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News Release
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Less than half of 1% of Filipinos invest in stock market, PSE study confirms

THE PHILIPPINE STOCK EXCHANGE (PSE) has completed a survey that confirms the lack of Filipino participation in the stock market.

The PSE based its conclusion on the results of a survey , which was conducted among trading participants on the number and profile of their clients in 2007.

Based on the survey, there were 430,681 accounts being maintained for Filipino investors by PSE trading participants in 2007. “These accounts represented not even ½ of 1 percent of our total 89 million population,” said Mr. Francis Lim, PSE president and chief executive officer.

Of the total, only 103,412 -- just a little over 1/10 of 1 percent of Filipinos -- were considered active or involved in at least one trade in a year.

“This is alarming, because feedback reaching us indicated that many countries in our Asian neighborhood with far bigger stock markets have very high proportions of their people involved in the stock market.”

Feedback that Mr. Lim has gathered from capital market forums indicated that, among selected Asian countries, Singapore has the highest proportion of its population (roughly 33 percent) with investments in the stock market. Japan and Australia have roughly 25 percent each; Malaysia, 18; Hong Kong, 17; and Korea, 10.

“Despite the lack of local support, our stock market enjoyed a sustained growth, especially during the past five years,” Mr. Lim noted. “We even outpaced most of our counterparts in the region in terms of growth in trading activity, market capitalization and in raising capital for our listed companies.

“So, you could just imagine the level of advance we would attain, if we had a wider investor base”, the PSE president and CEO stressed.

The PSE survey also showed that, if there were only few Filipino investors in 2007, the number of foreign client accounts of trading participants was even smaller. The study showed that the foreign accounts in the books of trading participants numbered only 4,713 or 1.1 percent of the total last year.

“We have suspected all along that this is the situation in the ground,” Mr. Lim added. “That’s the rationale behind our decision to intensify our market education campaign.

“Obviously, our campaign is not enough,” he added. “However, we cannot just give up; we have to exert more effort to reach out to more Filipinos and educate them about the stock market.

“We also have to encourage other stakeholders, including our legislators and policymakers to help us entice more Filipino participation in our stock market, because we in the PSE cannot do the job all by ourselves,” Mr. Lim stressed.

“There are several market-friendly legislative proposals now pending in Congress,” Mr. Lim noted. “If we can have these proposals approved, the campaign for more local participation in our market will get a big boost.

“I am, therefore, urging our legislators to support or finalize the passage of these market-friendly pieces of legislation, the PSE president and CEO explained.”

The PSE is supporting the enactment of the following bills now pending in Congress:

- Personal Equity Retirement Account (proposes to extend tax incentives to those who invest in the local capital market);
- The Credit Information System Act (aims to establish an efficient, comprehensive and centralized credit information system in an effort to improve the availability of inexpensive credit for businessmen);
- Corporate Recovery and Insolvency Act (or CRIA is proposed to replace the country’s century-old and antiquated Insolvency Law. The CRIA will provide hope and a new lease on life for listed companies and brokers that encounter financial difficulties);
- Real Estate Investment Trusts (or REIT Law aims to accelerate the development of real estate industry by offering incentives to eligible REITs or public companies that own and operate income-producing real estate; and
- Collective Investment Schemes Law (aims to further promote collective investment schemes, like unit investment trust funds, popularly known as UITFs, by rationalizing the regulatory framework over said investment instruments.

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