

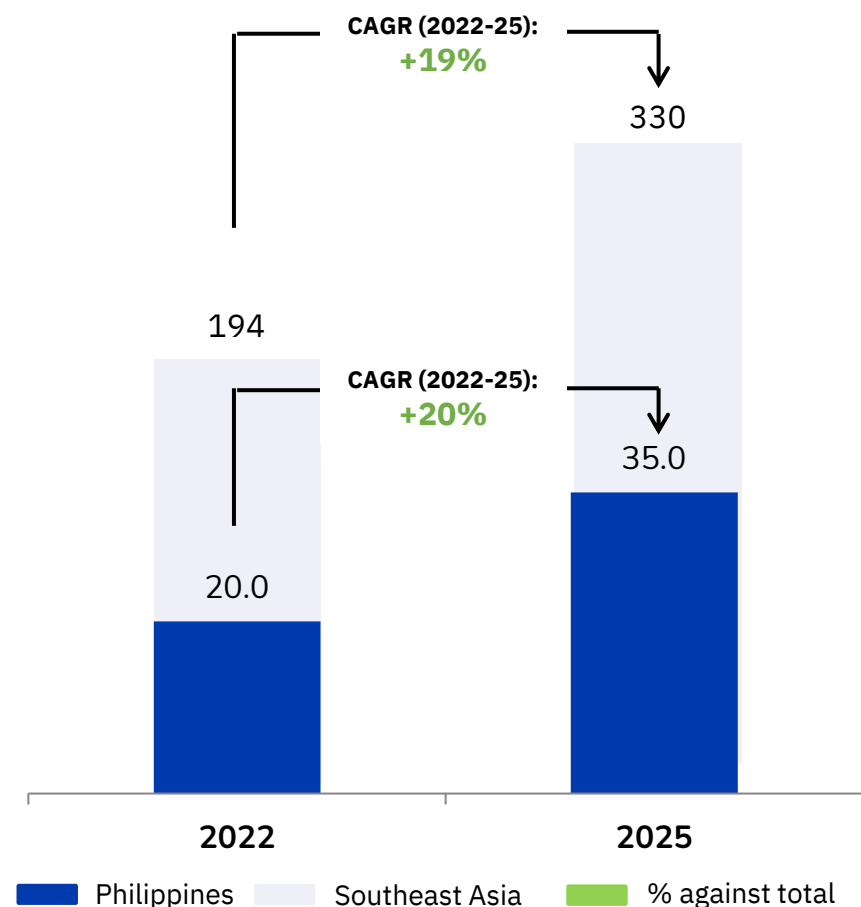


The Philippines
digital
banking
outlook



The Philippines digital economy is growing at a CAGR of 20%

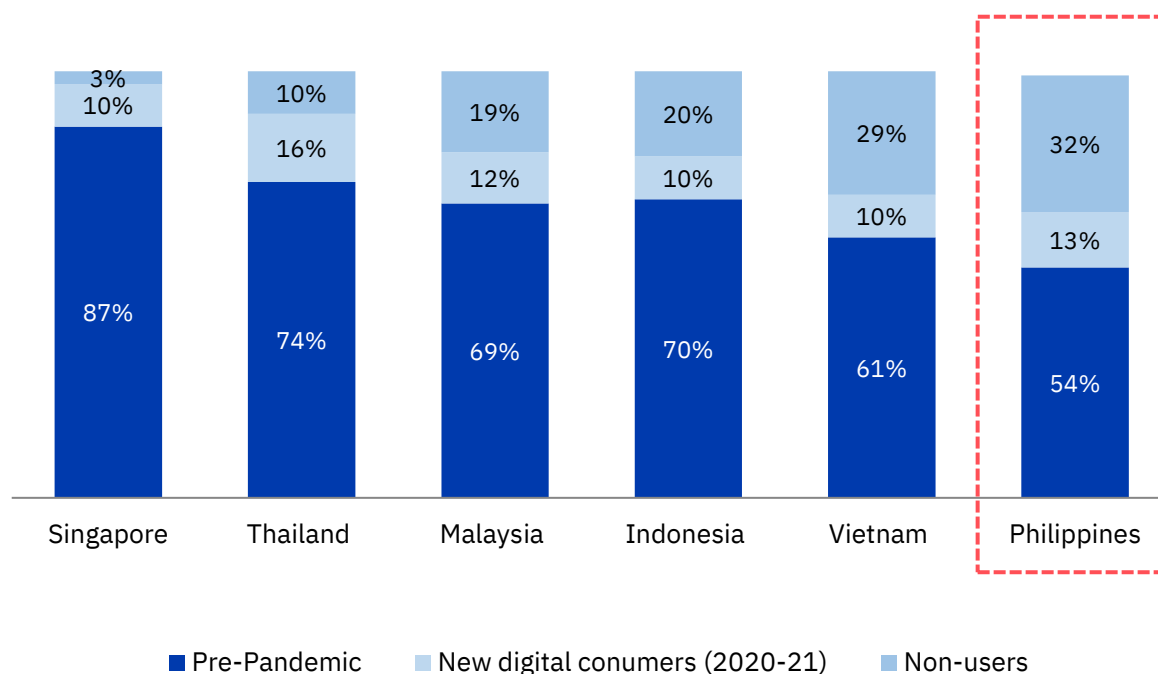
Overall Digital Economy, 2022-25, GMV (US\$ bn)



- The Philippines' digital economy is **poised for continued growth, with a projected value of USD 35 billion by 2025**, growing at a CAGR of 20%
- **Consumer-facing industries** such as e-commerce, consumer goods, payments, e-travel, and e-media, transport and food delivery are **experiencing significant digital disruption**
- Nearly **63% of users now use mobile applications for e-commerce transactions** indicating a scope of growth in digital adoption and a growing demand for mobile-first services
- **The Philippines has entered the growth stage** marked by **69%** internet penetration and its expansion to smaller cities, increased social media advocacy, and the growing reliance on online purchasing

Digital services consumer penetration spurs economic growth

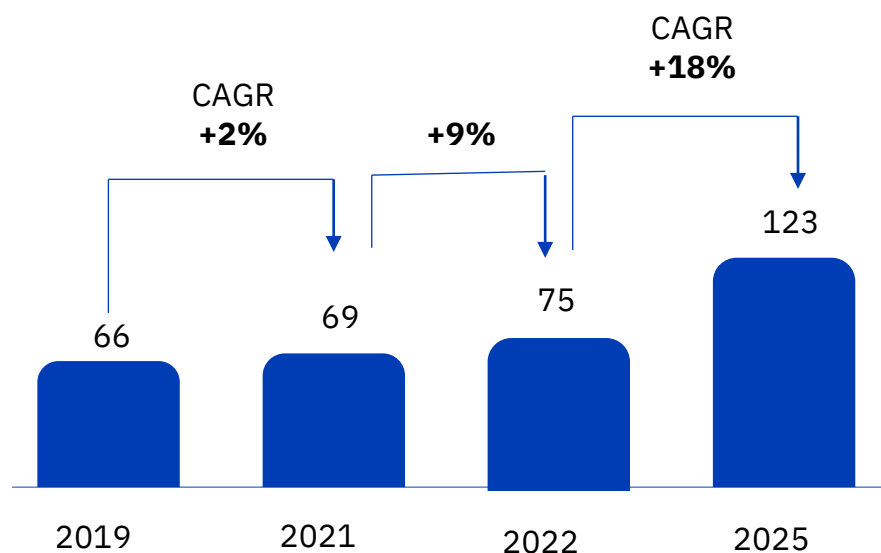
Digital services consumer penetration across South-East Asia



- **SEA added 67 million new digital consumers**, highlighting the growing importance of digital services
- The Philippines **ranked 6th in digital services consumer penetration** with 9.8 million new digital consumers, accounting for 13% of the total consumers in Philippines
- The Philippines' digital service market is highly competitive, with both local and international players vying for a share of the market
- In 2022, the Philippines observed significant rise in the capital invested, amounting to **USD 0.8 billion with 68 number of deals alone in the H12022**

The rise of digital financial services

Expected growth in gross transaction value for payments



- The **digital financial services(DFS)** sector is poised for continued growth
- DFS is expected to sustain growth with lending hitting **USD 8 billion** by 2025 at a CAGR of **53%** between 2022 and 2025
- Remittances to also have a gross transaction value of **USD 8 billion** by 2025 growing with a CAGR of 25%
- Payments gross transaction value to reach **USD 123 billion** by 2025 at a CAGR of 18%

DFS industry faces intensified competition

Digital banking and e-wallets make up **18.8%** and **15.5%** of the **285 fintech applications** in the Philippines, with payments and transfers at **11.9%**, wealth management at **9.9%**, and digital lending at **9.6%**.

Digital banks



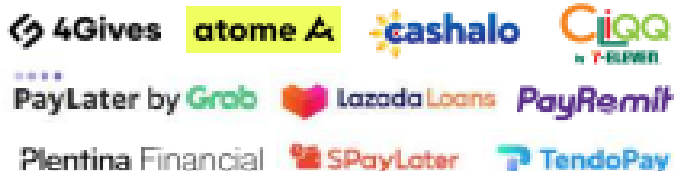
Lending



E-wallet



Lending(BNPL)



Payments



Bangko Sentral ng Pilipinas has granted 6 digital banking licenses



In the Philippines, there are currently only six banks that hold digital banking licenses, and most of these digital banks commenced their operations in the early months of 2022.

- UnionDigital claims it has a 75% market share,
- Maya says it has a significant 61% market share and is the most popular digital bank in the country.

A deep dive into the digital only banks



Uno Digital Bank

UNO Digital Bank aims to simplify, enhance, and make banking services more accessible, and thus elevate the overall banking experience for its customers.

0.1 million downloads
Google play store



Negative customer reviews
on the app stores



01

Provides savings accounts, time deposits, loans, UnoxGcash, and upcoming insurance and investment products.

02

Gross operating income in 2022: PHP 112.7 million (compared to PHP 34.0 million in 2021)

03

Partnership with Gcash and Trusting Social, utilizes payment partners like Brankas and PESONet, works with numerous bill payment providers, and relies on solution providers such as Mambu, HPS, AWS, Oracle, Mastercard, and more.

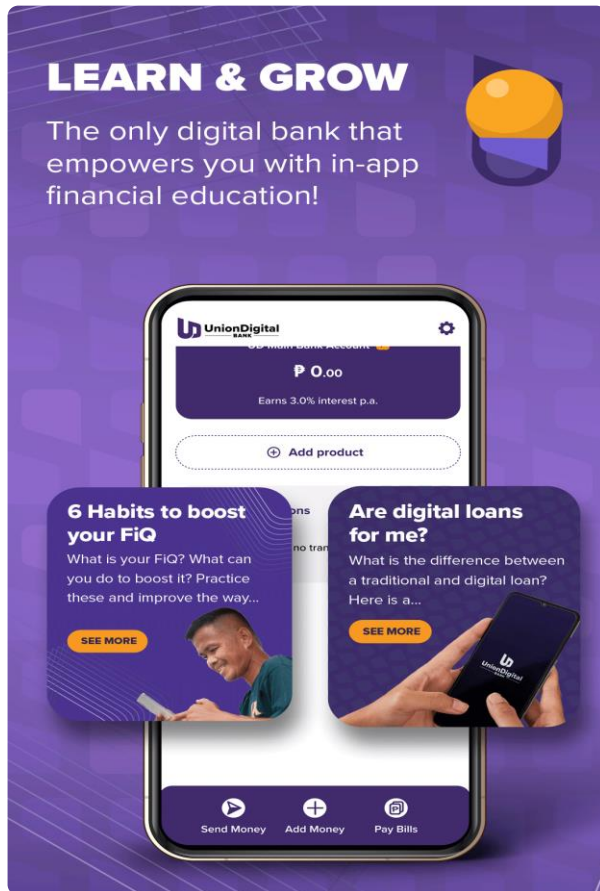
04

CAMS system effectively manages consumer protection risks and ensures compliance, offering customers 24/7 support through various channels.

UnionDigital bank

UnionDigital bank is a wholly owned subsidiary of UnionBank of the Philippines (UBP). It is a lending focused bank that plans to offer mass market credit products to low-income wage earners, SMEs, OFWs, and unbanked Filipinos . The bank’s goal is to be a “super-embedded app” in the day-today lives of Filipinos.

0.05 million downloads
Google play store



01

Provides savings account, time deposit, loans, virtual credit and debit cards, QR payments

02

Gross operating income in 2022: PHP 209.7 million (mostly from loans)

03

Partnership with community leaders, LGUs, fintechs, e-commerce, and key partners like Visa, Euronet, Thought Machine, Callsign, Metaco, IBM, and mwell.

04

Plans to integrate lending services with ecosystem partners, while concentrating growth efforts on broadening the depositor base and developing cost-efficient CASA deposits, along with an attractive high-interest time deposit product.

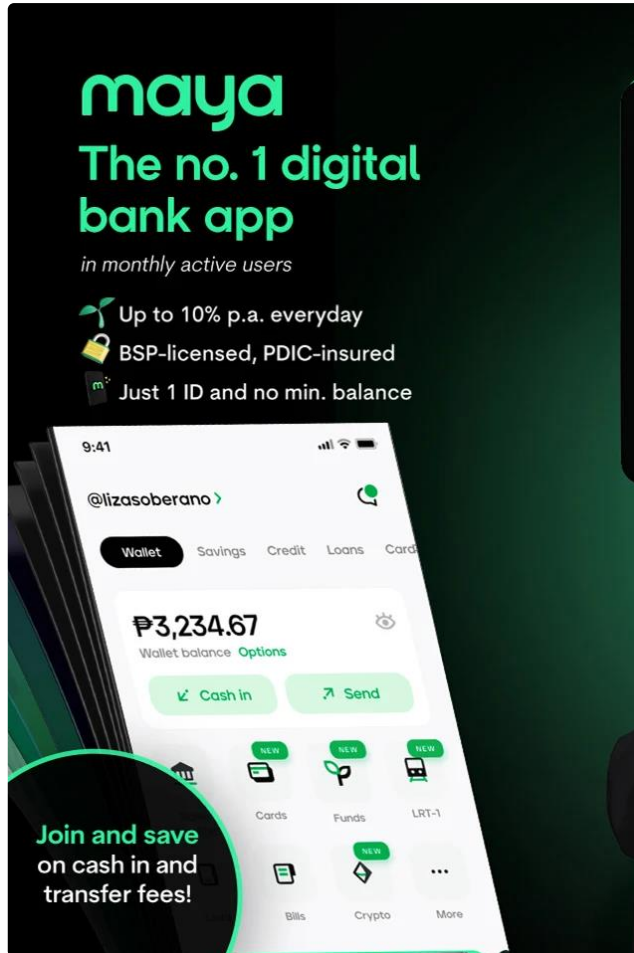
Maya bank

Maya Bank is the digital banking arm of Voyager Innovations, the leading technology company in the Philippines.

10 million downloads
Google play store



Negative customer reviews
on the app stores



01

Provides maya savings, business deposit, and personal goals in its deposits & savings category, while its loans category includes maya credit, pay in 4, and flexi loan.

02

1.8 million monthly active users and a gross total loan portfolio of PHP 2.2 billion in 2022.

03

Partnerships span various categories, including communication, entertainment, food, gas station, pharmacy and medicine, supermarkets, retail, education, service, travel and transportation, utilities, hospital, and government.

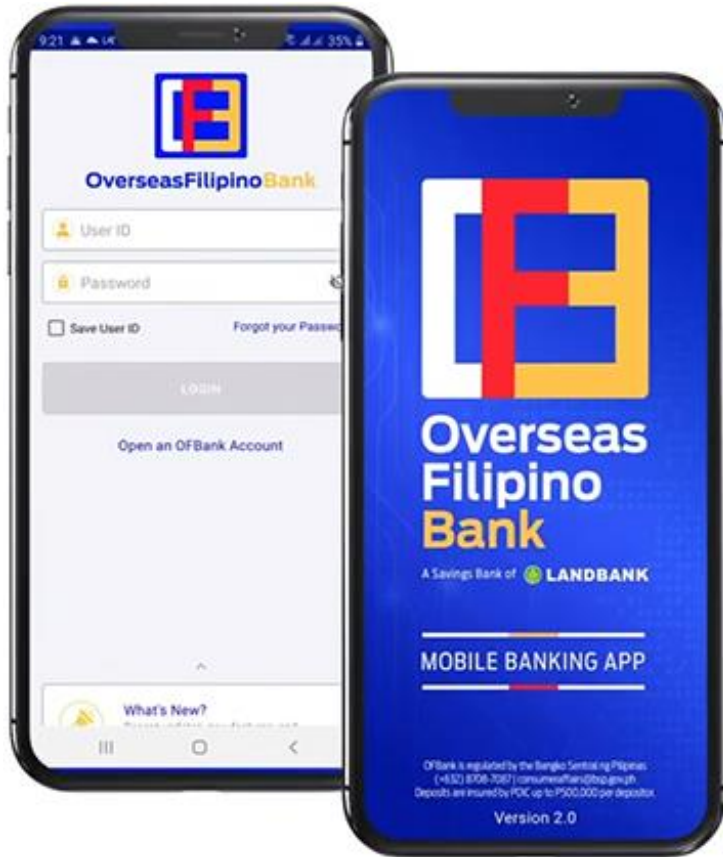
Overseas Filipino bank

Overseas Filipino Bank, a LANDBANK subsidiary, utilizes digital and electronic channels to cater to the banking needs of Overseas Filipinos (OFs), Overseas Filipino Workers (OFWs), and their beneficiaries by providing various financial products and services.

0.1 million downloads
Google play store



Negative customer reviews
on the app stores



01

Provides digital onboarding system with artificial intelligence, fund transfer modules, bills payments , and investment services.

02

Gross operating income in 2022: PHP 194 million (mostly from interest income and transaction fees)

03

Part of the Bancnet Payment system

04

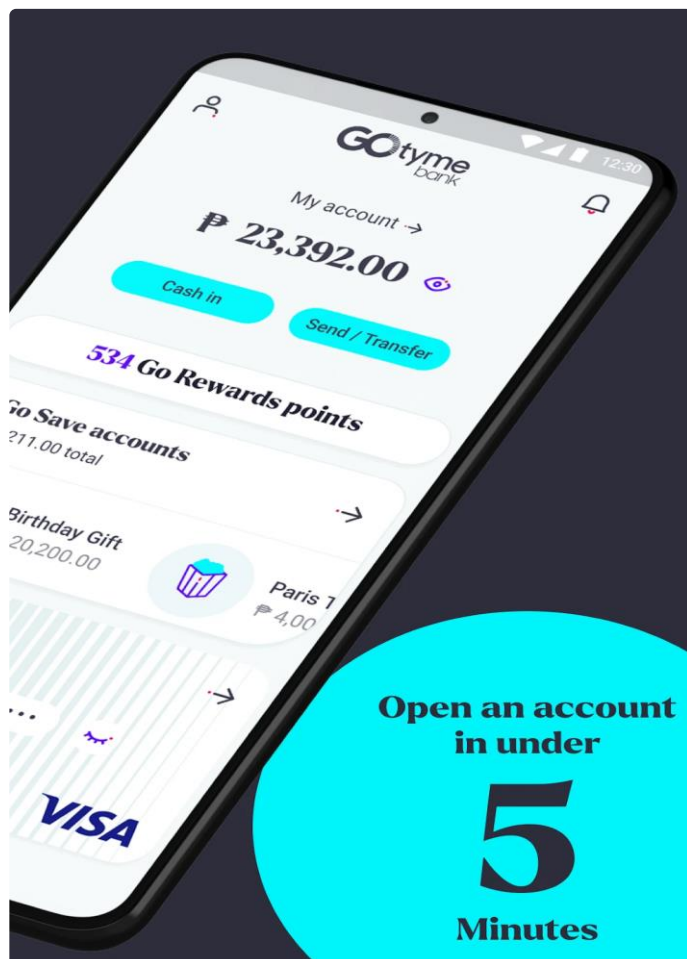
160.3% increase in the total number of accounts opened in 2022 due to rising demand for digital interactions.

GoTyme bank

GoTyme Bank is a joint venture of Tyme, a multi-country digital banking group, with members of the Gokongwei Group, namely Robinsons Bank, Robinsons Land Corporation, and Robinsons Retail Holdings, Inc.



Positive customer reviews on the app stores



01

Provides three core offerings: Send, Shop, and Save, providing a range of benefits, from free bank transfers to enhanced savings rates for all Filipinos.

02

Gross operating income in 2022: PHP 15 million

03

Mambu and Daon are key technology and security partners, respectively, while GoTyme collaborates with 17 brand partners to offer 3x Go Rewards to its users.

04

Plans to improve and expand its product offerings to include disruptive investment, savings and credit propositions that would support the vision of unlocking the financial potential of all Filipinos.

Tonik bank

Tonik is officially the Philippines' first neobank to secure a digital bank license from the Bangko Sentral ng Pilipinas (BSP).

1 million downloads
Google play store



Mixed customer reviews on
the app stores

01

Provides Tonik account with an instant virtual Mastercard, inbound and outbound payments powered by Pesonet, stash and group stash savings accounts, time deposits, quick loan, a physical debit card powered by Mastercard, and shop installment loan options.

02

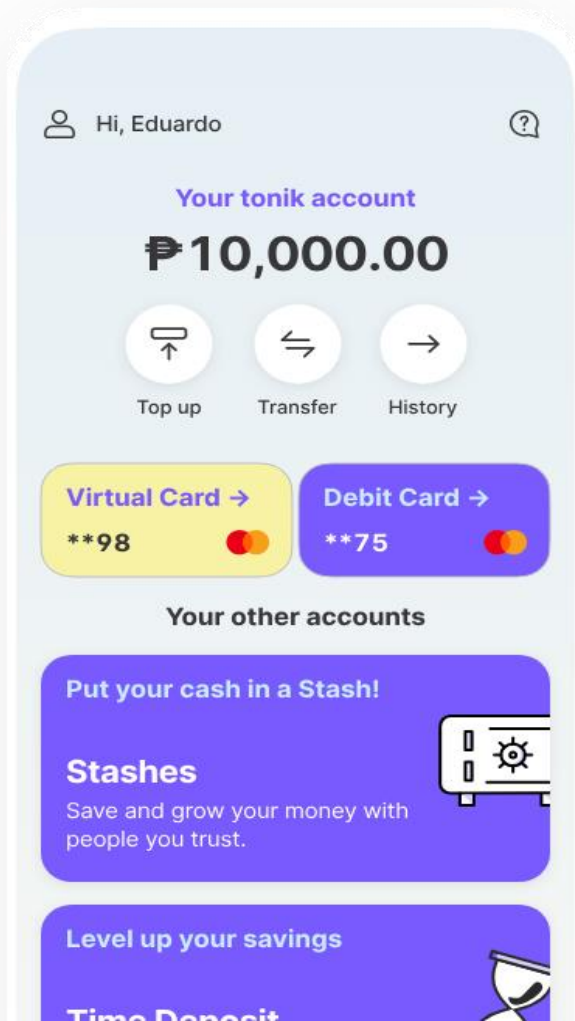
Gross operating income in 2022: PHP 331 million

03

Technology partnerships for core systems, security, and payments include Finastra, Mastercard, Daon, V-key, BPC, Credolab, CRIF, and NICE Actimize.

04

It is addressing the USD 140 billion retail deposit and USD 100 billion unsecured retail lending opportunities in the Philippines.

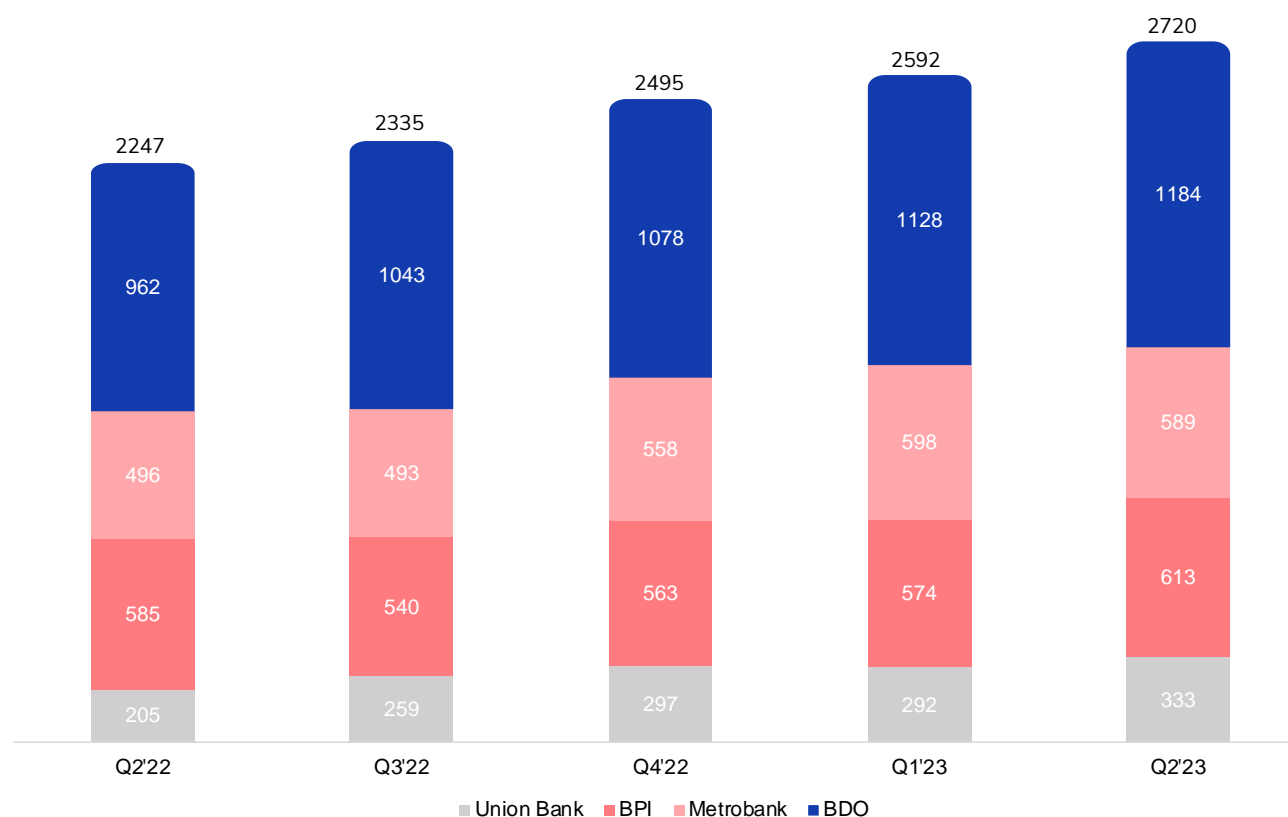


Market overview of top traditional banks



Union Bank of the Philippines recorded the highest growth in its net revenues at 62.83%.

Quarterly revenue growth for the top traditional banks



The traditional banks witnessed a growth of 21% in their net revenues. The net revenues stood at USD 2.72 billion in Q2 2023.

All four banks analyzed reported growth in their net revenues between Q2 2022 and Q2 2023 and the average net revenues for these banks stood at USD 680 million in Q2 2023.

*Figures in USD Mn

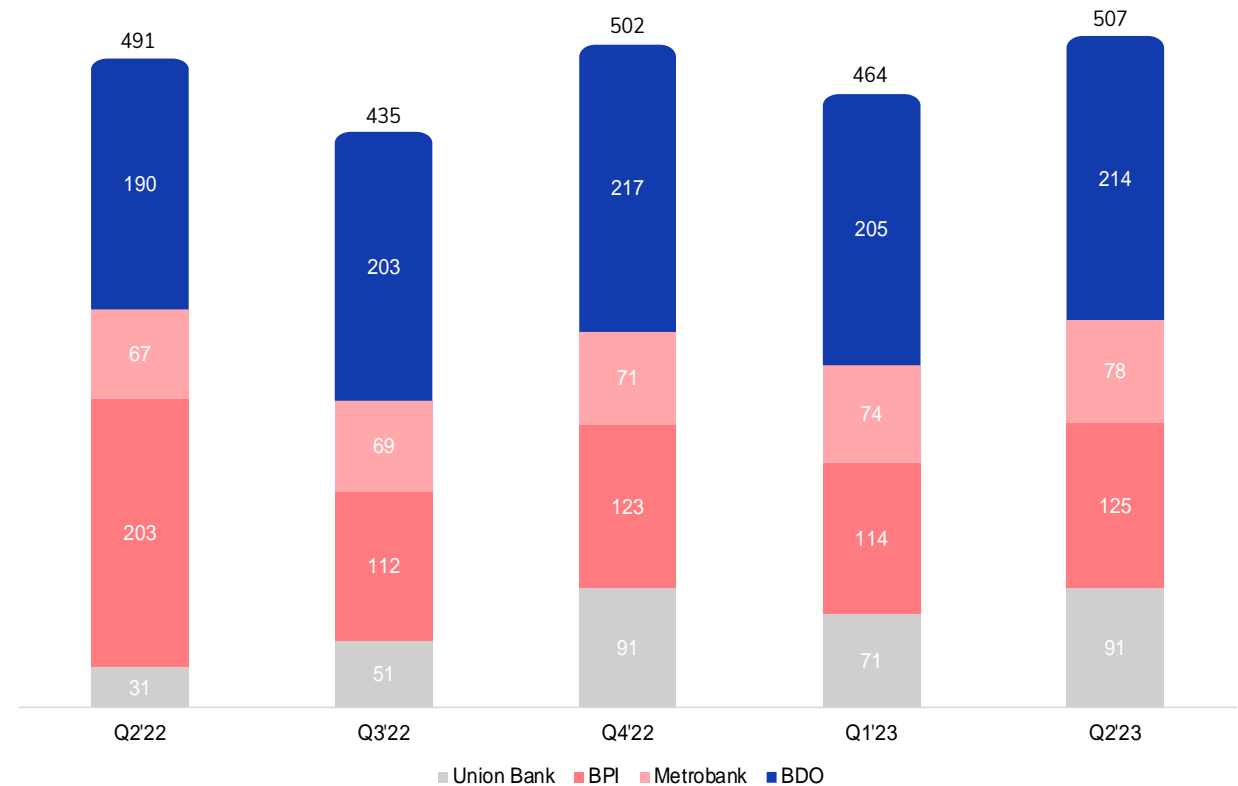
Source: Bank Financials, Twimbit analysis

Union Bank of the Philippines reported an exponential increase of 194.12% in its fee income

Post-COVID-19, the Philippines has experienced rising inflation which has led to higher prices, this is being offset by the use of credit cards that extend the purchasing power of the consumer. This has led to an exponential growth in credit card transactions in the economy.

The rise in credit card usage is attracting transaction fees which is leading to higher growth of non-interest income among banks, especially for Union Bank.

Quarterly fee income growth for the top traditional banks



*Figures in USD Mn

How are traditional
banks embracing the rise
of digitalization?



Outcomes of digitalization initiatives by traditional banks



BDO prioritizes creating seamless phygital banking experiences

- A strong user base of 18.8 million customers
- P23.1 billion fee income from digital avenues



Metrobank boosts digital presence through infrastructure modernisation

- Digital CASA and credit card users rose by 21.2% to 1.6 million in 2022
- P16.6 billion fee income from digital avenues in 2022



Landbank focuses on creating smooth digital experiences

- 1.4 million accounts were opened in 2022
- 158 million transactions done through digital platforms



BPI establishes digital partner-led ecosystem for enhanced CX

- A strong user base of 3.96 Mn users across all digital platforms
- 375 Mn transactions done through digital platforms
- 100+ partnerships and 2200+ brands onboard



UnionBank has huge investments towards next-generation technologies

- Retail customer base of more than 10 million
- P5.7 billion in personal loans and a deposit base of P9.4 billion through UnionDigital
- 100+ partnerships and 200 APIs



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