash loan) grew above market over the period** as demand shifted towards small ticket, on-demand loans
- **Growth momentum expected to continue to 2030;** PH still remain relatively underpenetrated in consumer credit, and supply-side constraints will be addressed by digital lending schemes
- **Share of digital-first players have grown exponentially in the L5Y with further headroom** as a meaningful portion of growth will be concentrated in unbankable customers
- **Informal lending shrinking in share but hold-outs remain,** particularly for non-NCR and mass customers

Share of digital

Over total

0.3%

3.4%

Over addressable

1.1%

8.0%

CAGR

	2020-25	2025-30
Informal loans	6%	6%
Other NBFIs	21%	18%
Personal loans	16%	14%
Cash loan	77%	37%
Salary loans	27%	18%
BNPL and durable loans	24%	
Credit card	23%	
Credit card and BNPL loans		18%
Asset-backed loans	7%	8%

Addressable by digital lending; but only ~7% share of market today

Note: Assume constant FX using 2020 exchange rates. Credit card and BNPL loans merged in forecast period due to similar use cases – growth rate between the two will vary depending on supply-side push (e.g., reduction in rates, ease of application)

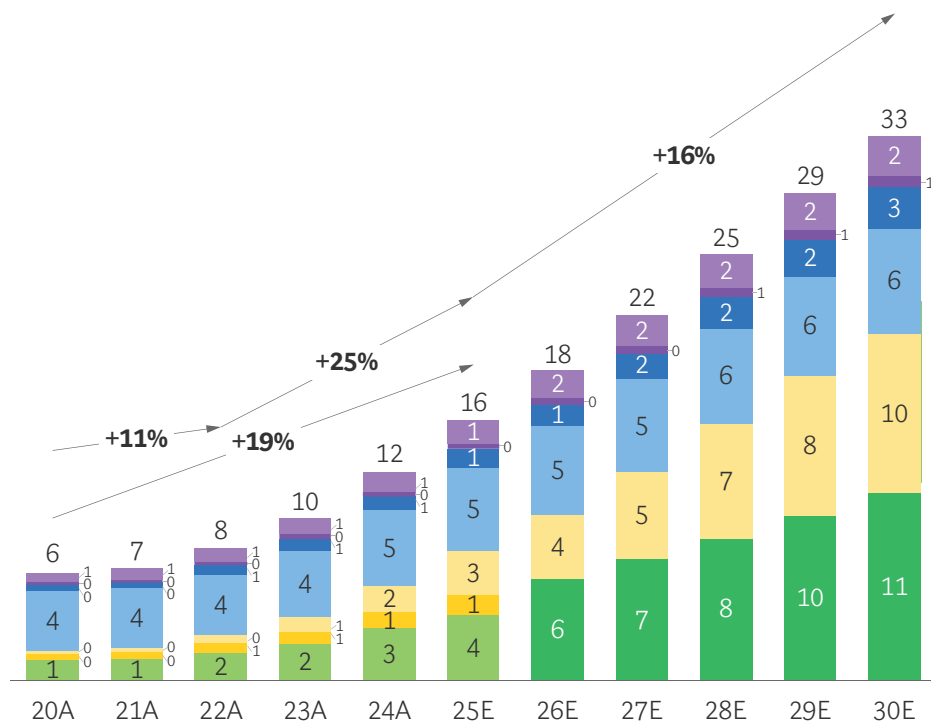
Source: BSP, Oxford Economics, Credit Card Association Philippines, CEIC, World Bank Findex, Temasek E-conomy report, Expert interviews, BCG analysis

EXHIBIT 19

~\$16 billion in consumer loan interest revenue per 2025 expected to grow to ~\$33 billion by 2030 at ~16% CAGR

Consumer loan interest revenue

2020-30, US\$ Bn



Highlight

- **Loan revenue TAM has expanded beyond the underlying loan base (~15% vs. ~12% CAGR)** as digital-centric, higher-interest loans have gained share (e.g., cash loans, BNPL, durable loans)
- **Digital loan revenue TAM still likely to outpace underlying loan base growth to 2030** as higher-interest loans further expand their share (e.g., cash loan, BNPL) – but **likely to be lower than 2020-25 growth** with interest rate compression in cash loans, BNPLs, and durables driven by SEC refreshed rate caps and competitive pressure

CAGR

	2020-25	2025-30
Other NBFI loans	21%	11%
Personal loans	16%	14%
Salary loans	27%	18%
Asset-backed loans	7%	5%
Cash loan	77%	29%
BNPL and durable loans	25%	
Credit card	26%	
Credit card and BNPL loans		17%

Addressable by digital lending

Note: Assume constant exchange rates (2020 FX). Assume constant interest rates historically. Credit card and BNPL revenue merged in forecast period due to similar use cases – growth rate between the two will vary depending on supply-side push (e.g., reduction in rates, ease of application). Exclude informal lending revenue

Source: BSP, Oxford Economics, Credit Card Association Philippines, CEIC, World Bank Findex, Temasek E-conomy report, Expert interviews, BCG analysis

Despite this momentum, consumer credit remains structurally underpenetrated. Historically, markets that experienced digital credit breakthroughs have grown faster than GDP, and the Philippines is approaching a similar inflection point as fintech expansion and data availability improve. While digital lenders only account for ~3-4% share of balances today, their steep growth trajectory highlights the potential for digital models to unlock incremental access among thin-file segments, where a meaningful share of future growth is expected to concentrate.

Over the 2020–2025 period, consumer loan growth was driven by a combination of cyclical and structural forces. On the demand side, near-term volatility from COVID-19 has largely normalized, while structural tailwinds—including increased digitization of consumption and an expanding new-to-credit population—remain intact, supporting continued growth in both borrower breadth and usage intensity. On the supply side, lending remains structurally segmented partly by design. Incumbent banks focus on lower-risk, larger-ticket segments where balance-sheet depth and traditional risk assessment models provide a structural advantage. Fintechs and NBFIs, by contrast, target higher-risk and thinner-file segments by leveraging alternative data. Improvements in digital rails, data infrastructure, and customer protection frameworks have made digital underwriting viable at scale, enabling these players to acquire first-time borrowers and progressively graduate them into larger-ticket products.

Looking ahead, consumer loan balances are expected to grow from ~\$90billion in 2025 to ~\$170billion by 2030, at a 13% CAGR. Interest revenue is expected to grow at

a slightly faster pace, from ~\$16billion to ~\$33billion (~16% CAGR), driven by a continued mix shift toward higher-yield products [Exhibit 19].

Asset-backed lending—including mortgages and auto loans – accounts for the largest share of outstanding balances in 2025 and is expected to expand grow gradually to 2030. Growth in this segment is tied to underlying asset-market expansion, and digitization remains more limited due to requirements around the use of a physical collateral.

Personal and salary-linked loans are likely to occupy the middle of the growth spectrum. Underlying demand remains solid, supported by income and consumption growth, but expansion is moderated by structural factors. Personal loans tend to be episodic in nature, while salary-linked loans depend on employer tie-ups. Digital penetration in these segments is rising, particularly as digital banks expand their presence.

The fastest growth is likely to be concentrated in lower-ticket, unsecured products—notably cash loans, credit cards, and BNPL—where demand is driven by mass-market liquidity needs and discretionary consumption. Except for credit cards, these segments already exhibit relatively high digital penetration as embedded origination and alternative data-driven underwriting allow them to be delivered more efficiently through digital channels. As these categories grow, digital-first players are expected to capture a disproportionate share of incremental volume, increasing their contribution to total consumer lending over time.

Unsecured MSME lending

Unsecured MSME loans – typically short tenor, cash flow-based facilities provided without collateral to support working capital and day-to-day business needs – remain a relatively small segment of the Philippine lending market. Outstanding balances are estimated at ~\$6billion in 2025, with an associated interest revenue pool of ~\$1billion [Exhibit 20]. This remains modest relative to MSMEs' contribution to the economy and indicates the underpenetrated nature of the market.

Over the past five years, growth in unsecured MSME lending has been more muted and uneven compared to consumer lending. Banks have largely retrenched toward secured MSME lending and larger enterprises, prioritizing

balance-sheet protection. Non-digital non-bank lenders—including credit unions, cooperatives, and Non-Stock Savings and Loan Associations—faced sharper disruption due to reliance on physical distribution and member-based funding. Financing NBFIs captured most incremental growth, supported by higher risk appetite, lighter documentation requirements, and faster processing.

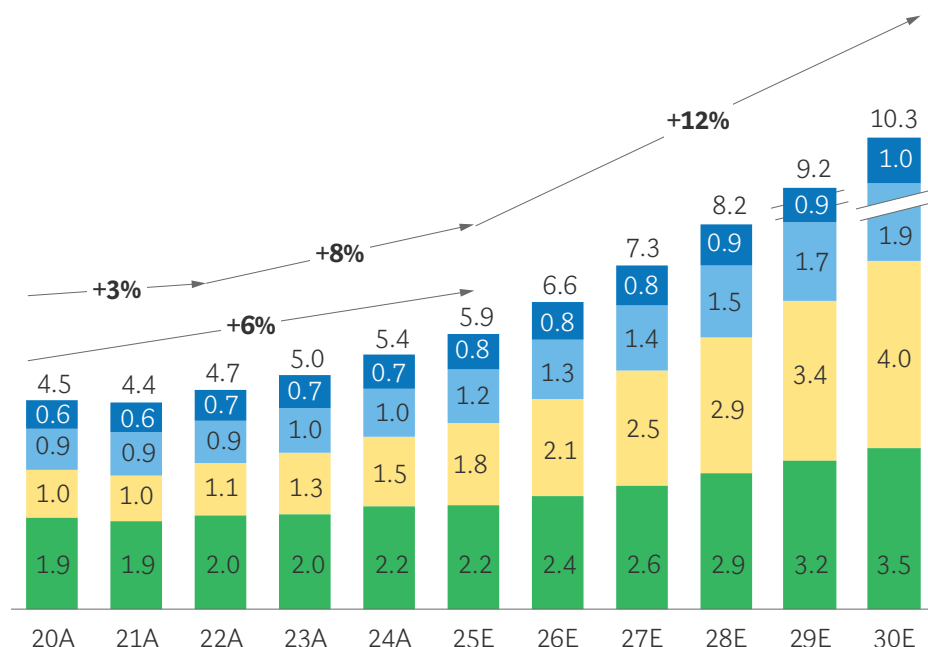
Similar to consumer lending, digital players account for a modest share of unsecured MSME balances today at ~3-4% of outstanding loans, but their rapid growth underscores the potential for digital models to expand access—particularly among thin-file MSMEs historically excluded from formal credit.

EXHIBIT 20

~\$6 billion in unsecured MSME outstanding loan balance 2025, expected to grow to ~\$10 billion by 2030 at ~12% CAGR

Unsecured MSME outstanding loan balance

2020-30, US\$ Bn



Highlight

- **Unsecured MSME credit displayed slower growth vs. Consumer in LSY** as banks take a cautious approach following COVID-driven credit quality deterioration
- **Fintech-led lending rapidly gaining share over period** as smaller business halted larger asset purchases in lieu of working capital/operational spending facilitated by small ticket, on-demand loans
- **Market growth expected to come into full swing** with banks capturing SME growth, and financing NBFIs capturing micro
- **Other NBFIs expected to recalibrate growth to pre-COVID trajectory** with full recovery of member contribution and physical-first model
- **Informal lending and other NBFIs shrinking in share** with increasing accessibility and formalization of micro businesses

Share of digital

Over total

0.2%

3.2%

Over addressable

0.3%

4.8%

CAGR

	2020-25	2025-30
Informal loans	5%	5%
Other NBFIs	5%	10%
Financing NBFIs	11%	18%
Banks	3%	9%

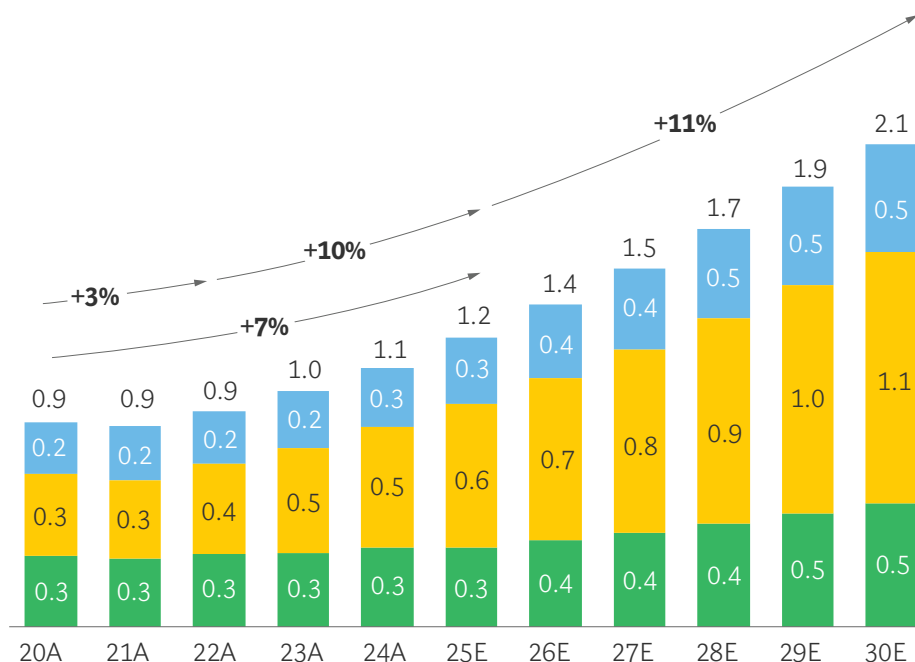
Addressable by digital lending
but only ~4% share of market today

Source: BSP, Philippines Finance Association, ADB, Expert interviews

EXHIBIT 21

~\$1 billion in unsecured MSME loan interest revenue per 2025 expected to grow to ~\$2 billion by 2030 at ~11% CAGR

Unsecured MSME loan interest revenue 2020-30, US\$ Bn



Highlight

- **Loan revenue for MSME unsecured has slightly outpaced the underlying loan base (~7% vs. ~6% CAGR)** as financing NBFIs (higher priced) have grown in share of loan book while banks have remained steady
- **Loan revenue likely to grow on par with the loan book** as continued expansion of higher-interest financing NBFIs loans are offset by interest rate compression driven by regulatory and competitive pressure (e.g., refreshed rate caps)

CAGR

	2020-25	2025-30
Other NBFIs	5%	10%
Financing NBFIs	12%	12%
Banks	2%	9%

Addressable by digital lending

Note: Assume constant exchange rates (2020 FX). Assume constant interest rates historically. Excludes informal lending revenue
Source: BSP, Philippines Finance Association, ADB, Expert interviews

Demand for unsecured MSME credit is supported by structural factors. MSMEs continue to require short-term, flexible working capital—a need that intensified during COVID-19 and has not fully receded. In parallel, gradual formalization of MSMEs is expanding the pool of borrowers visible to formal lenders. Unsecured MSME lending supply side dynamics mirrors consumer credit: universal and commercial banks remain focused on secured lending and larger enterprises, where risk and cost-to-serve are lower. Fintechs are better positioned to serve thinner-file MSMEs as digital rails, data availability, and regulatory clarity improve.

Looking ahead, unsecured MSME loan balances are forecast to grow from ~US\$6 billion in 2025 to ~US\$10 billion by 2030, while interest revenue is projected to increase from ~US\$1 billion to ~US\$2 billion over the same period [Exhibit 21]. Revenue growth is expected to lag balance growth due to narrow pricing differentials between banks and NBFIs, and gradual price compression from competitive and regulatory pressure. By lender type, financing NBFIs are expected to grow the fastest, leveraging digital origination and faster credit decisioning to onboard new formal borrowers and progressively expand credit relationships up the value chain. Traditional NBFIs are expected to rebound toward pre-COVID growth as physical distribution recovers.

Landscape of Fintech Players

The Philippine financial services market features a diverse set of player archetypes. While most operate across

segments, players typically concentrate in segments where their operating models are most effective.

Market landscape: segment and product focus across different player archetypes

The Philippine financial services landscape spans a wide range of physical-first incumbents alongside an emerging set of digital-first financial institutions [Exhibit 22]. Universal and commercial banks maintain the broadest product and segment coverage, while other physical-first providers (e.g., non-bank lenders, insurance and investment brokers) are more specialized. Over the past five years, the landscape has been reshaped by the emergence of digital-first players. Similar to physical-first institutions, digital banks typically operate most broadly across product categories, while fintech lenders, and wallet or payment service providers have initially focused on narrower use cases such as payments or specific credit products (e.g., BNPL, cash loans).

Universal and commercial banks continue to hold the largest share of the market, with portfolios heavily oriented towards enterprise banking, secured lending, and customer deposits. As of 2024, 70-75% of the loan book of the top universal and commercial banks are concentrated in enterprise clients. Enterprises have more complex needs than other segments, and commercial banks are able to meet these needs with their advantage in funding capacity and specialized capabilities. While digital-first players have been successful in addressing specific needs, such as payments acquiring, commercial banks remain the primary provider. These advantages also extend to secured lending,

which requires extensive operational processes. Customer deposit leadership has been built over decades, particularly among longer-tenured and more affluent consumers.

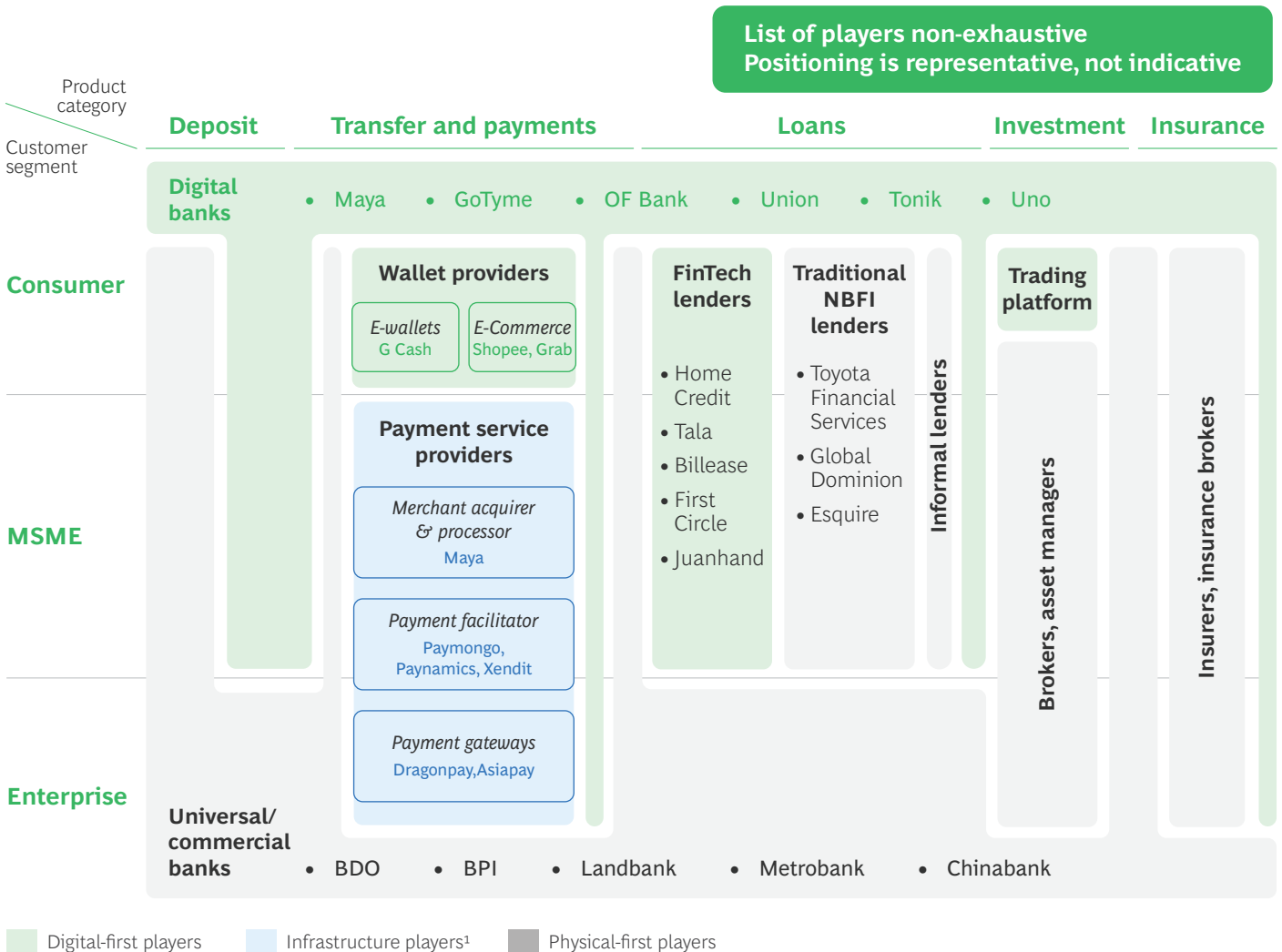
Digital-first financial institutions have stepped in to serve other segments—namely consumer and MSME [Exhibit 23]. Their operating models are especially geared toward smaller, underbanked, and thin-file consumers/MSMEs who historically had limited access to formal financial services. They are able to serve these segments by adopting digital-first operating models across origination, underwriting, and servicing to reach customers that are less accessible to branch-based providers. Digital-first providers also tend to operate with higher risk appetites than universal and commercial banks.

Combined with alternative data-based underwriting models, this allows them to provide unsecured loans to customers with limited or no formal credit histories. These digital-heavy models, which were built on standardized products and automated processes, are highly scalable and well-suited to high-volume consumer and MSME markets. Adoption of these models has accelerated over the last 5 years and is supported in part by a regulatory push for formalization (e.g., introduction of BSP-regulated digital banks that can operate across deposits, payments, and lending).



EXHIBIT 22

Digital natives have begun to emerge across Philippines's financial ecosystem



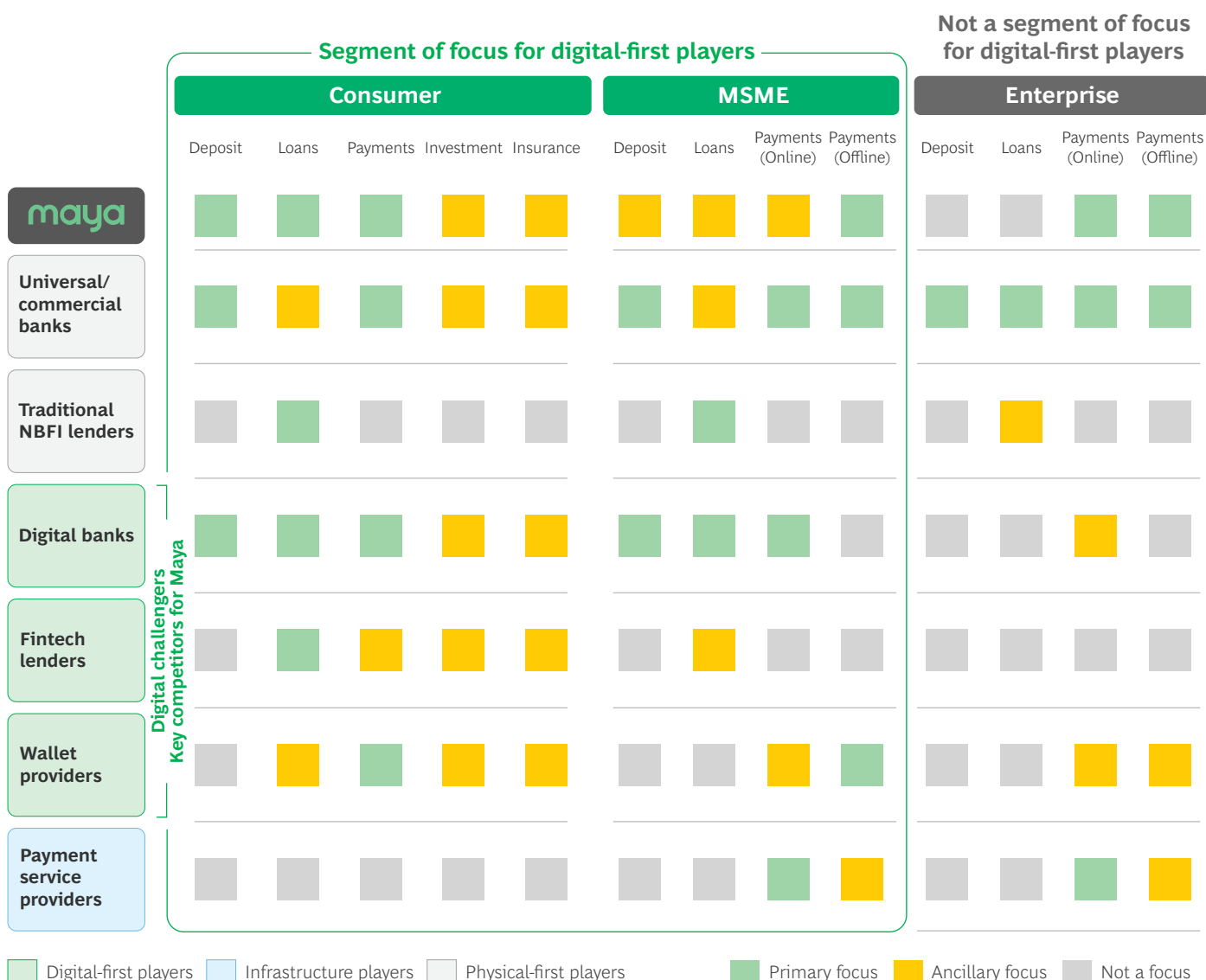
1. Defined as players that do not own end customer balances and provide shared services/platforms to enable other FIs to deliver products and offerings.
Source: BCG analysis

Within the digital-first universe, players are becoming less vertically specialized and more horizontal over time. Wallet providers and fintech lenders typically start with a single use case—most commonly payments, or a specific type of credit—and expand into adjacent services as they build their customer base and data depth. Digital banks are

distinct in their ability to take deposits and launch with broader product sets from the outset, spanning deposits, payments, and lending. As a category, they are further along this progression of becoming an end-to-end financial provider.

EXHIBIT 23

Digital-first players have stronger focus on Consumer & MSME segments; Universal / Commercial banks more focused on Enterprise



Note: Primary focus indicates products that are consistently marketed and offered as a core across all players within a certain archetype; ancillary focus indicates products that are only offered by select players in an archetype or typically play a secondary role in customer acquisition or engagement (partner-led or add-on in nature)

Source: BCG analysis

Relative positioning of digital banks

Digital banks formally entered the Philippines in 2021, following BSP's issuance of six digital banking licenses. The category has modestly expanded to include digital-first players that entered banking through rural bank acquisitions. From the outset, these banks shared a common operating model: they were branchless by design and delivered an end-to-end digital customer experience.

This structural separation from universal and commercial banks allowed them to operate with lower fixed costs and to prioritize speed and convenience.

Most digital banks followed a similar early trajectory: an initial focus on deposits, payments, and transfers to build liquidity and engagement, before progressively expanding

into lending and adjacent services. Partnerships have played a central role in this evolution through distribution alliances, and embedded finance. The category is increasingly resembling full-service retail banking in function, while remaining differentiated in form.

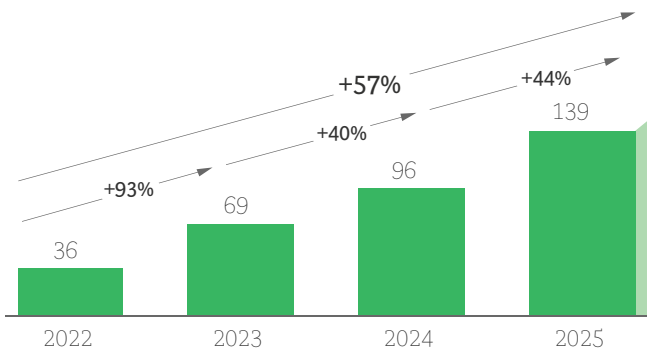
This model has enabled rapid balance sheet growth in the sector’s first 4-5 years of operation. Deposits have grown by ~57%, and loans by ~107% per annum, driven primarily

by consumer deposits and unsecured lending alongside a growing base of MSME credit [Exhibit 24]. This growth has been concentrated among a small set of players by regulatory design, as BSP has maintained a moratorium on new licenses until 2024. The lifting of this moratorium marks an inflection point. Increased supply-side participation is likely to accelerate broader category growth and create room for broader penetration into the Philippines’s large underbanked market.

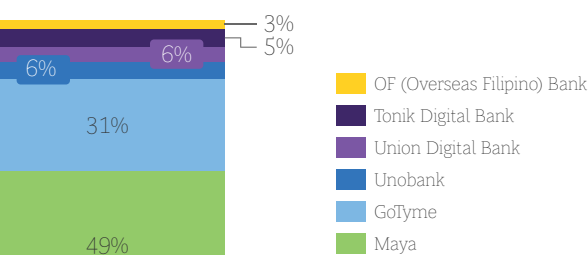
EXHIBIT 24

Digital banks have built strong franchises in 4 years of operations

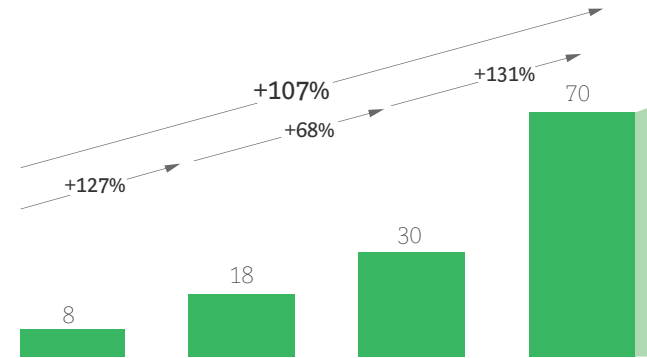
Deposit balance among digital banks (PHP Bn)



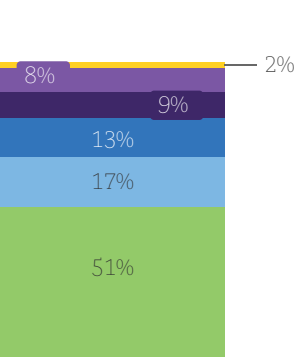
2025 deposit market share (%)



Loan balance among digital banks (PHP Bn)



2025 loan market share (%)



Note: Data includes all loans and deposits (consumers and MSMEs). Loan balance among digital banks based on published balance sheet item "Loans and Receivables – Others" (excludes RA/CA/PR/SLB). Deposit balance among digital banks based on published balance sheet item "Deposit Liabilities." Analysis covers the six BSP-licensed digital banks
Source: BSP (deposit and loan balances for OF (Overseas Filipino) Bank, Unobank, Tonik Digital Bank, GoTyme, Union Digital Bank, Maya); BCG analysis

Philippines digital financial services development vs. global peers

Across consumer, MSME, and enterprise segments, digital financial services players in the Philippines exhibit markedly different breadth and depth of presence [Exhibit 25]. Some platforms have deliberately maintained

a narrow, single-category focus—typically centered on a specific product or customer segment – while others have progressively expanded their scope as scale, data depth, and regulatory clarity improved.

EXHIBIT 25

Most digital-first FI players in Philippines vertical-focused; Maya a leading player across more verticals than any other operator

Consumer							MSME					Enterprise	
	Deposit	Credit Card	Unsecured Loans	Secured Loans	Transfer	Payments (Issuing)	Investment	Insurance	Deposit	Unsecured Loans	Secured Loans	Transfer (Acquiring)	Payments
Universal/commercial banks													
Digital banks	Maya						via partner	via partner			via partner		
	GoTyme												
	OF Bank												
	Union Digital												
	Tonik							via partner					
	Uno							via partner					
Fintech lenders	MariBank												
	Esquire												
	ORIX METRO												
	First Circle												
	Tala												
	Home Credit												
	Billease												
	JuanHand												
Wallet providers	GCash	via partner					via partner	via partner					
	Coins PH												
	Shopee Pay	via partner						via partner					
	GrabPay												
	Lazada	via partner	via partner	via partner				via partner					

Legend Covered Leading player Low penetration by digital-first players

Note: Leading players are defined by established presence and consumer awareness, distribution capabilities, and product portfolio breadth, as identified through expert interviews. Digital banks here indicate officially licensed digital banks; MariBank considered a fintech lender given lack of digital banking license.

Source: Press search; BCG analysis

For digital banks, deposits, transfers, payments, and unsecured consumer lending now form the baseline offerings. Players such as Maya, GoTyme, OFBank, and UNO Bank are increasingly expanding beyond these foundations into investments and insurance—predominantly through partnerships that allow faster product rollout without requiring a full balance-sheet or operational build-out.

Consumer-focused digital lenders, which make up a larger pool of players, have largely remained concentrated on specific credit products—most commonly cash or point-of-sale product loans. This single-product orientation reflects both risk management considerations and the operational simplicity of standardized, high-volume offerings. A small number of players have begun to diversify beyond this core. Home Credit, for example, has expanded beyond product-loan franchise to offer cash loans and credit card.

This illustrates an emerging shift among consumer lenders toward greater product depth.

Digital MSME lending, by contrast, is concentrated among a smaller pool of players. Maya has established a presence in small-ticket lending, while most non-bank MSME lenders tend to serve larger-ticket credit products. Notably, early stages of expansion are observed with First Circle offering core banking services through partnerships, following a similar progression observed earlier in consumer lending.

In payments, player strategies diverge between generalist platforms and those anchored to specific ecosystems.

Maya and GCash operate broadly across transfers and payments for consumers and MSMEs. In the enterprise segment, these offerings remain more contested with universal and commercial banks. Other players pursue more specialized positioning. Coins.ph, for example, remains differentiated by its crypto-native focus, while also supporting PHP transfers and payment use cases through its wallet and QR acceptance. E-commerce or ride-hailing backed wallets prioritize payments, transfers, and embedded BNPL as table-stakes capabilities, with select players beginning to layer in deposit or insurance products through partnerships.

EXHIBIT 26

Overall, maturity of Philippines fintech ecosystem indicated by parity of offerings from Maya as a leading player vs major global peers

	Broad-based consumer and MSME offerings			Consumer-focused offerings		
	 Philippines	 Argentina	 Brazil	 United States	 United States	 Sweden
Overview	All-in-one digital bank	Payments and fintech platform	Digital bank across LATAM	Parent Co of Square & Cash App (wallet, payments platform)	Digital bank	Commerce-centric pay-later & checkout financing
Deposit	✓ High-interest savings & TD	✓ Digital wallet account, yield on balance	✓ Current account with balance yield linked to CDI ²	✓ Biz and consumer savings, debit card	✓ High-yield savings, no-fee checking	✗ Flexible debit card & e-wallet in select markets ³
Unsecured Loans	✓ Cash/personal loans, credit card, BNPL ¹	✓ Installments (12 pay), CC, credit for sellers	✓ Revolving & installment credit via CC	✓ Seller financing and short-term cash loans, BNPL	≈ Overdraft facility, credit card	✓ BNPL, pay-in-four, pay in 30 days
Transfer	✓ Bank & wallet transfers	✓ Wallet transfer	✓ A2A	✓ P2P transfers	✓ P2P	✗ P2P only in select markets; only outbound trf from balance
Payments	✓ QR, bills payment, merchant payment	✓ QR, online checkout/ payment gateway, merchant payment	≈ Card-based payment, limited SME payment infra	✓ App payments in select markets, merchant payments	≈ Card-based payment, limited SME payment infra	≈ Consumer payments via debit card
Traditional Investment	✓ Mutual fund, UITF investments via partners	✓ Wallet balance auto-invest (e.g., mutual funds)	✓ Securities, fixed income, CD, and funds	✓ Stocks and ETF	✗ N/A	✗ N/A
Crypto	✓ Buy, sell, hold crypto in-app	≈ In select markets	✗ N/A	≈ Bitcoin trading	✗ N/A	✗ N/A
Insurance	✓ Low-ticket insurance products via partners	≈ Partner products and protections	✓ Partner insurance integrated in e-wallet	✗ N/A	✗ N/A	✗ N/A

1. Currently paused;

2. Brazilian interbank deposit certificate;

3. Launched in UK in 2025;

Source: Company websites; Press research; BCG analysis

Looking across the market, a growing set of leading Philippine platforms now offer product breadth spanning deposits, transfers, payments, lending, and adjacent services, an indicator of ecosystem maturity. Maya is one visible example, with a scope that increasingly mirrors multi-product models such as Nubank, Block, Mercado Pago, Chime, and Klarna. This convergence does not imply uniformity across the market—many players continue to pursue focused strategies—but it does signal that the Philippine ecosystem has progressed to a stage where product breadth increasingly shape competitive positioning as they do in more mature markets [Exhibit 26].

This breadth is becoming strategically important: frequent transactions generate behavioral data, data strengthens underwriting and personalization, and improved unit economics fund faster product iteration and broader

distribution. This reinforcing dynamic is becoming increasingly visible among digital-first players and is reshaping how scale is built and sustained across everyday financial use cases.

At the same time, overall penetration across digital financial services remains below that of more mature digital markets, underscoring the size of the remaining opportunity. The coexistence of significant demand headroom with rising ecosystem sophistication signals a transition in the market's development. The next phase of growth will be defined both by expanding access to the remaining underbanked population and by how effectively platforms translate transaction scale into sustained engagement and economic depth. This shift sets the context for understanding which capabilities will matter most as competition intensifies.

Key success factors in the Philippine digital financial services market

As the digital financial services market matures, competitive advantage is becoming increasingly structural. Early phases of growth rewarded speed, innovation, and customer acquisition. In the next phase of competition, leadership will be determined by capabilities that govern how effectively institutions can engage customers across multiple products, manage risk through data, and sustain growth, rather than by isolated product strengths. The following capabilities will differentiate multi-category winners in the Philippine market:

- **Scaled digital payments capability:** Platforms that support digital payments are well positioned to benefit from both rising transaction volumes and increasing digital share. Payments typically serve as an early and repeat touchpoint with customers, enabling three reinforcing advantages: efficient customer acquisition at scale, fee income from payment activity itself, and the accumulation of high-frequency transactional data that can be leveraged for cross-selling and credit underwriting. Lenders operating without these data signals have a more limited view of customer behavior, face higher uncertainty in risk assessment, and are often forced to price conservatively to compensate. This disadvantage is likely to become more pronounced as tighter regulatory constraints—such as the forthcoming SEC rate-cap adjustments—reduce the ability to rely on high pricing to offset risk.
- **Multi-product breadth across high-value segments:** Institutions with a broader product suite are better positioned to become the primary providers for their customers. As customers use multiple products, the platform captures richer data on behavior, balances,

and cash flows. This depth of data improves risk assessment and enables more relevant product offerings, creating a moat that strengthens customer engagement. Higher usage over time generates more data and reinforces a virtuous cycle that expands the platform's share of wallet.

- **Ecosystem-led data & distribution advantage:** Platforms that can embed financial services in existing ecosystems (e.g., merchant-consumer, employer-employee) can generate repeated customer transactions and data across everyday use cases. This enables low-cost acquisition, better risk decisions, and scalable cross-sell support. This can take form in the two following mechanisms:
 - » **Closed-loop data visibility:** Platforms that facilitate both consumer and MSME transactions gain continuous visibility into end-to-end cash flow behavior, enabling more accurate underwriting. Where one-sided providers (e.g., consumer-only) lose visibility as transactions exit the system, closed-loop platforms can link consumer spend directly to merchant sales and inflows to provide higher-confidence signals on income stability, demand pattern, and repayment capacity. In low-data environments like the Philippines, this visibility provides a meaningful advantage in underwriting thin-file customers. For example, one leading platform operates an integrated consumer-to-merchant payment platform and digital banking stack and actively uses transactional data to develop better credit risk models.

» **Embedded distribution:** Scale comes faster when distribution is embedded. Merchant platforms and aggregators expand acquiring footprint and create a pipeline for working-capital loans. Employer and payroll tie-ups accelerate account opening and enable salary-linked credit. Partnerships around remittances and P2P corridors build habitual transaction volume that becomes the foundation for cross-sell. A common example of embedded distribution in the Philippines is the integration of durable loans at point-of-sale. A leading durable loan player in the Philippines have scaled this model by building extensive merchant coverage and supplementing their presence with a sizable on-the ground sales force. By tightly embedding credit into the customer purchase journey, providers can tap into customer segments that may otherwise be unreachable.

- **Resilient, low-cost funding for lending:** Consumer and MSME lending becomes meaningfully more profitable when deposits and savings balances grow. Institutions that build a base of sticky, small-ticket deposits can hold pricing through rate swings and maintain credit supply when markets tighten. This advantage favors digital banks – by mobilizing low-cost retail deposits, digital banks can realize superior unit economics on lending products.
- **Access to top-tier talent and leadership, combining engineering capabilities with core FI grounding:** Successful players will be defined by leadership that pair strong engineering capabilities with a deep background in core financial functions—credit risk, treasury, compliance, and operations. This is critical, especially in a landscape that is still in early stages of maturity, and where broader technological shifts (e.g., with AI) will have implications for how financial services are accessed.

Players that can create multi-vertical presence and strong ecosystems benefit from flywheel effects that improve unit economics over time. High-frequency products—often payments—serve as a common entry point, while savings and lending deepen customer relationships without

proportionate increases in acquisition or servicing costs. Transaction data feeds back into underwriting, improving credit scoring for thin-file and first-time borrowers. Growing deposit balances then lowers cost of funds and reduces reliance on wholesale funding, reinforcing the cycle. Platforms that can build this flywheel early and continuously add to it are positioned to compound advantages faster and more sustainably over time.

As this flywheel takes hold, its implications extend beyond individual platforms. The combination of high-frequency engagement and rich behavioral data enables forms of financial intermediation that have been difficult to scale in the Philippines—particularly for thin-file consumers and MSMEs where traditional underwriting and physical banking models have faced structural constraints in serving demand at scale. The compounding effects of this flywheel will support broader participation in savings and credit, shifting digital finance from transaction-led toward more sustained financial relationships.

These dynamics are increasingly feasible because the Philippine fintech ecosystem has reached a new level of maturity. Core infrastructure is now firmly in place, including real-time account-to-account rails, interoperable QR acceptance, and a clearer digital banking regime. Consumer behavior has shifted toward mobile-first, everyday financial activity. On the supply side, digital-first financial institutions are expanding product breadth and ecosystem-based distribution. As these forces converge, digital finance is becoming more embedded in everyday activity and is set to become a core infrastructure for financial inclusion, resilience, and productivity—marking a structural evolution in how financial services are accessed across the Philippines economy.

Appendix – Methodology

To estimate the digital payments TAM for consumer and MSME-linked flows, we applied a bottom-up sizing approach across all major non-government-linked flows, specifically, C2B, MSME-to-consumer, and MSME-to-business flows. For government-linked flows, C2G and MSME-to-government flows, we relied on the Digital Payments Report published annually by BSP for both transaction value and digital transaction value.

Consumer-to-business (C2B)

C2B TAM is constructed by aggregating four primary components: commerce payments (online and offline), housing and automotive purchases, utilities, and credit card and loan repayments.

For commerce payments, utilities, and large-ticket items, we started with Oxford Economics consumer spend data and converted it into gross payment transaction value, adjusting for factors such as refunds and retries. We then explicitly accounted for the informal economy, estimated at ~30–40% of Philippine GDP, to capture segments outside the formal retail system. We further adjusted the value to account for peer-to-micro-merchant transactions that are captured as peer-to-peer. Finally, we estimated the digital share for each segment based on expert inputs, triangulated against national and international databases and benchmarks.

Credit and consumer loan repayments were sized by estimating total outstanding balances using BSP data and BCG's lending model. Outstanding balances were then converted into annual repayment flows using average loan tenors and interest rates. Digital penetration assumptions for each subcomponent were derived from expert input and triangulated against national and international databases and benchmarks.

MSME flows (MSME-to-business and MSME-to-people)

We sized MSME-to-consumer flows, primarily comprising wages and employee compensation, and MSME-to-business flows, including supplier payments and B2B lending repayments.

MSME-to-consumer payment flows were sized by starting with the total compensation of employees as reported by the Philippine Statistics Authority (PSA). This total was then disaggregated between MSMEs and enterprises, assuming an MSME share of approximately 40% of total payroll, based on the PSA Annual Survey of Philippine Business and Industry (ASPBI). The digital share of MSME payments was then estimated using expert interviews, triangulated against national and international databases and benchmarks.

MSME2B supplier payment flows were sized by translating economy-wide gross value added (GVA) into MSME-level economic activity, assuming MSMEs account for approximately 35–40% of Philippine GVA, based on PSA and BSP. MSME GVA was then converted into MSME revenue using GVA-to-revenue ratios derived from the PSA ASPBI. Share of MSME revenue directed toward intermediate inputs (supplier payments) was approximated at 75–80% based on PSA ASPBI. Finally, digital penetration of MSME supplier payments was estimated using expert interviews and triangulated against national and international databases and benchmarks.

MSME2B lending flows were sized by estimating outstanding loan balances for MSME unsecured loans and MSME secured loans using BCG's bottom-up lending model and BSP data. Average loan tenors and interest rates were derived from expert input and bank data. Outstanding balances were then converted into annual repayment flows using the following formula. Digital penetration assumptions were then applied based on expert interviews and triangulated with national and international databases and benchmarks.

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