

INNOVATIVE APPROACHES TO INCREASE YOUTH FINANCIAL INCLUSION: THE PHILIPPINES



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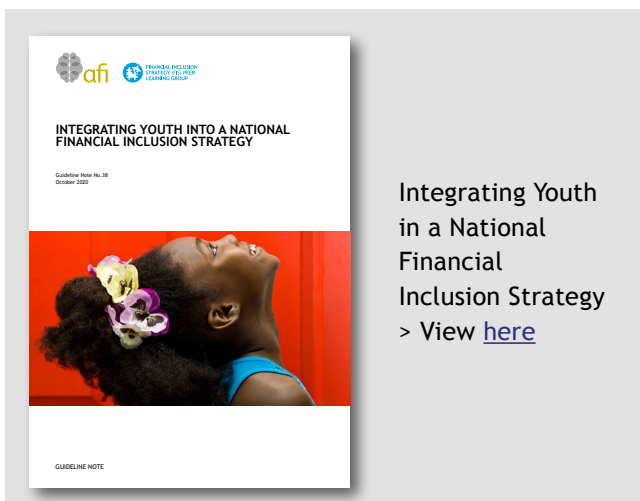
INTRODUCTION

Financial inclusion has emerged as a critical goal for governments, financial institutions, and development organizations worldwide. Access to financial services not only empowers individuals with greater control over their finances but also drives economic growth and poverty reduction.

Within the broader context of financial inclusion, the integration of youth – a demographic marked by its unique challenges, opportunities, and technological fluency – holds particular significance.

The youth population, often defined as individuals between the ages of 15 and 24, represents a powerful force shaping the future of economies and societies. In both developed and developing nations, youth play a pivotal role in driving innovation, entrepreneurship, and social progress. Recognizing the potential of this demographic, governments and stakeholders have increasingly turned their attention to finding innovative approaches that facilitate the financial inclusion of young people.

Previously, members of the Alliance for Financial Inclusion (AFI) identified youth financial inclusion as a top priority within the AFI network, and this has resulted in the development of key knowledge products, such as "Integrating Youth in a National Financial Inclusion Strategy" and the "[Youth Financial Inclusion Policy Framework](#)".



Integrating Youth
in a National
Financial
Inclusion Strategy
> View [here](#)

Generation Z (Zoomers)- young people born between the late 1990s and the early 2010s - is growing up with a different set of habits and behaviors to the generations that came before.¹

400%

Research from Bank of America suggests that worldwide, Gen Z's income will grow by 400 percent over the coming years to reach \$33 trillion by 2030.²

By then, this group will hold more than a quarter of global income, and their spending power will surpass that of millennials - the generation that preceded them - in 2031.³

Gen Zs are embracing new types of money management tools and have relatively little enthusiasm for traditional products such as bank accounts: sixty-two percent do not have one. Mobile wallets, by contrast, are growing fast - in some markets, almost half of zoomers now use this type of account. Moreover, while mobile wallets and similar innovations have traditionally been associated with emerging markets, where conventional banking has had less exposure, it would be a mistake to expect Gen Zs living in developed economies to follow their parents' preferences. The evidence of our research is that zoomers globally are moving away from banking products. Businesses that do not adjust accordingly risk being shunned by Gen Z.⁴

Zoomers also want to be approached differently⁵ by financial service providers - this, in turn, means that the approach to including them financially needs to be quite different and innovative.

¹ Available at: <https://www.thunes.com/insights-reports-gen-z-future-of-spending/>

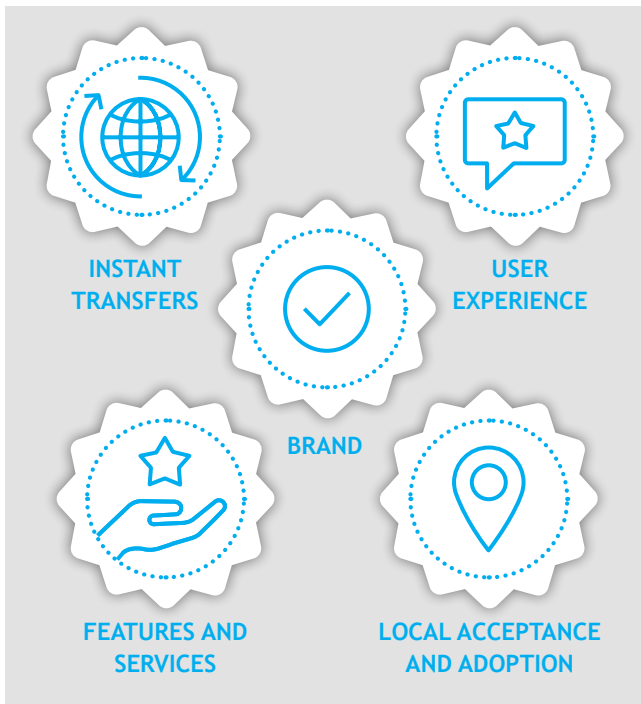
² Available at: <https://www.businessinsider.com/gen-z-will-take-over-economy-2030-33-trillion-income-2020-11#:~:text=Gen%20Z%20is%20set%20to,earnings%20because%20of%20the%20pandemic&text=By%202030%2C%20Gen%20Z's,7%20due%20to%20the%20pandemic.>

³ Available at: <https://www.cnbc.com/2020/11/20/gen-z-incomes-predicted-to-beat-millennials-in-10-years.html>

⁴ Available at: <https://www.thunes.com/insights-reports-gen-z-future-of-spending/>

⁵ Available at: <https://www.thunes.com/insights-reports-gen-z-future-of-spending/>

TOP 5 FACTORS THAT IMPACT ZOOMER'S PAYMENT CHOICE:



This case study explores a range of innovative strategies and initiatives aimed at increasing youth financial inclusion. By analyzing successful examples from diverse regions and contexts, it seeks to uncover actionable insights, best practices, and lessons learned. Through a systematic examination of these approaches, we aim to shed light on how governments, financial institutions, and other stakeholders can effectively bridge the gap between youth and financial services.

The following sections will explore a variety of innovative methods that have been employed to engage youth in financial systems. From leveraging digital technology to fostering financial education, or from designing youth-centric products to fostering partnerships, each approach offers a unique perspective on addressing the challenges that often hinder young people from accessing and fully participating in formal financial networks.

Through this exploration, we hope to not only highlight the successes achieved but also delve into the nuances of implementation and potential barriers that need to be navigated. By understanding the strategies that have demonstrated promise in increasing youth financial inclusion, we aim to inspire and share insights on the important efforts that lead to improved financial access and empowerment for young individuals across the globe.

FINANCIAL INCLUSION AND FILIPINO YOUTH

The Philippines currently has the largest generation of young people in its history, with Filipinos aged 15-24 years old totaling 20.14 million or 18 percent of the total population.⁶

Apart from having its highest recorded numbers to date, Filipino youth have never been savvier when it comes to technology. The results of a locally conducted survey showed that as many as 86 percent of respondents aged 18-24 years old were internet users – a sizeable difference compared to the respondents aged 55 years old and above who only accounted for 14 percent. The 18-24 age group has the highest internet use for social media.

The rate of electronic device ownership is also the highest among the country's younger segments (i.e. 39 years old and below), ranging from 97 to 99 percent – a notable difference compared to older segments (i.e. 50 years old and above) whose rate of electronic device ownership reportedly falls below 90 percent.⁷ Electronic device and smartphone ownership among youth aged 15-19 years old is at 97 percent and 95 percent, while internet access and usage is reported at 93 percent – overall, the highest among all cohorts.⁸

Their large numbers, an affinity for digital technology, and strong presence in the labor force make youth strategic partners and, importantly, the primary drivers of financial inclusion in the country. Youth-oriented initiatives have seen a greater focus and are expected to further advance in the coming years. For instance, one of the Philippine government's pivotal undertakings of late, implemented through the Department of Education (DepEd), is the integration of financial education modules in the K-to-12 basic education curriculum. The teaching of financial concepts to students from kindergarten to senior high school is expected to not only raise levels of financial literacy but also drive early inclusion among Filipino youth. Efforts have also begun to incorporate basic personal finance management as a subject in tertiary education.

⁶ Available at: 2020 Census on Population and Housing, Philippine Statistics Authority (PSA).

⁷ Available at: 2021 Financial Inclusion Survey (FIS), Bangko Sentral ng Pilipinas (BSP).

⁸ Ibid.

Although account penetration among youth aged 15-19 years old – the youngest segment – is only half of the national average of 56 percent, the percentage share of account ownership of the 15-19 age group grew more than threefold in 2021 to 27 percent from seven percent in 2019, equivalent to a growth rate of 20 percent.⁹

Some headway has clearly been made, but challenges persist. Much of the youth population continues to be excluded from the formal financial system, characterized mainly by low account penetration and savings. Access to and usage of basic financial services remain limited despite high levels of technological literacy and greater availability of digital financial services (DFS).

21% Compared to the national average of 37 percent for Filipino adults with savings, the savings rate among young adults aged 15-19 years old is only at 21 percent, the lowest among age groups.¹⁰

Formal account ownership among youth is only at 27 percent to date, in contrast with the percentage of informal savers comprising a high national average of 52 percent, which holds correspondingly true for the 15-19 age group.¹¹

Further challenges include extending the reach of financial inclusion to youth sub-segments, such as out-of-school youth (OSY), encouraging mobile phone and internet users to harness digital platforms to conduct financial transactions, and implementing more financial education interventions geared towards youth.

Recognizing the imperative of bringing youth into the fold of the financial system, the BSP has embarked on several initiatives in recent years aimed at promoting youth financial inclusion in the Philippines:

1. BSP YOUTH SUMMIT

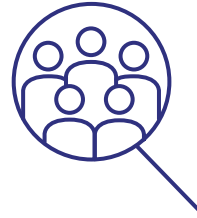
The first-ever BSP Youth Summit, held on 9 July 2021 and broadcast via livestream, was focused on raising youth awareness of the BSP’s mandate, functions, and

⁹ Ibid. The 2021 FIS also reported that savings is most prevalent among older age groups at 41% for those aged 30-49 years old, followed by 39% for those aged 20-29 years old.

¹⁰ Ibid.

¹¹ bid.

responsibilities, and empowering them to contribute to the implementation of the BSP’s digitalization and financial inclusion initiatives.



The summit was translated into multiple local languages to help attract audiences across the country, successfully gathering over 38,000 participants nationwide and achieving close to 22,000 social media engagements.

Adopting the theme, “Ibangon natin ang ekonomiya, i-digital mo na!” (Elevate the economy, go digital!), the summit featured a nationwide college student competition to promote digital financial inclusion; discussions on financial inclusion and cyber hygiene practices; a media chat with student and professional journalists; and the #AskGovBen segment, where the then BSP Governor Benjamin E. Diokno answered video questions sent by youth participants.

The summit conveyed the following key messages:

- 1 | youth are the prime movers of the digital new economy
- 2 | digital financial inclusion through youth is essential for a faster economic recovery
- 3 | financial education and the introduction of financial concepts to Filipino youth will help them make optimal financial decisions over time.

Likewise, its main objectives were to bring the BSP closer to Filipino youth, educate them on the ongoing financial digitization initiatives, and empower them to contribute to the successful rollout of financial digitalization initiatives.



AWARENESS

The summit’s main goals were to raise awareness of the mandate of the BSP, its advocacy of digital financial inclusion, and the protection measures against cybercrime among youth. Speakers and participants engaged in lively discussions on financial inclusion and cyber-hygiene practices in digital financial transactions, with eleven youth organizations declaring their support for the BSP’s digitalization programs.

As previously mentioned, the fulfilment of this objective was measured in terms of the number of participants during the virtual event and social media engagement levels. The large number of participating youth – over 38,000 – was a significant indicator in the BSP’s goal of promoting DFS.

The summit’s livestreams attracted more than 7,600 comments on the BSP’s social media pages, 3,000 reactions, and 1,900 shares, while the social media cards had more than 4,400 reactions, 400 comments, and 3,000 shares. A total of 21 Facebook pages cross-posted the BSP Youth Summit posts.



Secondly, the summit aimed to engage youth and determine their specific interests regarding economic concepts and the BSP’s digitalization efforts.

The fulfillment of this objective was gauged by the number of video questions sent by youth participants during the #AskGovBen segment.

This segment revealed that youth, including those out-of-school, were clearly interested in the BSP’s projects, inflation, digital banking, policies affecting stakeholders, and financial literacy. Over 200 video questions were received by the BSP.



Lastly, the summit empowered youth to contribute to the implementation of the BSP’s digitalization and financial inclusion initiatives through a student competition. The fulfillment of this objective was measured by the number of entries received, with the BSP receiving a total of 93 policy and project proposals from youth participants nationwide.

Initially, the summit was implemented through multiple phases via the BSP’s social media pages (i.e. Facebook, Twitter, and Instagram) using the hashtag #2021BSPYS from May to July 2021. Social media cards detailing instructions for the summit registration, student

competition, and submission of video questions for the #AskGovBen segment were posted. Additionally, email blasts using the BSP and summit registration database were conducted to promote activities. The summit’s main event was then conducted and livestreamed on 9 July 2021. Highly skilled and experienced interpreters were enlisted to simultaneously interpret the livestreams in Ilocano and Cebuano.

Partnerships were also formed to boost both support and reach. The BSP partnered with the Radio Television Malacañang (RTM) for the livestream. Meanwhile, the National Youth Commission (NYC), Department of Education (DepEd), and Commission on Higher Education (CHED) endorsed both the student competition and the #AskGovBen campaign in schools across the Philippines, as well as the circulation of the summit’s promotional materials on the respective social media pages of agencies. The BSP further reached out to the National Telecommunications Commission (NTC) to send text blasts about the summit.

In addition, partnerships were facilitated with the following youth organizations:

- ✓ Junior Philippine Economics Society
Financial Executives Institute of the Philippines (FINEX)-Junior FINEX Committee
- ✓ National Federation of Junior Philippine Institute of Accountants
- ✓ Junior Confederation of Finance Associations Philippines
- ✓ University of San Carlos-School of Business and Economics Student Council
- ✓ University of St. La Salle-Junior Philippine Economics Society
- ✓ Batangas State University-Economics Society
- ✓ Polytechnic University of the Philippines-College of Accountancy and Finance Student Council
- ✓ University of the Philippines Visayas Oeconomicus
- ✓ Palawan State University Student Government
- ✓ Wealth Educators Circle

Especially for the student competition, the BSP received and evaluated over 90 proposals, of which the selection committee selected five. The top five student proposals came from the University of the Philippines-Diliman (winner), the University of the Philippines-Los Baños, the University of Asia and the Pacific, Catanduanes State University, and Ateneo de Manila University.

Notably, second-place University of the Philippines-Los Banos proposed the Paleng-QR Ph program,¹² currently being implemented in different parts of the country and which promotes the digitalization of transactions by market vendors, shopkeepers, and tricycle drivers nationwide through QR Ph, the Philippine standard for using quick response (QR) technology for e-payments. The students who conceptualized Paleng-QR Ph were recognized and commended by the BSP.

2. #PAYWITHQRPH

The BSP TikTok Challenge is another initiative launched through social media channels, specifically through the popular TikTok app. It encourages Filipino citizens aged 18 and above to post TikTok videos of themselves highlighting the following benefits of the QR Ph Person-to-Merchant (P2M) Payments System:



Enables payment transactions even if the accounts of customers and sellers are from different banks and e-wallets (interoperability).



Cost-effective, as there is no transfer fee for customers.



Hassle-free, with payments possible without any cash or cards. Business establishments simply need to have a QR code for scanning.

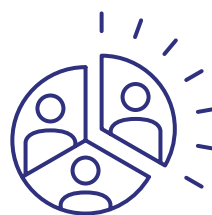
The submitted entries were judged based on relevance, popularity, creativity, accuracy, clarity, and originality. The five winning entries were announced on the BSP's social media channels in February 2023 and given limited-edition prizes.

¹² Tapping the student curriculum and digitalization of payment of wages of village and offices and the use of Unstructured Supplementary Service Data (USSD) to increase both usage and reach of digital payments were awarded first and third place, respectively.

ADVANCING YOUTH FINANCIAL INCLUSION

As reflected in the previously mentioned initiatives, engaging youth for financial inclusion goes beyond awareness raising, information dissemination, and account onboarding.

A critical purpose of these initiatives is promoting opportunities for Filipino youth to make active contributions to advance financial inclusion in the country. Creative ideas and inputs, such as the innovative Paleng-QR Ph concept, are a testament to the role of Filipino youth in the whole-of-nation approach to financial inclusion.



Additionally, the National Strategy for Financial Inclusion (NSFI) 2022-2028 identifies youth as a priority segment in recognition of their vital role as drivers of financial inclusion, innovation, and economic vitality.

Youth financial inclusion leads to greater financial literacy and empowerment in their adult years, as well as a multiplier effect in which members of their households eventually become participants in the formal financial system. These and other benefits of financial inclusion thus motivated the BSP to intensify its outreach to Filipino youth.

As it advances its efforts, the central bank will leverage the NSFI 2022-2028 as a guide and platform for improved collaboration among key players and stakeholders to develop and implement initiatives geared toward the country's youth sector.

CONCLUSION

The Philippines boasts a sizable youth population, representing 18 percent of its total populace, and this generation is uniquely tech-savvy. With 86 percent of 18-24-year-olds being internet users and having the highest ownership of electronic devices and smartphones, youth are pivotal for advancing financial inclusion.

Initiatives aimed at youth have gained considerable attention, such as integrating financial education into the K-to-12 curriculum and promoting digital financial inclusion. Despite the progress to date, challenges persist, including low account penetration and limited financial services access, despite a tech-literate demographic. The country, in recognizing the role of youth in promoting financial inclusion, has launched a range of initiatives to harness their potential:

- 1** **BSP YOUTH SUMMIT:** The inaugural summit engaged youth, raising awareness of the central bank's digitalization initiatives and involving them through discussions, Q&A sessions, and competitions. Over 38,000 participants participated, indicating a positive response.
- 2** **AWARENESS, ENGAGEMENT, AND EMPOWERMENT:** The summit achieved its goals by increasing awareness of the BSP's mandates, engaging youth through relevant discussions, and empowering them through competitions and projects.
- 3** **PARTNERSHIPS:** Collaborations with government agencies, educational institutions, and youth organizations extended the reach and impact of the initiatives.
- 4** **PALENG-QR PH:** This innovative student proposal promoted digitalization among market vendors and shopkeepers, receiving praise for its practicality and impact.
- 5** **BSP TIKTOK CHALLENGE:** Leveraging social media, this challenge encouraged citizens to promote the benefits of the QR Ph Person-to-Merchant Payments System, further engaging youth and raising awareness.

Engaging Filipino youth in financial inclusion extends beyond awareness campaigns and account onboarding. Important initiatives encourage their active participation and innovative ideas, such as Paleng-QR Ph. The NSFI 2022-2028 underscores the importance of youth as drivers of innovation and economic vitality. Youth financial inclusion not only enhances their financial literacy and empowerment but also positively impacts households and communities. The BSP's dedication to outreach and collaboration will be guided by the NSFI, ensuring that continuous efforts are made for a more financially inclusive Philippines.



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