

application from the central BSP's Monetary Board. It can also be revoked if the BSP has determined that the bank "provided false or misleading information" during the processing of the application.

Still, there have already been banks in the Philippines offering no-branch banking services through their apps prior to having the digital bank as a new and separate category. For instance, CIMB Bank Philippines and ING Bank N.V. Manila provide all-online retail banking services, even as they currently have an existing commercial and universal bank license, respectively.

CIMB Philippines Chief Executive Officer (CEO) Vijay Manoharan said in a Zoom interview that since they started in 2019, their clients' behavior has evolved in how they evaluate digital banking services and carry out their transactions. In particular, he noted how their clients are now using their accounts to transfer funds, pay bills, and mobile top-ups as compared with just pouring in savings and visiting their accounts once a month prior to the pandemic.

Mr. Manoharan also noted CIMB Philippines already has close to 800,000 loan customers coming from just about 10,000 in early 2020.

"They're [clients] now asking for more. They seem to be able to compare and contrast versus our other fellow digital banks and then also weigh their options and evaluate which offering is more relevant to them," he said.

Meanwhile, Rizal Commercial Banking Corp. (RCBC) Executive Vice-President and Chief Innovation and Inclusion Officer Angelito "Lito" M. Villanueva said in an e-mail that their DiskarTech app has been

utilized to disburse P16.3 billion in financial aid from the government's social protection programs for 4.5 million low-income families across 73 of the 81 provinces. He added that eight out of 10 of DiskarTech users are in the provinces, showing how the app has become inclusive of providing financial services to the countryside.

RCBC's DiskarTech, which was launched in July of last year, allows users to open a basic deposit account that does not require an initial deposit amount and a maintaining balance. It also features card-less ATM withdrawals, allows deposits and cash-outs from agent partners, and includes a Taglish (a mixture of Tagalog and English) and Cebuano version of the app.

Mr. Villanueva noted that despite these efforts, digital banks and other financial institutions still have a long way to go to make Filipinos appreciate the value of formal financial services.

"While there has been an increase in digital transactions or utilization of the platform globally because of the pandemic here in the Philippines, most are actually done as a pass-through channel, or a means to... send and receive money. We still haven't been fully successful in keeping their money within the digital finance system," said Mr. Villanueva.

#### **PERKS OF A NO-BRANCH MODEL**

For digital banks, not having to maintain a physical branch means less operating costs, which they believe is a big advantage over traditional lenders.

"We can take this perspective that given the very nature of it being digital, the use of a digital platform from end to end of its business model will afford it a wider coverage

