

1 April 2011

JOINT STATEMENT OF SUPPORT

We, the Financial Executives Institute of the Philippines (FINEX), the Makati Business Club (MBC) and the Management Association of the Philippines (MAP), express full support to the Bangko Sentral ng Pilipinas (BSP) for its supervisory actions on Banco Filipino.

The exit mechanism for banks, as provided by law, is one of the tools utilized by a banking regulator to weed out from the banking industry problem banks challenged by poor governance and financials. As part of its regulatory and supervisory function, BSP has to implement and enforce such exit mechanism for banks to foster the smooth and orderly functioning of the banking system redounding to the benefit of the economy. The non-enforcement of such exit mechanisms exposes the banking system to greater risk of loss to bank creditors and of confidence in the banking system in general. The act of BSP in closing Banco Filipino on grounds sanctioned by law is an act consistent with the BSP's mandate as regulator of banks and deserves to be accorded the presumption of regularity. The presence of regulator is meant to prevent loss of confidence in the banking system that can put the proper functioning of the economy at risk.

The BSP has long demonstrated its professionalism and commitment in the delivery of the services it is mandated to perform. It has long proven its role in the maintenance of a stable financial system. The banking regulator should be allowed to do its work and provided clear legal protection from harassment. If the regulator is left to fend for itself or is prevented from promptly dispensing its responsibilities, it results in a chilling effect that exposes wide open the financial system and the tax-paying public. Hence, amidst various challenges leveled against BSP by reason of the closure of Banco Filipino, we express our unshaken and steadfast confidence in BSP as the regulator of the banking industry.

Lest the banking system be unnecessarily exposed to risks simply by the closure of a bank determined to have manifested the grounds meriting such supervisory action, to the detriment of the investing public and the economy as a whole, let BSP as the bank regulator do its mandated role as such.

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