

# UNIVERSAL BANKS IN DAVAO REGION

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## SHORT COMMUNICATION

A group of Filipinos had conceptualized a financial institution for the Philippines as early as 1933. From then on, the administration that followed the transition government of President Corazon Aquino saw the turning of another chapter in the Philippine central banking. President Fidel Ramos following former President Aquino, then signed into law the Republic Act no. 7653, the new financial institution Act on Flag Day, 1993. The law provides for the establishment of an independent monetary authority to be referred to as the Bangko Sentral ng Pilipinas. The role of Bangko Sentral is to maintain price stability explicitly as a primary objective. The law also gives the Bangko Sentral fiscal and administrative autonomy which that old Central Bank did not have, thus on July 3, 1993; the New Central bank Act took effect. (Bangko Sentral ng Pilipinas). With this, one of the responsibilities of Bangko Sentral ng Pilipinas is to provide Financial Supervision in which they supervise banks and exercises regulatory powers over non-bank institutions performing quasi-banking functions. This includes Universal banks as well.

The number of operating Universal and Commercial banks as of end –June 2012 fell to thirty seven from thirty eight a year ago, following the closure of Export and Industry Bank on 26 April 2012. Despite fewer players in the industry, the network of branches and or other offices continued to expand reaching four thousand nine hundred twenty eight at end-June 2012, higher by two hundred two from four thousand seven hundred twenty six at end-June 2011 (Bangko Sentral ng Pilipinas, 2012). The banking industry consistently captured the big share in the overall operating network of the banking system which as of end-June 2012 stood at 53.9 percent versus the proportion of rural and cooperative banks at 29.5 percent and thrift banks at 16.5 percent.

As of current date, the statistics of Universal and Commercial banks accounted for twenty one Universal banks and seventeen Commercial banks, totaling to thirty eight banks all in all.

The study focused on the top five Universal Banks based on BSP's record. Below is the list of the top five Universal Banks in terms of Assets.

### History of the top five Universal Banks

**Banco de Oro Unibank Inc-** Started in January 2, 1968, BDO began as a thrift bank called Acme Savings Bank. It was then acquired by the Sy group in November 1976, which was renamed to Banco de Oro Savings and Mortgage bank. Twenty years later, it became BDO in September 1996 and eventually offered insurance services and expanded until it had been referred to as the most important bank within the Philippines in terms of assets, loans, and deposits.

**Bank of the Philippine Islands-** Established on Lammas, 1851 under Spanish colonial rule, BPI was originally referred to as El Banco Espanol Filipino de Isabel II, named after then Queen of Spain, Isabel II. The bank was the primary to be established within the Philippines, and was liable for starting the country's banking and finance industry. The bank adopted its current name on January 1, 1912. In the early 1980s, the Monetary Board of the financial institution of the Philippines allowed BPI to evolve into a totally diversified universal bank, to supply investment and consumer banking services in addition to commercial banking

activities.

**Land Bank of the Philippines-** On August 8, 1963, Land Bank of the Philippines was created to finance the acquisition and distribution of agricultural estates for division and resale to small landholders also as the purchase of the landholding by the agricultural lessee. In August 25, 1998, Land Bank had authorized capitalization increased to 25 billion Php by the Department of Finance and the President of the Philippines. As a Universal bank, Land Bank promotes inclusive growth and improves the standard of life especially the countryside through the delivery of innovative financial and other services altogether provinces, cities and municipalities.

**Metropolitan Bank and Trust Company-** Metrobank was founded in September 5, 1962. Metrobank has since become the premier Universal Bank and among the foremost financial institutions in the Philippines. It offers a full range of banking and other financial products and services, including corporate, commercial and consumer banking, as well as credit card, remittances, leasing, investment banking and trust banking. A recognized leader in the country's banking industry; Metrobank has become regarded as the trusted banking partner, staying true to its brand promise of "you're in good hands".

**Philippine National Bank-** The Philippine National Bank was established as a government-owned banking institution on July 22, 1916 with headquarters in the old Masonic Temple along Escolta, Manila. Its primary mandate was to provide financial services to Philippine industry and agriculture and support the government's economic development effort. With its successful exit from the Government's Rehab program and the strong income performance, PNB has demonstrated its ability to sustain its heightened competitiveness based on the three tenets of reducing non-performing assets, strengthening core businesses and increasing profitability.