

## A F The Philippines: mobile app for retail investors

The use of mobile applications (“apps”) has been one form of technology used to promote financial inclusion and unlock capital from retail investors. The Philippines Bureau of the Treasury (BTr), in partnership with the Union Bank of the Philippines (UnionBank) and the Philippine Digital Asset Exchange (PDAX), [launched](#) a mobile app for small investors to buy Retail Treasury Bonds (RTBs) with their smartphones.<sup>1</sup>

### BTr RTB-24 PROGRESSO Bond *at a glance*

ISIN: P1D0525H130  
 Issuer: Republic of the Philippines through the Bureau of Treasury  
 Issue Date: 12 August 2020  
 Maturity date: 12 August 2025  
 Issue and redemption price: At par (100%)  
 Target size: ₱30 billion [€513.9 million]  
 Total issue size: ₱516.3 billion [€8.84 billion]  
 Issuance via app: ₱48 million [€0.82 million]  
 Coupon: 2.625% fixed annual rate, paid quarterly  
 Min. Investment: ₱5,000 [€86]

The 24<sup>th</sup> RTB tranche (RTB-24) with a five-year tenor, also known as Progreso bonds, was made available through the new mobile app “Bonds.PH”. Participants were also able to invest via the BTr website or in person at participating banks. The proceeds of RTB-24 will be used to support sectors most affected by COVID-19, in addition to infrastructure project construction and national debt-refinancing.

The mobile app aims to provide greater ease of access to low-risk investment products to a broad retail audience. Once downloaded from an app store, the user signs up with an e-mail address and verifies the account with a Filipino ID and selfie photo. Once verified, funds are added via bank transfer using Instapay or Pesonet, or via a mobile wallet such as GCash (3% fee) or Paymaya (₱5.00 fee). The user then selects and purchases a bond. Quarterly interest payments and principal upon maturity are received through the investor’s Bonds.PH account. The app itself utilises a DLT-based registry to record transactions, in parallel with the BTr’s NROSS centralised electronic registry and settlements system.

*Primary market:* The RTB-24 public offer period to Filipino retail investors was open from 16 July to 7 August 2020, with minimum denominations of ₱5,000 and integral multiples thereof. RTBs may also be available for exchanges with the option to re-invest in newer tranche offerings, as was the case with RTB-24 and RTB-23. BTr raised a total of ₱516.3 billion (€8.84 billion), consisting of ₱488.5 billion (€8.37 billion) in new subscriptions and ₱27.8 billion (€476.19 million) from the bond exchange programme. Out of the new subscriptions, ₱48 million (€0.82 million) was raised directly through the Bonds.PH app. Around 80% of transactions through Bonds.PH were for below ₱10,000 (€171). Overall, the issuance was oversubscribed by more than 17 times the planned minimum subscription.

*Secondary market:* RTBs may be bought and sold at prevailing market rates through RTB Selling Agents, noting Bonds.PH currently only supports primary market placements.

*Benefits and challenges:* Obvious barriers to Bonds.PH use include smartphone ownership and a form of ID for KYC verification. However, smartphone usage in the Philippines in 2019 was over 74% and growing<sup>2</sup> while Bangko Sentral ng Pilipinas (BSP) has committed to facilitating access to national IDs to further financial inclusion.<sup>3</sup> The interest rate offers a small premium over domestic time deposits, though relatively in line with inflation expectations at the time of this Quarterly Report publication. Several methods of adding funds are available at no or low fees, although a 3% fee for the GCash wallet would effectively offset any interest payments. A tax rate of 20% would also apply to interest income.

At a broader level, the Philippine Government’s RTB programme aims to promote financial inclusion and encourage savings and investment by Filipinos. The app provides an additional channel for BTr to reach a wide investor base while also providing an efficient platform for Filipinos to invest at low risk from anywhere. Following the RTB-24 bond issuance, the app was also available to retail investors in the second public offering of Premyo bonds (PB-2) up to 11 December 2020. Bonds.PH is expected to remain as a channel to invest in RTBs in the future.



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1. Bureau of the Treasury press release 13 August 2020, [Bonds.PH app yields P48-M in RTB investments](#).

2. Statista, July 2020: [Number of smartphone users in the Philippines from 2015 to 2019 with a forecast until 2025](#)

3. BSP, October 2020: [BSP Digital Payments Transformation Roadmap 2020-2023](#).