

private commercial banks, therefore increased pressure on these ratios brought about by lending to risky sectors within a volatile economic environment further limits its capacity to extend more generous assistance. Unlike private commercial banks that can easily raise capital from the market, DBP's options as a wholly government-owned development bank is limited and it can only increase its capital through income and direct capital infusion," he noted further.

Likewise, ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said the decision to allow lending to firms as alternative compliance for RRR "is a good relief measure given that the overall directive is to lower the RRR."

"This way, banks can free up more funds for lending activities," he said.

Mr. Mapa added these relief measures should remain in place to further help bolster bank lending.

"Despite aggressive rate cuts by the BSP, banks have not passed on lower borrowing costs to consumers just yet. This is likely the reason why the lagged impact of policy rate cuts has taken eight months. With the economy still not fully healed, perhaps BSP should still encourage banks to lend and keep these measures until capital formation rebounds in a convincing manner," Mr. Mapa said.

Latest data by the BSP showed outstanding loans by universal and commercial banks (U/KBs) increased 2.7% in September, following an annual 1.3% growth in August. Prior to that, it had declined for eight straight months.

OUTLOOK

As of the third quarter of 2021, the country's gross domestic product

"The relief measures that incentivize lending to sectors such as underserved market segments, MSMEs and critically impacted large enterprises will be retained for as long as necessary to support their recovery."

(GDP) expanded by 4.9%, within the government's revised 4-5% target range for the entire year.

The BSP said the country's banks "remain cautiously optimistic, projecting positive business outlook in the next two years."

"Results of the First Semester 2021 Banking Sector Outlook Survey show that banks will remain stable with prospects of double-digit growth (between 10% and 15%) in assets, loans, investments, deposits, and net income," the BSP said.

"Meanwhile, results of the latest consumer and business confidence survey likewise indicate a more optimistic/encouraging outlook in the succeeding quarters. This is expected to prop up credit and lending activities in the coming months," it added.

BDO noted that their clients can expect a further rollout in its new digital capabilities as investments in their digital capabilities bear fruit.

"We launched early this year our mobile wallet, BDO Pay, and re-engineered our operations to allow paperless in-branch transactions, cardless ATM

