

Message of Chief Representative Sakamoto
At the Launch of the Credit Risk Database (CRD) Scoring Model
in the Philippines
April 25, 2023

BSP Governor Felipe Medalla,
BSP Deputy Governor Bernadette Romulo-Puyat,
His Excellency Ambassador Koshikawa Kazuhiko,
Representatives of Industry Associations and Financial Institutions,
Distinguished Guests and All Participants,

Magandang hapon po sa inyong lahat.

Good afternoon to all of you.

皆さん、こんにちは。

On behalf of the entire JICA, I would like to congratulate BSP and Philippine's financial sector on today's official launching of the "largest-ever" anonymous Credit Risk Database Scoring Model in the Philippines. Indeed, this is a culmination of several years of collaborative hard-work of all of us, namely BSP, DOF, other government agencies, banks, industry partners, CRD Japan and JICA.

In 2020, amid the pandemic, JICA started the Technical Cooperation Project for the Establishment of CRD.

It is indeed grateful that, today, we have finally reached the stage of realizing this CRD Scoring Model, thanks to the devotion of all of you.

Taking this auspicious occasion, I would like to emphasize four points of our cooperation:

First, the overall goal of our technical cooperation is to enhance the capacity of the credit risk assessment of each financial institution, and to promote risk-based lending rather than collateral-based lending.

It will strengthen the country's financial system by expanding and streamlining lending to MSMEs.

We believe that this goal is fully shared with our counterparts in the Philippine Government as well as financial institutions.

I recall, earlier, then BSP Governor and current DOF Secretary Ben Diokno said that MSMEs are the backbone of the whole economy, but lack of access to credit is a barrier for their further sustainable development.

Thus, he called our project a “tangible step in building a sustainable financing ecosystem especially for MSMEs”.

We, JICA, fully agree on his message. And I am proud of our joint efforts to address this challenge through our project.

In addition, I also recall, President BBM has assured that the revitalization of MSMEs is one of his administration's top priorities.

This is clarified in the new “PDP for 2023-2028” that the government will promote the use of credit databases, and develop frameworks and tools for collecting and sharing the financial data of MSMEs for credit evaluation.

In addition, “BSP’s National Strategy for Financial Inclusion 2022-2028” calls for effective access to a wide range of financial services that are appropriately designed, with good quality, and responsive to various needs.

Along with these initiatives, we believe that CRD can definitely contribute to effective financial access of MSMEs.

Second, I would like to express our enthusiasm for JICA’s continuous support towards the full scale-operation of the CRD model.

Recently, JICA and the Philippines side have agreed to extend the project period for another year.

Furthermore, Japanese side has recently decided to support Phase 2 of this project in order to further strengthen the capacity for effective and sustainable operation of CRD.

Our positive stance on JICA's continuous cooperation is grounded on our robust partnership and mutual trust to address the Philippine government's priorities.

Third, we would like to highlight that this project also boosts digitalized and innovative financial services.

We utilize financial statement data to assess creditworthiness of borrowers, and promote the digital storage of these data.

As mentioned in the PDP, the next Industrial Revolution "is expected to be underpinned by connectivity, digitalization, automation, IoT, and big data, among others".

Indeed, this project proves that data and digitalization can be essential instruments of improved financial services in the Philippines.

Fourth, lastly, we also note the significance to enrich the long history of successful partnerships between Japan and the Philippines.

As you know, the CRD has helped in improving credit access of MSMEs in Japan, and we hail that Philippines is the first country outside Japan to adopt CRD.

JICA is very much honored to be your reliable partner and happy for the opportunity to share Japan's expertise through this project.

As such, our CRD cooperation is epoch-making, innovative and significant, and also enhances our closer and stronger partnership.

However, we are only at the beginning of our journey.

You are humbly requested to make your best efforts to properly maintain, operate and nurture this CRD model.

I believe you can do it.

And you can count on JICA's unwavering support, too.

The modernized CRD model was "Nowhere" before, but it is "Now here".

"Nowhere" is now turning to "Now here" by your devotion.

Congratulations, and let's continue to work closely together for the prosperous Philippines!

Thank you very much for your kind attention.

Maraming maraming Salamat po.

Mabuhay and good afternoon to all of you.

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