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FSCC RELEASES FINANCIAL STABILITY REPORT, HIGHLIGHTS SUSTAINING MOMENTUM TOWARD RECOVERY

The Financial Stability Coordination Council (FSCC) issued the 2nd Semester 2021 Financial Stability Report (FSR). This latest FSR highlights the importance of sustaining the economy's momentum toward full recovery and leveraging the gains of 2021 while learning the lessons of COVID-19.

FSCC Chairman and Bangko Sentral ng Pilipinas (BSP) Governor Benjamin E. Diokno said the 5.6 percent expansion of the economy in 2021 exceeded growth forecasts and represents a solid turnaround from the contraction at the height of the pandemic.

"Our economy progressed strongly last year. We are pleased to see how regulators and economic agents came together to help achieve, and even exceed, growth expectations. We welcome these gains, recognizing that there will always be improvements we can pursue, while maintaining a watchful eye over changing market conditions," said the FSCC Chairman.

FSCC Chairman Diokno also emphasized that while the COVID-19 pandemic is unprecedented in scale, it provides lessons including the importance of access to liquidity and how it is distributed, the value of macroprudential policies in addressing systemic risk, and planning the pandemic exit strategy based on the domestic situation and global factors. These lessons will equip us in building resilience against future crises and seizing opportunities to move forward.

"This pandemic has made us come together and take collective action. Now that we have our growth momentum back, we can pause to take the opportunity to learn from this crisis," he added.

Chapter 1 of the FSR revisits lessons learned from the pandemic. The second Chapter, meanwhile, identifies policy issues that must be addressed to sustain the recovery. These cover public health infrastructure, the supply chain, social equity, as well as climate change and its impact on the energy industry. The last section of the FSR discusses data specifically suited to assessing systemic risk.

"We also talk about how we can better address some of the more immediate challenges presented by the pandemic. We focus on the welfare of the Filipino, seen through the lens of public health, through access to goods, through socio-economic equity, and through a greener future environment," the FSCC Chairman explained.

The FSCC also noted that for financial authorities, managing systemic risks will always be about the financial system as a whole and that whole has to be appreciated as being more than the sum of its parts.

“The FSR is a testament that the FSCC remains focused on managing systemic risk and supporting the National Government's efforts toward sustaining the country’s economic resilience and performance. Just as systemic risk affects everyone, full economic recovery and a more resilient financial system are benefits shared by all stakeholders,” concluded the FSCC Chairman.

The 2nd Semester 2021 FSR can now be downloaded on the websites of the BSP and other FSCC-member agencies.

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