



Visa Consulting & Analytics (VCA)

Fueling growth:

Expanding consumer credit and
financial inclusion in the Philippines



The Philippines is one of the most dynamic economies in Southeast Asia. Strengthened by ongoing reforms, public investments, and increasing digital adoption, the Philippines' economy has seen steady growth momentum over the past decade.¹ To further accelerate this growth, an efficient lending ecosystem is crucial. This paper examines the current state, challenges, and opportunities in the lending sector, providing insights for industry players to advance.

Thanks to a young and growing population, a vibrant services sector, and strong remittance flows, the Philippines is on track to transition from lower-middle-income to upper-middle-income status within the next year or two, according to the World Bank.²

As this new cohort of consumers emerges, there is a growing and unmet demand for access to credit for Filipinos. Credit is an essential driver of economic growth, with studies showing that increases in formal sources of and access to credit are positively correlated with increases in GDP per capita.³ Yet, both consumers and businesses across the

Philippines struggle to access credit due to the country's still-maturing financial system.

There's much room for improvement towards expanding access to credit in the Philippines, and the central bank, Bangko Sentral ng Pilipinas (BSP) has set a target to enable 75% of borrowers to use formal sources of credit by 2028.⁴ This could catalyze the start of an efficient lending ecosystem that can accelerate the Philippines' growth potential and drive the development of a more inclusive, sustainable, and equitable economy for all.



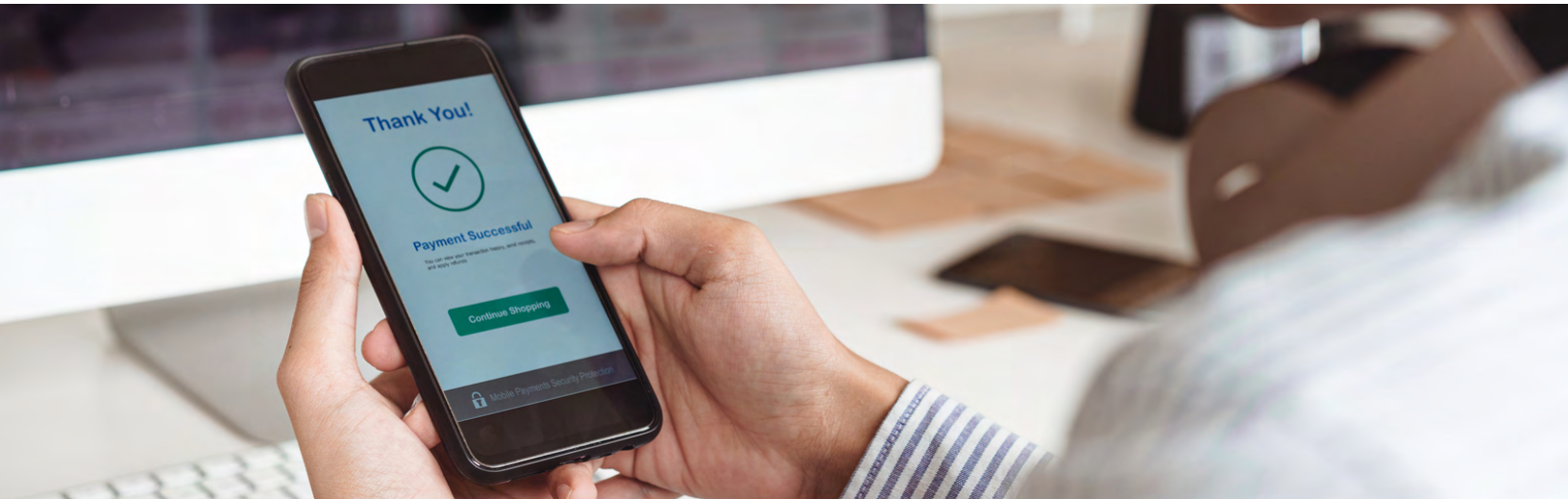
1. GDP: Euromonitor International from national statistics/Eurostat/OECD/UN/International Monetary Fund (IMF), International Financial Statistics (IFS), 2014-2024

2. The World Bank in the Philippines, World Bank Group, April 21, 2025, <http://worldbank.org/en/country/philippines/overview>

3. Access to credit: The silent issue hampering growth and development in emerging economies, World Economic Forum, August 6, 2024, <https://www.weforum.org/stories/2024/08/access-to-credit-slowing-growth-and-development/>

4. National Strategy for Financial Inclusion 2022-2028, Bangko Sentral ng Pilipinas (BSP), January 27, 2022, <https://www.bsp.gov.ph/Pages/InclusiveFinance/NSFI-2022-2028.pdf>

The Philippines' credit opportunity



Philippines's financial services market is under-penetrated, despite high levels of national ID registrations⁵ and accelerating digital payments. The Philippines faces a challenging state of financial access,⁶ which has stymied the growth of its consumer lending market. Currently, consumer lending accounts for 18% of the country's GDP—significantly lower than in neighboring Thailand (43%) and Vietnam (39%).⁷



Consumer lending in the Philippines at
18% of GDP⁸
highlights substantial room for growth.

The Philippines has historically seen **high non-performing loan (NPL)** rates for consumer lending, and overcoming this challenge will require improved credit risk management across the full value chain of credit.

Consumer Credit NPL Rates (2024)^{9,10}

Philippines	11.9%
Thailand	5.3%
Vietnam	1.4%

5. PSA Hits 92M National ID Registrations, Philippine Identification System, February 12, 2025, <https://philsys.gov.ph/psa-hits-92m-national-id-registrations/>

6. The Global Findex Database, The WorldBank, 2025, <https://www.worldbank.org/en/publication/globalfindex>

7. Payments and Lending: Euromonitor from trade sources/national statistics, 2024, and GDP: Euromonitor International from national statistics/Eurostat/OECD/UN/International Monetary Fund (IMF), International Financial Statistics (IFS), 2024

8. Ibid.

9. Ibid.

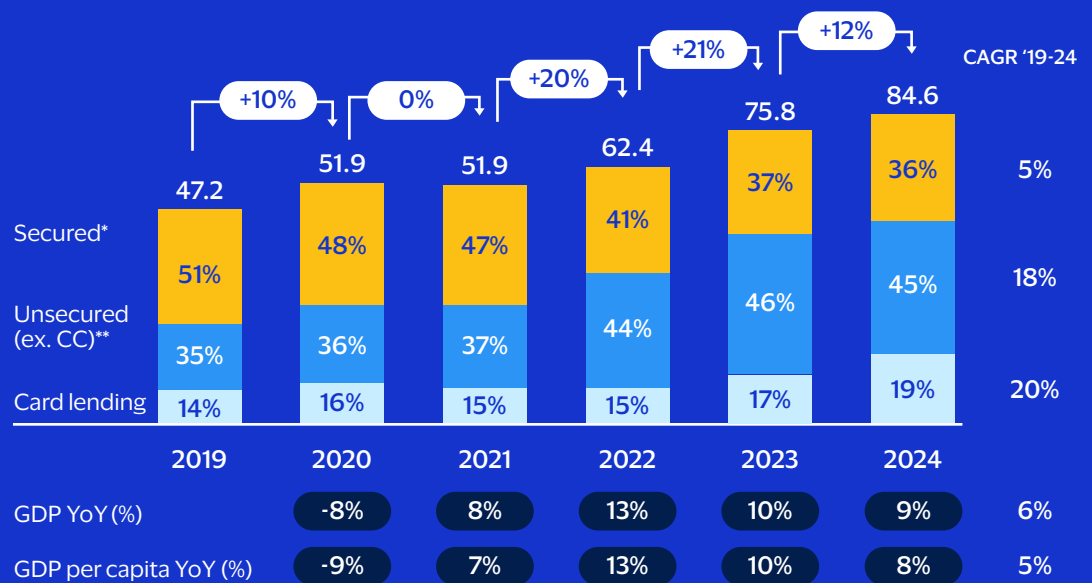
10. Consumer credit includes auto lending, card lending, durables lending, education lending, home lending and other personal lending. Mortgages are excluded.

Though it has been challenging to enable access to credit in the Philippines, there is a significant demand for credit products. Between 2019 to 2024, consumer credit in the country almost doubled, with unsecured credit rising from 49% to 64% as a share of total consumer lending.¹¹ Moreover, credit card lending grew at a much faster pace than other lending products such as auto loans or house mortgages.



Card lending outpaced other lending products with CAGR of 20% from 2019-2024 contributing ~19% of total consumer lending

Consumer lending in Philippines from 2019 to 2024, USDBn



*Secured lending includes auto, home and mortgages/housing.

**Unsecured lending includes durables, education and personal loans.

The demand for card-based lending is likely to grow as digital payments continue to gain traction among Filipino consumers. Between 2021 to 2024, digital payment volume almost doubled from 30.3% to 57.4% of total retail payments,¹² a sign of the success of the government's Digital Payments Transformation Roadmap. It is also worth noting that Filipinos are a highly tech-savvy population, with a majority accessing the internet via mobile phones, suggesting there is significant runway for digital payments to continue making inroads.¹³

11. Visa Consulting & Analytics, 2024, Philippines GDP per capita define as Total GDP over Total Population. Base data of Total GDP and Total Population statistics from Euromonitor Economy, Finance and Trade: The Philippines, Euromonitor from trade sources/national statistics, 2019-2024

12. Status of Digital Payments in the Philippines, BSP, September 2024, https://www.bsp.gov.ph/PaymentAndSettlement/2024_Report_on_E-payments_Measurement.pdf

13. Data Reportal, "Digital 2025: The Philippines," February 25, 2025, <https://datareportal.com/reports/digital-2025-philippines>

Sensing the opportunities, digital banks and other lenders are beginning to venture into the credit space in earnest, bringing with them innovative products that leverage advanced digital capabilities to cater to the needs of underserved segments.

Consumers seem to like these—though traditional banks still hold around 97% of the total assets of the banking system in the Philippines,¹⁴ digital banks are growing twice as fast and regulators appear willing to issue more licenses for new entrants.¹⁵ In 2025, BSP plans to issue four new digital banks licenses with the goal of promoting digital lending. This is indicative that the future of credit is moving ever more online.

Active Regulatory Support for Digital Banks in the Philippines

Market	Licensed Digital Banks
	6
	4 ¹⁶
	0
	7 ¹⁷

(*Note: Digital banks in VN operate under the same license as traditional banks. No dedicated digital bank licenses)



All put together, while there is strong market demand and growth potential for lending in the Philippines, translating that demand into increased penetration will require close collaboration among key ecosystem players, including large financial institutions (FIs), fintechs, credit bureaus, data providers, tech providers, and regulators.

14. BSP Recent Trends in the Philippine Banking System as of September 2024, Bangko Sentral ng Pilipinas, April 21, 2025, https://www.bsp.gov.ph/Media_And_Research/Publications/ReportonRecentTrends2024-09.pdf

15. BSP to accept 4 new digital banks in 2025, Manila Standard, January 12, 2025, <https://manilastandard.net/business/314546053/bsp-to-accept-4-new-digital-banks-in-2025.html>

16. Digital Bank Licence, Monetary Authority of Singapore, <https://www.mas.gov.sg/regulation/banking/digital-bank-licence>

17. Digital banks navigate evolving landscape, Vietnam Investment Review, February 24, 2024, <https://vir.com.vn/digital-banks-navigate-evolving-landscape-123381.html#:~:text=Around%20seven%20digital-only%20banks,registered%20lenders%20in%20the%20country.>

Two levers: regulation and data

Market demand for credit alone is not sufficient. Without the right infrastructure, the Philippines will continue to struggle to enable more consumers' access to credit. Changes are playing out in two key areas that will accelerate this growth—regulation and data.



Regulatory Landscape

Underlying a robust credit lending market is the need for a strong regulatory environment.

In recent decades, the BSP has introduced several frameworks and regulations to enhance financial inclusion and data security including:

- Mandatory credit data submissions;
- The development of a comprehensive Credit Information System;
- The Open Finance PH Pilot, an interoperable and scalable open banking system designed to unlock financial inclusion in the Philippines¹⁸;
- The national ID system that aims at accelerating access to digital financial services and overcoming identity verification issues, and stringent data privacy laws.

These measures support lending expansion by improving credit risk assessment, facilitating secure data sharing, and ensuring consumer data protection.



Data Landscape

The Philippines credit lending sector benefits from a robust data landscape, where credit bureau data is integrated with telco data for comprehensive borrower assessment.

A key player in this is the Credit Information Corporation (CIC), a government agency that collects comprehensive credit information. CIC data is used by a number of Special Accessing Entities (SAEs), accredited private corporations, to offer credit reports and value-added services.

BSP provides regulatory oversight of financial institutions that are required to submit credit data to the CIC.¹⁹ The BSP ensures that its supervised entities comply with the mandatory registration and submission of credit data to the CIC. This includes digital banks.²⁰

In recent years, there have been a few partnerships between telecommunications firms and SAEs to enhance credit risk evaluation especially for underserved communities.

18. IFC and Philippine Central Bank Pave the Way for Banking Transformation with Launch of Open Finance PH Pilot, International Finance Corporation, June 21, 2023, <https://www.ifc.org/en/pressroom/2023/ifc-and-philippine-central-bank-pave-the-way-for-banking-transformation-with-launch-of-open-finance-ph-pilot>

19. Credit Information Corporation, 2023, Implementing Guidelines for the Initial or Onboarding Compliance of All Submitting Entities_JJD_v5.docx, <https://www.creditinfo.gov.ph/sites/default/files/Implementing%20Guidelines%20for%20the%20Initial%20or%20Onboarding%20Compliance%20of%20All%20Submitting%20Entities.pdf>

20. Credit Information Corporation, PRESS RELEASE: CIC directs digital banks to register as submitting entities pursuant to CISA law | Credit Information Corporation, April 28, 2022, <https://www.creditinfo.gov.ph/press-release-cic-directs-digital-banks-register-submitting-entities-pursuant-cisa-law>

As economies across Asia Pacific aim to improve access to credit, the best ecosystems are typically characterized by the following:



Inclusive access

Broad access to credit for individuals and businesses, including those in rural areas and underserved communities.



Smart credit solutions

Innovative products tailored to consumer needs at competitive risk adjusted rates.



Robust financial literacy

Enhanced financial literacy programs to help consumers make informed borrowing decisions.



Technological integration

Leveraging fintech solutions to streamline credit processes and improve risk assessment.



Regulatory support

Clear and supportive regulatory frameworks that encourage responsible lending and borrowing practices.



Challenges in extending credit

The Philippines' lending landscape is at a pivotal juncture, with opportunities to unlock financial access for millions of Filipinos. However, even as the ecosystem grows, systemic pain points faced by both consumers and financial institutions need to be addressed.



Consumers

Complex application journey

Consumers may face difficulties in accessing credit due to a lack of credit history, or poor financial information. Long form to fill with significant amount of documentation to verify identity and proof of income. Certain worker groups such as gig workers and influencers may not meet the criteria due to lack of regular pay slips.

Long response times

Complicated underwriting processes mean consumers face long processing times and unclear approval/decline outcomes. With slow disbursement rates, customers, very often wait more than 15–20 days for delivery of physical credit cards, especially for locations outside urban areas (outside Manila).

Developing financial literacy

Lack of clear understanding of existing credit products (especially with regards to annual percentage rates (APR), fee structures, and repayment schedules) make credit applications difficult for first timers, possibly pushing them to resort to expensive credit from informal sources or loans from family and friends.



Financial institutions

High acquisition costs

As most lenders compete for the same pool of borrowers, the cost of acquisition has been steadily increasing.

Acquisition costs will increase further with efforts to address application fraud as more controls are put into place at the underwriting stage.

High risk costs

The Philippines experiences among the highest NPL rates in Southeast Asia (~11.9%)²¹ which combined with lack of credit history, or poor financial information for new to credit consumers makes it challenging for lenders to arrive at the optimal underwriting strategy.

Legacy infrastructure

While technology offers solutions to many lending challenges, execution remains difficult due to outdated infrastructure. Key issues include manual KYC processes, difficulty integrating alternative data, fragmented customer data, and limited product innovation.

Resolving these issues will require a strong foundation of risk management, consumer financial literacy, technology and data investments, and future-forward partnerships. Combined, these will set the stage for a more inclusive, resilient, and sustainable lending ecosystem that can support credit growth.

21. Payments and Lending: Euromonitor from trade sources/national statistics, 2024, and GDP: Euromonitor International from national statistics/Eurostat/OECD/UN/International Monetary Fund (IMF), International Financial Statistics (IFS), 2024

Initiatives to unlock the Philippines' full credit potential

In order to realize a truly inclusive and effective consumer credit landscape for all Filipinos, it's imperative that stakeholders from across the ecosystem fulfil specific roles within their spheres of influence and collaborate with one another. Below, we offer suggestions for possible initiatives based on stakeholders' role:



Large financial institutions (FIs) are pivotal as they are the primary entities that provide credit products to consumers.

1. Re-think front-to-back book risk management

- Focus on partnerships that can provide new data sources that can improve underwriting and portfolio risk management (such as telco, utilities, full transactional payments data, etc.)
- Leverage advanced analytics and ML techniques to improve risk predictive models, moving to real-time risk assessment.
- Modernize tech and leverage AI to improve decision workflows (from application to collection) to bring down acquisition and operational costs.

2. Meet needs of underserved customers

- Reimagine credit product offering to better suit the needs of underserved segments such as short-term non-revolving credit, installment on debit, flexible repayment, etc.
- Explore collaborative opportunities with fintech companies (including digital wallets and ecommerce platforms) with an emphasis on distribution and customer acquisition.²²
- Promote financial literacy so that consumer segments that may be eligible or have become recently eligible can be more confident in approaching formal sources of credit.



Digital banks and lenders (fintechs or embedded finance providers) offer innovative banking solutions that have the capability to better reach and service the underserved.

1. Collaborate with large FIs to maximize synergies and grow the lending ecosystem. Focus on bridging gaps related to digital distribution tech stacks, alternative data, analytics, and digital customer experience.

2. Drive innovation in thin-file consumers' risk assessment and partner with banks and credit bureaus for models and data.



Data providers (credit bureaus and alternative data sources) offer insights, benchmarks, decisioning products, and advisory services that support credit growth and expand financial access.

1. Data quality and completeness

- Facilitate comprehensive data sharing across all FI players with mandatory regular submission across standardized data templates and full credit portfolios.
- Ensure high-data quality through precise 1-to-1 matching for improved credit scoring accuracy.

2. Enhance data security

- Invest in advanced encryption technologies to further protect consumer data.

3. Facilitate real-time data sharing

- Enable real-time data sharing from or to financial institutions to ensure the latest financial position of the customer is used in the credit decisioning process.

4. Develop AI-driven credit solutions

- Enhance and expand the AI tools for risk management.

Examples: Advanced risk scores, income estimates, benchmarking services, cashflow scores, and thin file solutions





Regulatory bodies play a crucial role by implementing regulations that ensure safe, efficient, and fair business conduct, which in turn supports market growth.

A strategic outcome of BSP's National Strategy for Financial Inclusion 2022– 2028 is to reduce disparities in financial inclusion by:

1. Increasing percentage of adults with transactional accounts from 29% (2019) to 90% (2028); and
2. Increasing percentage of borrowers who obtained their loan from formal sources from 56% (2019) to 75% (2028).²³

1. Drive open data

- Foster, advocate for, and encourage data collaboration between financial institutions (including fintechs) to increase financial inclusion and improve credit assessment.

Example: UK's open banking framework is mandatory.²⁴

2. Implement robust KYC measures

- Strengthen KYC regulations to help prevent fraud and identity theft, aim for comprehensive coverage of the single national ID, leverage consumer consent-based data sharing framework, and encourage adoption across various use cases with consumer consent.

Examples:

India's Aadhaar System now covers more than 94.2% of India's population,²⁵ and allows for seamless and secure KYC process across for 118 banks locally.²⁶

Singapore MyInfo is a government database that consumers can use to manage their personal data, accessed through digital identification via Singpass. The platform enhances KYC processes by enabling quicker and more accurate identity verification for businesses and organizations, helping them meet regulatory requirements smoothly.²⁷

3. Support financial inclusion while ensuring consumer protection

- Encourage and advocate for policies that promote responsible lending to underserved communities while helping prevent them from falling into cycles of unmanageable debt.
- Continue to raise awareness about the differences between official and unofficial sources of credit to help protect consumers from predatory lending practices.

4. Promote digital payment ecosystems

- Maintain close performance tracking of the results, while exploring accelerator factors for the Digital Payment Transformation Roadmap to transition to a cash-lite society.

23. National Strategy for Financial Inclusion 2022-2028, Bangko Sentral ng Pilipinas (BSP), January 27, 2022, www.bsp.gov.ph/Pages/InclusiveFinance/NSFI-2022-2028.pdf

24. Regulatory, Open Banking, Apr. 21, 2025, <https://www.openbanking.org.uk/regulatory/>

25. India's Aadhaar System: Bringing E-Government to Life, Chandler Institute, April 21, 2025, <https://www.chandlerinstitute.org/governancematters/indias-aadhaar-system-bringing-e-government-to-life#:~:text=Twelve%20years%20on%2C%20Aadhaar%20has,had%20a%20way%20to%20belong>

26. Aadhaar Enabled Payment System (AEPS), Cashless India, April 21, 2025, <http://cashlessindia.gov.in/aeaps.html>

27. Myinfo, Singapore Government Developer Portal, April 21, 2025, <https://www.developer.tech.gov.sg/products/categories/digital-identity/myinfo/overview>



Visa's Role

Visa is the largest global payment network in digital payments, facilitating transactions between consumers, merchants, financial institutions, and government entities across more than 200 countries and territories. Our purpose is to uplift everyone, everywhere by being the best way to pay and be paid.

Visa Consulting & Analytics has partnered with issuers, fintech, and governments globally to serve our different clients and their unique needs.

We deliver tailored “pay now” and “pay later” solutions—spanning debit, credit, and installment products—that empower clients to shift customer behavior away from cash. These propositions are designed to meet evolving customer expectations and subtly position you ahead of alternatives through differentiated value, control, and credit transaction insights.

We design frictionless digital journeys for acquisition and servicing that fast-track your digital transformation. By enabling the build of your tech stack—including APIs, orchestration layers, and digital KYC—we help you boost conversion, satisfaction, and operational efficiency.

We support the full credit lifecycle—from underwriting and onboarding to servicing and collections—through optimized strategies and managed services. Our AI-powered risk models, leverage transactions and other alternative data improve approval rates and enable expansion into underserved segments, while optimizing for sustainable growth and long-term portfolio resilience.



About Visa Advisory Services

Visa Advisory Services is a team of 1,500+ payments consultants, digital marketing specialists, data scientists, and economists across six continents.

The combination of our deep payments consulting expertise, our economic intelligence and our breadth of data allows us to identify actionable insights and recommendations that help drive better business decisions.

- ✓ Our consultants are experts in strategy, product, portfolio management, risk, digital and more with decades of experience in the payments industry.
- ✓ Our data scientists are experts in statistics, advanced analytics, and machine learning, with exclusive access to insights from VisaNet, one of the largest payment networks in the world.
- ✓ Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.

To get started, contact the Advisory Services team or reach out to your Account Executive directly.

Learn more about [Visa Advisory Services](#), read about our data-backed insights on [Visa.com/VCAInsights](#), and follow the team on [LinkedIn](#).



Forward-looking statements. This content may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are identified by words such as “believes,” “estimates,” “expects,” “intends,” “may,” “projects,” “could,” “should,” “will,” “continue” and other similar expressions. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict.

Third-party logos. All brand names, logos and/or trademarks are the property of their respective owners, are used for identification purposes only, and do not necessarily imply product endorsement or affiliation with Visa.

As-Is Disclaimer. Case studies, statistics, research and recommendations are provided “AS IS” and intended for informational purposes only and should not be relied upon for operational, marketing, legal, technical, tax, financial or other advice. You should consult with your legal counsel to determine what laws and regulations may apply to your circumstances. The actual costs, savings and benefits of any recommendations or programs may vary based upon your specific business needs and program requirements. By their nature, recommendations are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Visa is not responsible for your use of the information contained herein (including errors, omissions, inaccuracy or non-timeliness of any kind) or any assumptions or conclusions you might draw from its use. Visa makes no warranty, express or implied, and explicitly disclaims the warranties of merchantability and fitness for a particular purpose, any warranty of non-infringement of any third party’s intellectual property rights. To the extent permitted by applicable law, Visa shall not be liable to a client or any third party for any damages under any theory of law, including, without limitation, any special, consequential, incidental or punitive damages, nor any damages for loss of business profits, business interruption, loss of business information, or other monetary loss, even if advised of the possibility of such damages.