# PHILIPPINES

## The state of bank lending and non-bank lending

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# INTRODUCTION

The Philippines combines a large, young and fast-growing population with low credit penetration and a significant gap in the quality of traditional banking services.

These conditions create opportunities in both parts of the lending market. In banking, the acquisition of a rural bank offers a relatively affordable route to deposits and a full banking licence—a model already used by several international fintech players.

In non-bank lending, the SEC's decision to resume accepting applications for new online lending platforms from 1 August 2026 may reopen the digital market to new entrants.

This report assesses both entry routes, their regulatory requirements, competitive landscape and commercial potential.

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# PHILIPPINES AT A GLANCE

- Large, young and consumption-driven market with substantial room for digital credit growth.
- Informal and irregular income makes traditional underwriting less reliable.
- Remittances and shared household income can materially increase actual repayment capacity.

**117M**
Population

**$512.2B**
Nominal GDP, 2026

**6.4%**
Annual inflation, Jun 2026

**26.6**
Median age

**$4,443**
GDP per capita, 2026

**74% or 36.4M**
Informal employed

**55.8%**
Urban population

**4.1%**
GDP growth, 2026

**61,8 PHP**
USD RATE

Source: Worldometers, IMF - GDP, IMF - GDP per capita, IMF - GDP growth, Trading Economics - Inflation, IBON - Informal employment, BSP - USD rate

# STATE OF DIGITAL AND FINANCIAL ACCESS

- Most Filipinos are online and consumer payments are increasingly digital.
- Yet only half of adults hold a financial account, and just 12% borrowed through formal channels in 2024.
- This creates a large addressable market for digital banks and non-bank lenders.

**83.8%**
Internet penetration

**50.2%**
Account ownership among adults, 2024

**~600**
Fintechs

**72.2%**
Share of payments made by individuals processed digitally, 2024

**2021**
Open Finance Framework introduced

**72% vs 12%**
Any borrowing vs formal borrowing, 2024

Source: Data Reportal, The Global Findex Database, BSP - 2024 Status of Digital Payments in the Philippines, BSP - Open Finance Framework,

# ESTABLISHED DIGITAL LENDING INFRASTRUCTURE

Credit assessment combines traditional bureau records with alternative telco, device and repayment data.

InstaPay supports near-instant payouts to bank and e-wallet accounts, while payment gateways and nationwide OTC networks enable broad repayment coverage.

Most lenders assemble a modular multi-provider stack while keeping core credit decisioning in-house.

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IDENTITY, FRAUD & DATA VERIFICATION

**IDEMIA, TrustDecision, Credeau, Kayana Solutions**

CREDIT DATA & BUREAUS

**CIC, TransUnion, CIBI, CRIF, BAP Credit Bureau, LenderLink**

PAYMENT PROVIDERS

**Dragonpay/Dragon Loans, Xendit, Paynamics/PayExpress, PayMongo, Slice Commerce, ECPay, Bayad Center, TouchPay**

DISBURSEMENT

**Brankas, RCBC, Citibank, Palawan Express, Bayad Center, InstaPay**

ALTERNATIVE DATA & RISK ANALYTICS

**FinScore, Trusting Social, DataCultr, Mobilewalla, eClerx**

# BANK CREDIT MARKET

Universal and commercial banks account for 93% of banking-sector assets and 92% of loans, while maintaining the lowest NPL ratio.

Rural banks represent only a US$7.7B segment, but record the highest ROE and capital adequacy among profitable bank groups — alongside the highest NPL ratio.

Digital banks remain small and loss-making at the group level, despite several years of rapid market development.

## PHILIPPINE BANKING SECTOR BY BANK TYPE

| | Universal & Commercial Banks | Thrift Banks | Rural & Cooperative Banks | Digital Banks |
|---|---|---|---|---|
| Assets, US$B | 473.8 | 23 | 7.7 | 3.3 |
| Gross loans, US$B | 267.4 | 17.5 | 3.9 | 1.3 |
| Operating income, US$B | 21.31 | 1.84 | 0.98 | 0.38 |
| Net profit / loss, US$B | 6.38 | 0.31 | 0.17 | -0.09 |
| Gross NPL | 3.01% | 6.33% | 7.79% | 6.16% |
| ROE | 11.92% | 9.34% | 12.31% | -28.78% |
| Capital Adequacy Ratio | 14.73% | 16.86% | 20.72% | 16.05% |

Note: Financial volumes as of June 2026; CAR as of March 2026. PHP amounts converted into US dollars at ₱61.30/US$ based on the BSP reference exchange rate as of June 26, 2026. Operating income and net profit/loss are annualized.

Source: BSP: Universal and Commercial Bank Group, BSP: Thrift Bank Group, BSP: Rural and Cooperative Bank Group, BSP: Digital Bank Group, BSP: Philippine Banking System, Overview of Philippine Financial System, FINANCIAL INSTITUTIONS UNDER BSP SUPERVISION/REG

# REGULATORY ENVIRONMENT

**REGULATOR**: Bangko Sentral ng Pilipinas (BSP)

**AUTHORIZATION:** Certificate of Authority to operate as a bank, issued following Monetary Board approval.

**LOWEST ENTRY CAPITAL:**

- Rural banks: from ₱50M ($0.8M)
- Thrift banks: from ₱200M ($3.2M)
- Digital banks: from ₱1B ($16.2M)
- Commercial banks: from ₱2B ($32M)
- Universal banks: from ₱3B ($49M)

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GENERAL-PURPOSE UNSECURED LOANS

## NO GENERAL INTEREST-RATE CAP

Applicable to personal loans, salary-based loans and other general-purpose bank loans. Interest rates and fees are contractually determined.

PRODUCT-SPECIFIC CAP: CREDIT CARDS

## 36% / year

maximum interest or finance charge

## 1% / month

maximum add-on rate for credit card loans

DIGITAL BANK LICENSING

## NEW LICENSE APPLICATIONS SUSPENDED

Effective December 1, 2025. The BSP will not accept new digital bank license applications until further notice. Six licensed digital banks currently operate.

Sources: CB Circular No. 905, s. 1982, Sec. 1., CIRCULAR NO. 1165, BSP - MANUAL OF REGULATIONS FOR BANKS

# TOP BANKING APPS: REVENUE AND NET PROFIT

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| Bank | Category | Launched | App installs on Android | Revenue 2025, $ | Revenue 2024, $ | Net profit 2025, $ | Net profit 2024, $ | YoY revenue growth | Net profit margin 2025 |
|---|---|---|---|---|---|---|---|---|---|
| BPI | Universal | 1851 | 10M | $2.8B | $2.4B | $1.0B | $912.4M | 15.2% | 35.5% |
| BDO Unibank, Inc. | Universal | 1968 | 5M | $4.3B | $4.0B | $1.4B | $1.3B | 9.4% | 32.5% |
| LANDBANK | Universal | 1963 | 10M | $2.0B | $1.8B | $711.7M | $625.3M | 8.7% | 35.9% |
| UnionBank Online | Universal | 1982 | 10M | $1.0B | $988.3M | $163.3M | $197.9M | 4.9% | 15.8% |
| GoTyme Bank Philippines | Digital | 2022 | 10M | $60.8M | $20.8M | -$47.8M | -$55.7M | 192.4% | -78.6% |
| MayaBank | Digital | 2022 | 10M | N/a | $85.6M | N/a | $1.2M | - | - |
| Tonik Bank | Digital | 2021 | 5M | N/a | $11.6M | N/a | -$18.2M | - | - |
| MariBank PH (SeaBank) | Rural | 2022 | 5M | $157.3M | $87.3M | $8.5M | $15.7M | 80.1% | 5.4% |
| Salmon | Rural | 2022 | 5M | $29.0M | $10.0M | -$0.4M | $3.4M | 191.2% | -1.3% |

Source: Landbank_2025.pdf, TDB-2024.pdf, Maya-2024.pdf, Unionbank-2025.pdf, gotyme-bank-2025.pdf, BPI-2025.pdf, Landbank-2024.pdf, MariBank-2025.pdf, Salmon-2025.pdf

# TOP BANKING APPS: PRODUCT

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| Bank / product | Digital loan type | Loan range, US$ | Term, months | All-in cost, %/day |
|---|---|---|---|---|
| LANDBANK eSL | Digital payroll loan | 300–33,000 | 6–36 | 0.016% |
| GoTyme Get Cash | Digital cash advance | Based on approved limit | 4–12 | 0.125% observed |
| Maya Personal Loan | Digital cash loan | 250–4,100 | 6–24 | 0.028% observed |
| MariBank Mari Loan | Digital cash loan | 20–1,600 | 3–12 | 0.034–0.100% |
| Tonik Unsecured Loan | Digital cash loan | 80–800 | 6–12 | 0.134% observed |
| Salmon Finance Product Loan | Digital cash loan | 20–1,000 | 4–24 | 0.272% observed |

Source: LANDBANK eSL, GoTyme Get Cash, Maya Personal Loan, MariBank Mari Loan, Tonik Unsecured Loan, Salmon Finance Product Loan

# CURRENT TRENDS: RURAL BANK ACQUISITIONS

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Foreign-backed acquirers have repeatedly used rural banks as a platform to launch digital banking businesses.

| | Rural Bank of Sta. Maria | Rural Bank of Sta. Rosa | Banco Laguna, Inc. |
|---|---|---|---|
| Acquired by | Billease | Salmon Group | Seamoney (Maribank) |
| Acquirer Country | Singapore | UAE | Singapore |
| Acquisition year | 2025 | 2024 | 2021 |
| Price paid | $400.1K | $1.2M | $3.1M |

Source: JIN CHAN INVEST PTE. LTD report 20205.pdf, Salmon_Audited_Financial_Statements_2025.pdf, Seamoney SG 2021.pdf

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# CURRENT TRENDS: REGULATOR MOVES TO CLOSE THE BACKDOOR INTO DIGITAL BANKING

BSP in February 2026 published in Proposed Prudential Requirements for Technology-Driven Rural Banks, which is not yet confirmed as a final effective Circular as of July 2026.

**30%**
Maximum share of customer accounts registered outside the rural bank's physical areas of operation.

**₱1 billion ($16.2M)**
Minimum capital requirement if the 30% threshold is exceeded

Source: Draft_Circular_on_Evaluation_of_Digital_Centricity_of_Banks.pdf, Proposed Circular_Digi-Centric.pdf

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# A LARGE, FRAGMENTED MARKET WITH A SMALLER DIGITAL CORE

## HOW THE MARKET IS STRUCTURED

Financing Companies (FCs): Broader non-bank credit providers that may offer consumer and business loans, instalment financing, leasing and factoring.

Lending Companies (LCs): Specialized non-bank lenders primarily engaged in granting loans from their own or borrowed funds.

Online Lending Platforms (OLPs): Websites and mobile apps operated by licensed FCs or LCs. An OLP is a distribution channel—not a separate licence or legal entity.

Both FCs and LCs are supervised by the SEC and cannot accept deposits.

**2381**

Financing Companies (FCs) and Lending Companies (LCs) as of Jan 2025

**123**

Financing and Lending Companies operating SEC-recorded Online Lending Platforms as of May 2026

**16**

Global lending groups represented on the market: HomeCredit, Finvolution, Akulaku, Tilt Finance, 4finance, Sunfinance, Kviku, UnaFinacial, Ecofinance, Surfin, AventusGroup, TALA, Profireal Group, Lumin (ex-Moneycat)

Source: Scribd - Registered Securities and Exchange Commission (SEC) Supervised Entities as of 31 January 2025, SEC - List of Recorded Online Lending Platforms

# REGULATORY ENVIRONMENT

**REGULATOR**: SEC.gov.ph (Securities and Exchange Commission Philippines)

**AUTHORIZATION:** Certificate of Authority issued by the Philippine Securities and Exchange Commission (SEC) to operate as a Lending Company or Financing Company.

UNSECURED, GENERAL-PURPOSE LOANS OFFERED BY LCs, FCs, and their OLPs

**UP TO ₱10,000 (~$160)**

Loan size

**UP TO 4 MONTHS**

Loan tenor

INTEREST RATE CAPS

**6% / month**

nominal interest rate cap

**12% / month**

effective interest rate cap

TOTAL CREDIT COST CAP

**100%**

of total amount borrowed (applying to all interest, other fees and charges, and penalties) regardless of time the loan has been outstanding.

Sources: SEC - RECALIBRATED CEILINGS ON INTEREST RATES AND OTHER FEES CHARGED BY FINANCING COMPANIES AND LENDING COMPANIES

# HIGH REVENUE CONCENTRATION, LIMITED PROFITABILITY

Home Credit dominates the sample, generating $486.8M in 2024 revenue — 63% of the total.

The top three players account for 80% of total revenue in the reviewed sample.

Profitability remains limited: only 7 of 20 reviewed entities reported a net profit in 2024.

Scale does not guarantee profitability: TALA ranked second by revenue but recorded a $3.8M net loss.

| Name of group | Website | Launched | Revenue 2025, $ | Revenue 2024, $ | Net profit 2025, $ | Net profit 2024, $ | YoY revenue growth | Net profit margin 2025 |
|---|---|---|---|---|---|---|---|---|
| HomeCredit | homecredit.ph | 2013 | $633.3M | $486.8M | $71.9M | $52.3M | 30.1% | 11.4% |
| Finvolution | juanhand.com | 2019 | $116.3M | $70.4M | $7.4M | -$1.7M | 65.2% | 6.3% |
| - | mabiliscash.ph | 2019 | $66.6M | $46.7M | $14.5M | $5.5M | 42.4% | 21.8% |
| Akulaku | akulaku.com/ph | 2018 | $16.9M | $6.6M | $3.3M | -$2.1M | - | 19.3% |
| Tilt Finance | cashalo.com | 2018 | N/A | $13.6M | N/A | $1.8M | - | - |
| 4finance | onlineloanspilipinas.ph | 2022 | $11.0M | $15.2M | $0.2M | $0.8M | -27.4% | 2.2% |
| Sunfinance | finbro.ph | 2020 | N/A | $20.8M | N/A | $0.5M | - | - |
| - | mocamocatech.com | 2021 | $11.5M | $3.6M | $46.1K | $0.3M | 220.2% | 0.4% |
| UnaFinacial | digido.ph | 2021 | N/A | $43.7M | N/A | $0.1M | - | - |
| - | peramooweb.com | 2019 | N/A | $0.0M | N/A | -$2.5K | - | - |
| - | pesocash.ph | 2019 | N/A | $0.4M | N/A | -$4.7K | - | - |
| Kviku | kviku.ph | 2020 | $1.1M | $1.9M | -$0.3M | -$14.1K | -44.2% | -31.9% |
| UnaFinacial | bigloans.ph | 2025 | N/A | - | N/A | -$34.1K | - | - |
| Ecofinance | honeyloan.ph | 2024 | N/A | $0.3M | N/A | -$0.6M | - | - |
| Surfin | pesoloan.ph | 2018 | $2.3M | $1.0M | -$5.1M | -$1.8M | 135.5% | -225.0% |
| 4finance | pesoredee.ph | 2022 | $4.5M | $9.2M | -$1.9M | -$1.9M | -50.8% | -41.3% |
| AventusGroup | cash-express.ph | 2019 | N/A | $14.9M | N/A | -$3.0M | - | - |
| TALA | tala.ph | 2015 | $100.3M | $86.8M | -$2.6M | -$3.8M | 15.6% | -2.6% |
| Profireal Group | flexi.com.ph | 2016 | $0.6M | $1.1M | -$1.3M | -$4.1M | -48.9% | -228.1% |
| Lumin (ex-Moneycat) | moneycat.ph | 2019 | N/A | $14.7M | N/A | -$4.6M | - | - |

Source: HC-2025.pdf, WEFUND-2025.pdf, MABILIS-2025.pdf, STREETCORNER-2025.pdf, PALOO-2024.pdf, COPPERSTONE-2025.pdf, Digido-2024.pdf, Magician-2024.pdf, MYLOAN-2024.pdf, KVIKU-2025.pdf, FINGERTIP-2024.pdf, MASAGANANG-2025.pdf, TALA-2025.pdf, FLEXI-2025.pdf, MONEYCAT-2024.pdf

# SELECTED LENDERS PRODUCT REVIEW

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| Lender | Loan range, PHP | Term range, days | Advertised rate, %/day | Agreement finance cost, %/day | Mandatory charges, %/day | All-in simple cost, %/day | Late-payment charges |
|---|---|---|---|---|---|---|---|
| Online Loans Pilipinas | 1,000–20,000 | 61–183 | 0.00–0.39 | 0.5 | 1.37 (guarantee + e-doctor) | 1.87 | 0.50%/day + 5% late fee; 28% prolongation |
| PesoRedee | 1,000–80,000 | 60–365 | N/A | 0.47 | 0 | 0.47 | 0.50%/day + 5% late fee; 28% prolongation |
| Akulaku / OwnBank | 1–N/A | 30–365 | 0.10–0.13 | 0.28 | 0 | 0.28 | 5% after day 2; maximum 50% of principal |
| Cash-Express | 500–40,000 | 180–189 | 0.00–1.99 | 1.07 | 0.27 (processing/DST + e-doctor) | 1.34 | 1.00%/day + 20% every 14 days |
| Home Credit | N/A–150,000 | 180–1,460 | 0.08–0.28 | 0.06 | 0.01 (processing) | 0.07 | PHP 300–1,000; 40% termination; 2%/month after day 120 |
| Kviku | 1,000–25,000 | 60–180 | 0.16 | 0.23 | 2.48 (service + e-doctor) | 2.71 | Regular 0.19% + penalty 0.16% = 0.35%/day |
| Finbro | 1,000–50,000 | N/A–365 | N/A | 0.2 | N/A | N/A | 0.50%/day, capped at 5%/month |
| Big Loan / Fingertip | 1,000–25,000 | 7–180 | 0.00 first loan | 2.13 | 0.04 (processing) | ≈2.16 | 1.00%/day + PHP 600 |
| Digido | 1,000–25,000 | 7–180 | 0.00–1.50 | 1.7 | 0.04 (processing) | 1.74 | 1.40%/day + PHP 600–800 |
| Flexi Finance | N/A | N/A | N/A | 0.17 | 0.02 (processing) | 0.19 | 25% attorney's fee + 25% liquidated damages |
| Cashalo | 500–13,000 | N/A | 0.20 + 0.20 fee | 0.21 | 0.30–0.91 (service + insurance) | 0.51–1.12 | 0.20% interest + 0.17% penalty = 0.37%/day |

Source: Online Loans Pilipinas — Disclosure Statement, PesoRedee — Disclosure Statement, Akulaku / OwnBank — Loan Agreement, Cash-Express — Loan Agreement and Promissory Note, Home Credit — Loan Agreement, Kviku — Contract, Finbro — Credit Line Agreement, Big Loan / Fingertip — Promissory Note, Digido — Loan Offer, Flexi Finance — Loan Agreement, Cashalo — Promissory Note

# CURRENT TRENDS: REGULATIONS

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## OLP Market Reopens

From 1 August 2026, the SEC will lift the five-year moratorium on new OLPs and resume accepting applications.

## Lower Rate Cap from 15% to 12% / month

From April 2026, the maximum effective rate for small unsecured loans was reduced from 15% to 12% per month.

## Higher Capital Requirements

Minimum capital increases to ₱10m/₱20m for one OLP and up to ₱50m/₱100m for five OLPs for lending/financing companies, respectively.

## Large-Scale Registry Clean-Up

In 2025, the SEC revoked 56 FC/LC licences and registrations of 401 mostly inactive or non-compliant lending companies.

Source: SEC MC No. 20, series of 2026, SEC Memorandum Circular No. 14

# KEY TAKEAWAYS

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## A LARGE AND RAPIDLY EXPANDING MARKET

With around 117  million people, approximately 5% annual real GDP growth and 2 million people entering the consumption class each year, the Philippines combines immediate scale with a rapidly expanding customer base. Credit penetration also remains among the lowest in the region, leaving a substantial underbanked and undercredited population and significant room for long-term loan portfolio growth.

## TWO PROVEN ENTRY ROUTES

The Philippines already has a broad ecosystem of non-bank lending apps, including international players. At the same time, several foreign fintechs have entered the banking sector by acquiring and digitizing rural banks—validating both non-bank lending and bank acquisition as viable entry routes.

## REGULATED ENTRY IS VIABLE

The Philippines combines transparent, professional supervision with practical entry routes. Rural-bank acquisition offers a relatively affordable path into digital banking, while from 1 August 2026 the SEC will again allow new online lending platforms under stricter capital, disclosure and consumer-protection requirements.

## DIGITAL RAILS ARE MATURING

The government is rapidly strengthening the country's core financial infrastructure through interoperable QR payments, verifiable digital IDs and broader credit bureau coverage. These improvements are replacing previously fragmented payment, identity and credit-data systems, reducing KYC costs, fraud risk and underwriting complexity. Fintechs can increasingly scale on shared national infrastructure instead of building these capabilities independently.

# KEY TAKEAWAYS

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## CREDIT RISK IS THE CORE EXECUTION CHALLENGE

Local experience suggests that some borrowers value their credit history, but lenders’ financial statements show significant impairments, write-offs and persistent losses. Repayment behaviour varies substantially across customer segments, making credit scoring, fraud prevention, disciplined acquisition and early-stage collections critical to sustainable unit economics.

## PROFITABILITY TAKES TIME

Profitability is achievable, but rapid breakeven should not be the base case. Tonik launched in 2021 and reached IFRS profitability only in Q1 2026, after five years of building scale, data and diversified lending channels. Profitable benchmarks such as Home Credit are also long-established players, while no reviewed entrant became profitable within its first year.

# ABOUT MD FINANCE

We are a fast-growing technology company providing financial services across global markets, combining proven business models with AI-powered solutions. Since 2015, we have been serving thousands of people, empowering them through fast and simple financial products.

## MISSION

We create easy-to-use financial products to address real-life needs as they come up — fast and without any hassle.

## VISION

We envision a world where people move freely toward their goals, supported by financial solutions that are always ready, always simple, and always there when needed.

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# CONTACTS

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