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PHILIPPINES

PRESS RELEASE

FOR IMMEDIATE RELEASE

Date: 5 September 2023

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THE FSCC TAKES ACTIONS TO ENHANCE THE RESILIENCE OF THE FINANCIAL SYSTEM

The Financial Stability Coordination Council (FSCC) approved a range of actions which will enhance the resilience of the country's financial system and strengthen its ability to absorb risks. These actions cover a broad range, from communication to the capital and contingent markets, as well as having in place both the right tools and better data to pre-emptively manage possible contagion risks.

Bangko Sentral ng Pilipinas (BSP) Governor Eli M. Remolona, Jr., as the new chair of the FSCC, noted that there are several positives marking the local financial market. The Council pointed out that the economy is expanding, headline inflation is falling, employment is generally increasing, and there are no immediate signs of sector-wide pressures among corporates.

"While the high-level indicators are notable, there are many developments that we should still monitor. This is where systemic risk surveillance is critical because we need to assess if and how changing conditions in the global and regional markets mesh with our own domestic situation," the Governor pointed out.

The FSCC observed that global growth prospects are more positive today than several months ago, but there are still evident pressures from the Advanced Economies (AE) and even from within Asia.

The Council's Systemic Risk Review highlighted that the growth prospects of the Philippines' major trading partners are expected to diverge. As market rates have swung from a lower-for-longer to a high-for-now environment, its full impact may not have yet run its full course.

"In managing systemic risks, we prepare for viable possibilities rather than forecast the most likely outcome. And the FSCC does exactly that in this meeting," Governor Remolona said.

The FSCC meets quarterly but more frequent meetings have been convened when market conditions warrant.

This council of financial market authorities is composed of the BSP, the Department of Finance, the Insurance Commission, the Philippine Deposit Insurance Corporation, and the Securities and Exchange Commission. Under Executive Order No. 144, it is tasked with mitigating systemic risks which threaten the stability of the overall financial system.

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