

KANTAR

FINANCE AT THE FRONTLINE: BUILDING FINANCIAL RESILIENCE IN A VOLATILE WORLD

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Why resilience, not just access, will define the next chapter of Philippine financial inclusion

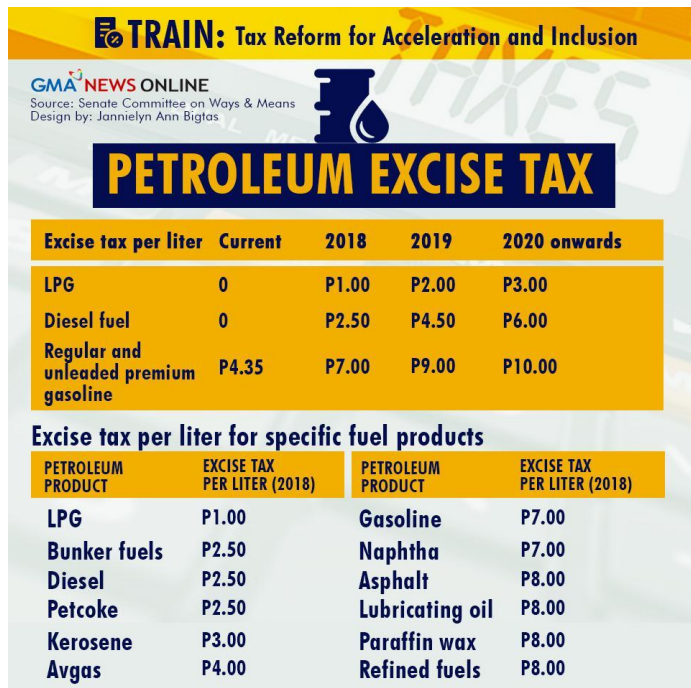
After more than two months, the Middle East conflict remains unpredictable, presenting a continuous stream of challenges rather than a single event. Ceasefire negotiations remain unstable, and no definitive peace deal has been achieved. Energy prices fluctuate based on both risk and supply factors. Even for nations distant from the conflict, the impact feels close, as disruptions continue to affect key channels such as sea routes, fuel, food supplies, and ultimately, household expenses.



For the Philippines, a net energy importer, this is where geopolitics turns personal. When risk rises in critical waterways, freight and insurance costs rise with it—and fuel becomes the fastest conduit from conflict to cost of living. Every added peso shows up in transport fares, power bills, and the delivered price of essentials. That is why volatility, more than inflation, is the new stress test: even when prices roll back, uncertainty lingers.



That pressure is landing at a difficult macro moment. Headline inflation accelerated to 7.2% in April 2026 (PSA), while economic growth slowed to 2.8% in Q1 2026 (PSA)—an uneasy combination of rising costs and softer momentum that squeezes purchasing power and job confidence. The outlook is softening too: Social Weather Stations' net personal optimism fell to +23 in March 2026 (from +36 in November 2025), suggesting more Filipinos are less certain that the next 12 months will feel better than the last.



Filipinos have lived through this pattern before—when the TRAIN Law reset affordability by raising fuel excise taxes in 2018, and when COVID-19 turned a health crisis into a financial one in 2020.

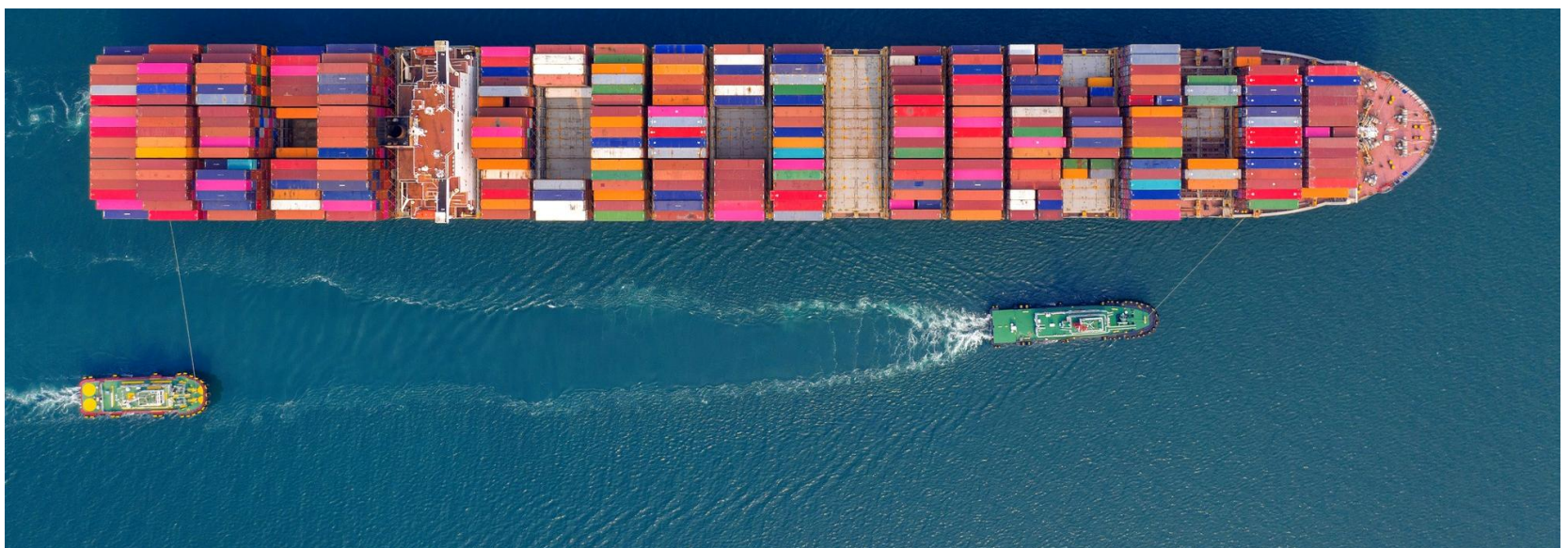
Those overlapping shocks rewired how households think about money: savings stopped being a nice-to-have, credit became both a lifeline and a risk, and “extra cash” became synonymous with safety. Today’s volatility reactivates that memory—especially because it arrives in faster, more frequent waves.

In May, the volatility was visible at the pump: on May 12, the Department of Energy implemented a modest gasoline increase (₱0.47/L) even as diesel dropped sharply (-₱9.57/L).



Swings like these make budgeting harder than a steady climb because they erode a household’s sense of what “normal” costs should be—pushing families to hold more cash, delay plans, and build buffers whenever they can.

And the risk line has not disappeared. In the Strait of Hormuz, maritime advisories have continued to flag the need for heightened caution amid reports of repeated incidents since late February. When vessels slow, reroute, or stop, the consequences rarely stay at sea: tighter supply chains feed into higher energy costs, and higher energy costs feed into everything Filipinos move, cook, and consume.



To keep this grounded in everyday reality, we introduce a series of examples that capture common patterns found in Philippine households. These examples illustrate how different segments of consumers are affected by the same shocks, depending on factors like income, cash-flow timing, and access to financial tools.



One place this shows up early is in small neighborhood businesses. Ate May, a sari-sari store owner, sees delivery fees rise before customers' wallets do - and staples like rice, canned goods, and cooking oil inch higher week by week. But many customers still budget daily, so even small price increases meet resistance. The result is familiar: tighter margins, thinner buffers, and a shorter planning horizon—sometimes reduced to “kaya ba hanggang next delivery?”

“kaya ba hanggang next delivery?”



How volatility reshapes household decisions

Below, we unpack how the same macro shock turns into different household choices—across classes, livelihoods, and OFW-linked families—and why “control” becomes the new coping strategy.

Most Filipino families deal with short cash cycles or money day by day, not just once a month. This means even small changes in prices can hit them hard—especially when inflation is elevated and growth is slowing. And while some groups feel the squeeze more than others, everyone notices when costs go up.

The shock is unequal—and so is the recovery. **Upper middle class and mass affluent households** are typically better cushioned by higher disposable income, formal employment benefits, and access to credit. So, the first hit is often psychological rather than immediately financial. This aligns with the *Bangko Sentral ng Pilipinas’* Consumer Expectations Survey, where households have repeatedly cited faster price increases and higher expenses as key confidence drags, alongside persistently pessimistic intentions to buy big-ticket items such as homes and lots. Even when pay is stable, **job security worries can quietly erode optimism about improving quality of life**—consistent with the same survey showing confidence softening for the next quarter and the year ahead.



In this environment, headlines, price tags, and social feeds amplify a sense that the next disruption is always around the corner. **Even among those who can still pay, anxiety can overwhelm**, driving precautionary saving, postponed upgrades, delayed big-ticket purchases, and a heightened need for control over day-to-day money.

For **lower-income households**, the same uncertainty translates faster into a cash-flow problem. With limited buffers, price swings force immediate trade-offs within essentials (food, transport, utilities), more frequent *tingi* buying, and heavier reliance on informal borrowing or short-term credit just to bridge the week. For some, that also includes pawning—temporarily pledging small valuables—to keep up with household bills or cover urgent needs like medical costs and tuition.



Social Weather Stations data confirm that this vulnerability runs deep. Most Filipinos still identify as poor, and a significant proportion classify themselves as food-poor—a distinction that matters because, for these households, economic disruptions do not merely delay purchases; they shrink meals, cut consumption, and compound financial hardship. **In other words, the same disruption produces two realities: the upper middle class tightens spending to protect the future, while the lower classes adjust simply to get through the present.** One group postpones wants and upgrades; the other is forced to renegotiate needs.



It also shows up in households whose stability is tied to income abroad. **Jun and Liza** are a young family whose monthly rhythm depends on remittances from the Middle East. When food prices rise, the pressure is immediate—but the deeper uncertainty is whether work abroad stays steady, safe, and accessible. Cash remittances reached a record US\$35.63 billion in 2025—about 7.3% of Philippine GDP—showing how central overseas income is to everyday bills and consumption at home.

For families like theirs, news from the region doesn't stay on the screen; it becomes a question of planning, buffer-building, and how long today's "stable" can last.

“Kapag hindi sure ang padala, hindi rin sure ang plano—kaya mas kapit sa budget, mas bawas sa luho, mas ipon muna.”

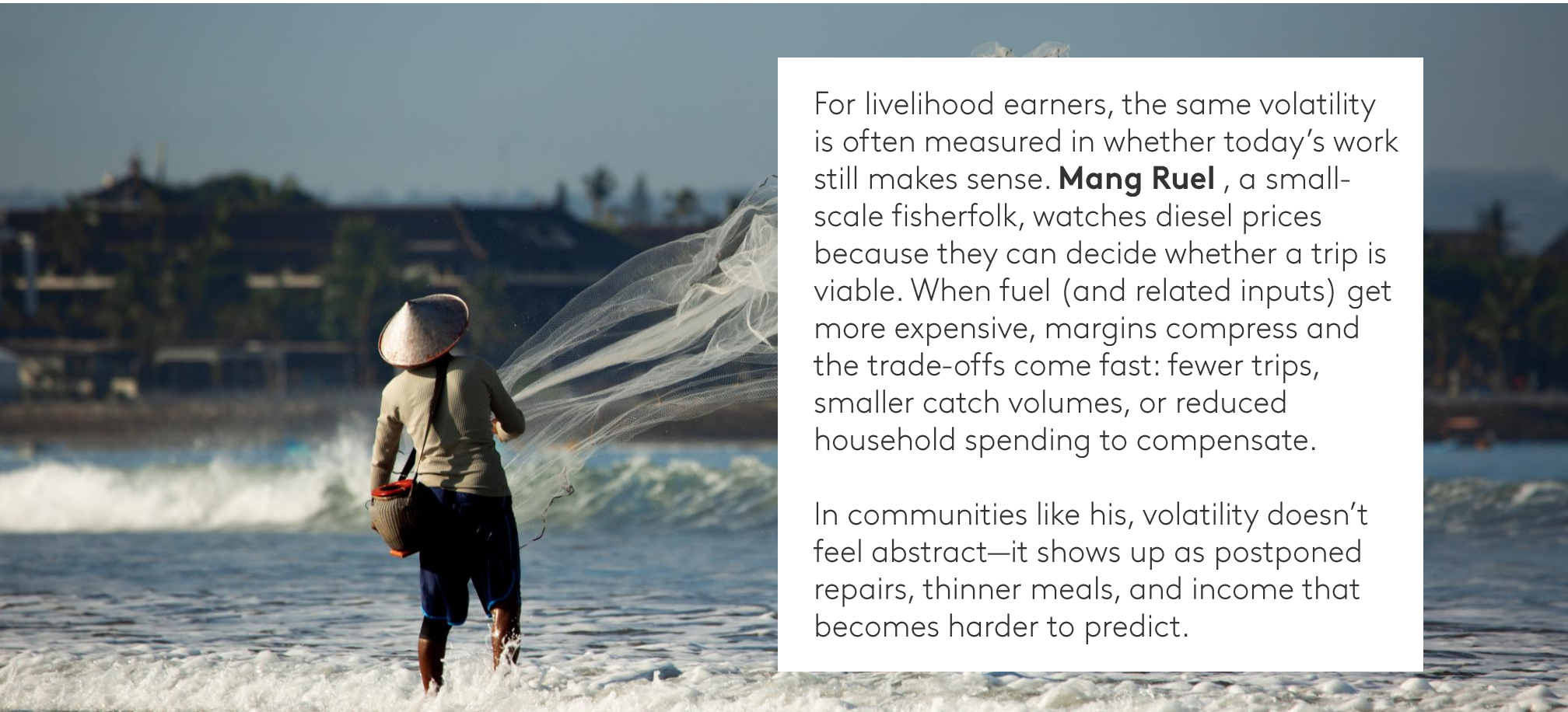
CASH REMITTANCES
US\$35.63 billion in 2025



7.3%
PHILIPPINE GDP

For households supported by overseas work, the conflict is not only a price story—it is a livelihood story. When tensions rise, families start to factor in the possibility of disrupted employment, delayed remittances, or even an unplanned return home. Public support systems can help in crisis moments, but the day-to-day reality is that uncertainty abroad quickly becomes caution at home: more cash on hand, fewer non-essentials, and a stronger desire for tools that make money feel manageable.

As prices rise at home and news from abroad stays tense, behavior shifts. Even when remittances continue to arrive, Jun and Liza delay purchases, keep more cash “just in case,” and cut discretionary spending. In uncertain periods, control becomes its own form of comfort—and that makes tools that help families track, separate, and protect money feel less like convenience and more like necessity.



For livelihood earners, the same volatility is often measured in whether today's work still makes sense. **Mang Ruel**, a small-scale fisherfolk, watches diesel prices because they can decide whether a trip is viable. When fuel (and related inputs) get more expensive, margins compress and the trade-offs come fast: fewer trips, smaller catch volumes, or reduced household spending to compensate.

In communities like his, volatility doesn't feel abstract—it shows up as postponed repairs, thinner meals, and income that becomes harder to predict.

Across Kantar's recent work in Philippine finance, a consistent insight emerges: **households with stronger access to savings, credit, insurance, and digital payments recover faster from shocks and manage day-to-day volatility better.**

Financial Inclusion as Resilience Infrastructure

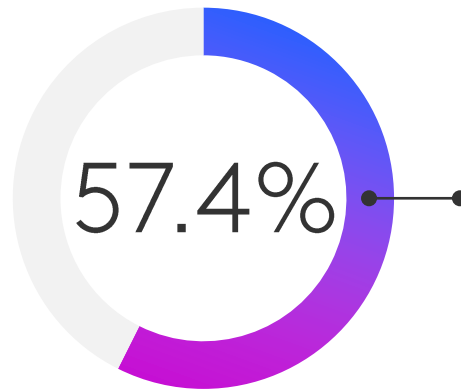
The core argument is simple: in a world of recurring shocks, inclusion matters most when it helps households buffer, protect, and recover, not only when it helps them transact.

Financial inclusion today goes beyond access to accounts or credit. It enables liquidity management, risk mitigation, and sustained economic participation, especially during periods of stress.



The lessons from TRAIN-driven cost pressures and the COVID-19 disruption were clear: **when shocks hit, households need simple ways to build buffers, access short-term liquidity, and protect themselves without falling into high-cost debt.**

This distinction is critical in the Philippine context. Digital payments now account for **57.4%** of monthly retail transactions (BSP Financial Inclusion Dashboard), yet only about half of Filipino adults have an account with a formal financial institution. The gap between *using* financial services and *being financially resilient* remains wide.



Digital payments now account for monthly retail transactions (by volume)

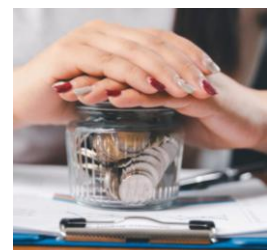
Households with access to basic financial tools respond differently under pressure. With **Ate May**, for example, resilience improves when she can separate business and household cash, set aside small buffers during good weeks, and access short-term liquidity without turning to informal lenders. These mechanisms do not eliminate volatility; however, they reduce its damage.

By contrast, households without access to savings mechanisms, affordable credit, or protection are often forced into reactive decisions, such as skipping meals, selling productive assets, or taking on high-cost debt that deepens vulnerability over time.

In an environment where shocks are recurring rather than exceptional, **financial inclusion increasingly functions as resilience infrastructure**, quietly stabilizing household behavior and preserving economic participation.

What resilience looks like now

Resilience isn't about big, dramatic actions—it's about simple, everyday habits that help a family keep going when prices go up or income drops. It means **saving a little** each day (even just ₱20–₱50) in a safe spot; **setting aside money for bills** so rent, school fees, and utilities aren't mixed with spending cash; **emergency loans** that are clear, easy to access, and right-sized for essentials like fare, food, or medicine—without pushing families into a debt trap; **small insurance** that turns sickness or accidents into a problem you can handle instead of a disaster; and **remittance cushions** that help overseas families secure essentials at home before spending on other things. When buffers run thin, some also use familiar stopgaps like *sangla* to bridge bills or urgent costs like medical or tuition. Increasingly, **e-wallets and fintech apps** help make these habits doable—through bill reminders, dedicated pockets, micro-savings nudges, and safer ways to receive and split remittances. When these tools fit real life and cash flow, they don't just help people pay—they help people *keep going*.



Inclusive finance means making these simple habits easier, safer, and more dependable—so that when life gets tough, families don't automatically become vulnerable

What the finance ecosystem must build next

If volatility is the new normal, the opportunity is to turn everyday financial behavior into resilience — across digital banks, e-wallets and fintech platforms, traditional banks, and pawnshops that bridge urgent needs.

In a high-inflation, slower-growth environment, financial inclusion is no longer a “nice to have.” It is resilience infrastructure—because when costs are rising and confidence is fragile, the ability to budget, buffer, and recover determines whether households stay economically active or fall out of the system.



FOR **DIGITAL BANKS**,

the opportunity is to become the everyday financial control center for people like **Kyla**—supporting irregular earners with cash-flow visibility, automated saving nudges, bill-first defaults, and fair, transparent credit that helps smooth volatility. In weeks when pay is uneven, what matters most is not premium features but tools that prevent accidental shortfalls and keep essentials funded. What Kyla is really buying is not “digital”—it is *control*.



FOR **E-WALLETS AND FINTECH PLATFORMS**

—from payments-led e-wallet “super apps” to QR/merchant acceptance platforms, remittance apps, and BNPL/micro lending fintechs—scale is the advantage. With digital payments now accounting for **57.4%** of monthly retail transactions (by volume), these platforms sit closest to the everyday moments where resilience is won or lost: top-ups, bills, transport, groceries, and remittances.

The action is to turn those moments into buffer-building: introduce “set-aside” pockets before spend, make bill separation effortless, embed low-cost protection (health, accident) in high-frequency journeys, and offer responsible small-ticket credit or pay-later options with clear fees and guardrails. For OFW-linked families, fintechs can also operationalize **remittance cushions**—auto-splitting incoming funds into essentials, savings, and a stability reserve.



FOR **TRADITIONAL BANKS**

—the role is to anchor confidence and trust for households like Jun and Liza’s—especially when inflation is high and borrowing costs can move quickly. Safe places to save, transparent pricing, and accessible protection products reduce anxiety when uncertainty rises. Banks can also lead on “recovery pathways”: fair restructuring options, fee transparency, and safeguards that help customers bounce back after shocks rather than exit the system.



FOR **PAWNSHOPS, ALTERNATIVE FINANCE PROVIDERS, AND DIGITAL LENDERS**, the mandate is immediacy—with responsibility.

These institutions remain among the most accessible financial touchpoints in the country, and for Mang Ruel and Ate May, fast access to liquidity can mean the difference between continuity and disruption. For many households, pawning—temporarily pledging small valuables—is a practical bridge for **bill payments** and sudden expenses like **medical needs or tuition fees**.

The opportunity is to pair speed with guardrails: clear pricing, right-sized limits, repayment reminders, and pathways that graduate customers from emergency borrowing into savings and protection over time.

No single institution can meet all needs alone. Together, digital banks, traditional banks, and alternative finance providers form a complementary ecosystem, one that determines whether volatility leads to long-term vulnerability or short-term adjustment.

Action plan for the ecosystem (next 90 days)



DESIGN

Launch (or refine) bill-first budgeting features—bill pockets in **e-wallets** and bank apps, due-date reminders, and spend alerts—built for short cash cycles.



PROTECT

Bundle affordable micro-insurance (health/accident) into high-frequency **fintech journeys** (bill pay, transport top-ups, QR purchases, remittance receive) with simple claims and clear coverage.



RECOVER

Introduce “shock-mode” support—temporary payment relief, transparent restructuring, and guided in-app repayment plans (including for **digital lenders/BNPL**) that prevent distress spirals.



BUILD BUFFERS BY DEFAULT

Add opt-out micro-savings nudges (e.g., rounding, small % set-aside) and a dedicated “stability reserve” pocket—especially in **e-wallets and for remittance auto-split** flows.



EARN TRUST AT SCALE

Strengthen fraud protection, QR/payment dispute resolution, and fee clarity across banks, **e-wallets**, and lenders—so digital adoption translates into resilience, not new risk.

Looking Ahead: Finance with Purpose

This is the call to action: treat household stability as infrastructure—designed deliberately, measured by recovery outcomes, and built for the segments that feel disruption first.

As global shocks—geopolitical, economic, and climate-related—become more frequent, the question for the Philippine financial sector is no longer whether volatility will occur, but whether household stability will be treated as a national capability: built deliberately, funded consistently, and designed for the people who feel disruption first.

That means moving beyond “access” as the finish line. It means designing products around short cash cycles, pricing credit in ways people can understand, building savings defaults that work with irregular income, and pairing protection with everyday use so that illness, job interruption, or a price spike does not erase hard-won progress.



For regulators, it means enabling innovation while strengthening transparency and consumer safeguards.



For institutions, it means measuring success not only in new accounts, but in fewer distress loans, steadier bill payments, and faster recovery after shocks.



For brands thinking more broadly about resilience, the same principle applies beyond finance: sustainability strategy creates value when it is anchored in real consumer tensions, category realities, and credible pathways for action. This is where Kantar can make a distinctive contribution—bringing together deep human understanding, strategic rigor, and brand growth expertise to translate sustainability ambition into enduring relevance, stronger trust, and more advantaged growth.

Finance at the frontline is not a slogan—it is a build agenda. If volatility is the new normal, then inclusive finance is the infrastructure that helps families keep working, studying, eating, and planning through it.

Design for real cash cycles, with simple savings defaults, bill buffers, and clear pricing. **Protect** households from the financial cliff through affordable coverage, transparent credit, and stronger safeguards. **Recover** faster after shocks through fair restructuring, emergency liquidity, and guided pathways back to stability.

The real test is simple: when the next shock arrives, will more Filipinos have a buffer, a back-up, and a way back—or will we keep asking households to absorb risks they never created?



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