

# Non-Fungible Token Assets: The Philippine Experience

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Webinar Series on the 2025 SNA Implementation  
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# Outline of Presentation

- Overview on Non-Fungible Tokens (NFTs)
- Philippine (PHL) Initiatives and Experiences
- Compilation Issues
- Conclusions
- Future Directions

# Overview: Understanding NFTs

Non-fungible tokens (NFTs)

- These are digital records hosted on a blockchain that are associated with a digital or physical asset or product but that are distinct from that asset or product.
- In some cases, these NFTs grant limited commercial rights from which the owner can derive economic benefits

*(SNA 2025, para 11.170)*



# Overview: The Need for Valuation



Provision of financial services through advanced technology and computing power as part of digitalization across the globe



The adaptability of NFTs in providing new avenues for artistic expression, digital ownership, and investment opportunities has contributed to their widespread adoption.



Play-to-earn games as source of income for Filipinos at the height of COVID-19 pandemic



# Some Examples

## Digital Collectibles



### Philippine Airlines ventures into NFTs, launches first-ever digital collectibles

These digital collectibles mark the first time for Philippine Airlines to enter the blockchain industry, with these digital collectibles possessing customer benefits as well as access to the Philippine Blockchain Week...

MARKETECH APAC / Aug 2, 2023

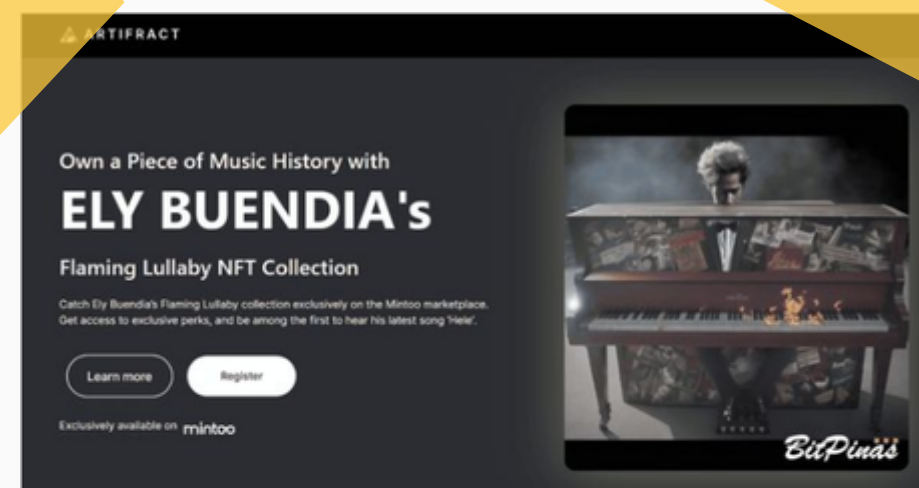
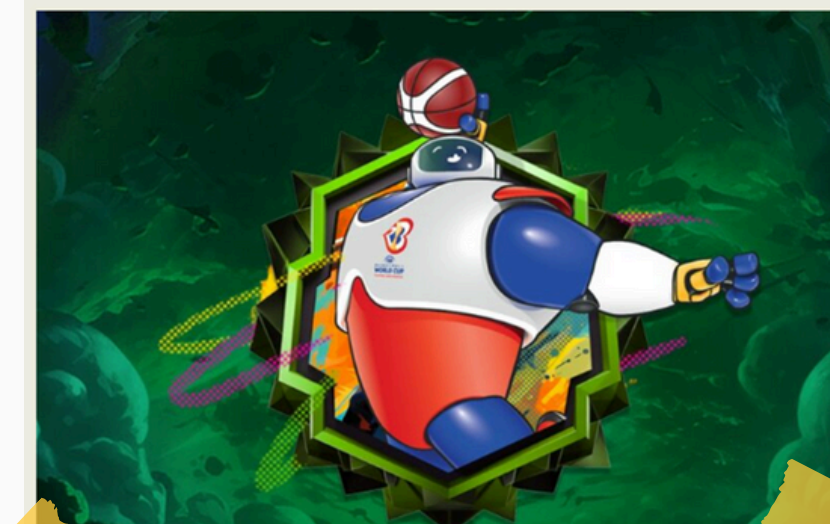


## Digital Painting

## Digital Collectibles

### Smart launches exclusive NFTs, gives subscribers a chance to win FIBA Finals Pass, Gilas Art Prints

BusinessMirror · August 24, 2023 · 2 minute read



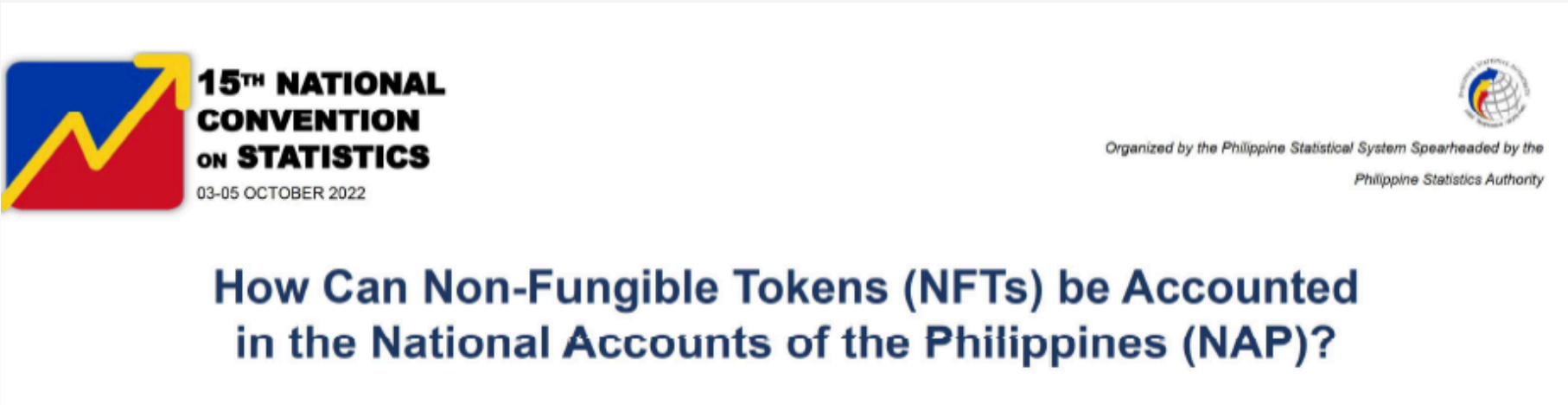
### [Scoop] Filipino Music Icon Ely Buendia's Flaming Lullaby NFT Collection to Launch on PDAX's Mintoo Platform

Discover the Flaming Lullaby NFT collection, a collaboration between Filipino musician Ely Buendia and artist Farrah Carbonell, launching exclusively on PDAX's Mintoo platform.

BitPinas / Apr 10, 2023

## Digital Music

# PHL Initiatives

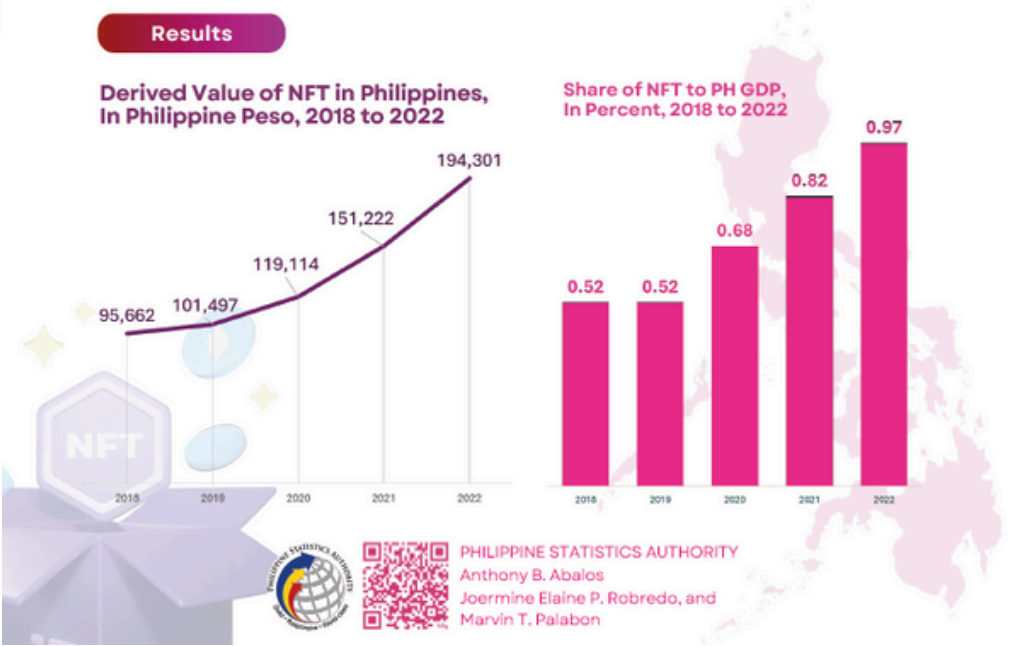


by Mark C. Pascasio, Arline D. Dimafelix, Grant Rene C. Mesa and Marvin T. Palabon

Paper presentation to the 15th National Convention of Statistics, Philippines in 2022

Proposed Valuation of  
**Non-Fungible Token Assets Under Valuables:**  
**The Philippine Experience**

- The research suggests that NFTs have seamlessly integrated into the fabric of Filipino society, emerging as a significant cultural and economic phenomenon. This transformative trend began to gain traction in 2020, coinciding with the challenges posed by the Covid-19 pandemic. The adaptability of NFTs in providing new avenues for artistic expression, digital ownership, and investment opportunities has contributed to their widespread adoption.
- Furthermore, the study showed a remarkable growth of 11.0 percent in 2022 of the NFTs, signifying its continued expansion and influence in the Philippine economy. The resulting estimates reflected the sustained interest and engagement of Filipinos on NFTs, as well as the potential for further innovation and development within the NFT ecosystem.
- The research not only provides projected value of NFTs in the Philippines but also delves into the societal and economic shifts stimulated by the adoption of this technology. The findings underscore the need for policymakers, businesses, and individuals to comprehend the evolving landscape of NFTs and harness their potential for positive impact in the years to come.



Poster presentation to the Economic Statistics Centre of Excellence Conference on Economic Measurement 2024



# PHL Initiatives

## Frequently Asked Questions (FAQs) Non-fungible Tokens (NFTs)

### QUESTION 01

#### What is an NFT?

Non-fungible tokens or NFTs generally represent a class of virtual asset (VA) that differs from traditional cryptocurrencies in that an NFT establishes ownership of a unique asset (digital or physical). This characteristic of "uniqueness" captures the non-fungibility aspect of NFTs. Some of the most commonly used NFTs involve digital arts, music, and in-game tokens.

In contrast, cryptocurrencies such as bitcoin, function in an opposite manner, wherein one person's bitcoin would be identical (in terms of price/value) to another person's bitcoin, providing the interchangeability or fungibility aspect.

### QUESTION 02

#### Does the BSP supervise/regulate NFTs?

While NFTs may broadly fall within the definition of VAs, BSP Circular No. 1108 dated 26 Jan 2021 on Guidelines for Virtual Asset Service Providers, specifically exclude digital units of exchange used as in-game tokens in such regulation. The BSP's attention is positioned on the VASPs that provide consumers with the means to exchange fiat money to cryptocurrency in order to acquire NFTs, as well as the redemption back to fiat money. This is in line with the Financial Action Task Force (FATF) Guidance on a risk-based approach to VAs and Virtual Asset Service Providers.

It is important to note, however, that the use of virtual asset as a form of payment for goods or services may fall within the activities of an Operator of Payment System (OPS), pursuant to BSP Circular No. 1049 dated 09 Sep 2019.

### QUESTION 03

#### What are the risks involved in NFT-based online games?

The growing prevalence of NFT-based online games, specifically play-to-earn games, has given many Filipinos with alternative sources of income and a renewed appreciation for digital services. This is a welcome opportunity for growth and advancement in the country.


On the other hand, we must also be wary of the accompanying risks in dealing with VAs, such as NFTs. The price volatility associated with VAs presents enormous risks which might result in financial loss. Similar to other online activities, there is a heightened risk on cyber fraud and other forms of scams.

### QUESTION 04

#### What should consumers do to protect themselves from such risks?

If you plan to engage in these play-to-earn online games, make sure that you are knowledgeable in the basics of how the game works and more importantly, how to secure your personal information and money.

Moreover, the public should be wary of the accompanying challenges in enforcing legal recourse against companies registered and operating outside the Philippines.



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BANGKO SENTRAL NG PILIPINAS

Primer on NFTs from the Bangko Sentral ng Pilipinas

## Despite Bear Market, A ₱140B Growth in NFT Industry is Expected – Report

By Shiela Bertillo 2022-12-23



Projection of NFT Growth in PHL



# PHL Initiatives

## Treatment of Crypto Assets in Macroeconomic Statistics<sup>1</sup>

*Despite compilers' increasing need for advice, there has been no formal guidance on the statistical treatment of crypto assets. Neither accounting nor regulatory standards provide clear guidance either. At present, Bitcoin-like crypto assets do not meet the definition of a financial asset—and hence currency—in macroeconomic statistics. This paper presents an overview of crypto assets and provides guidance on the classification for their treatment in macroeconomic statistics based on the current statistical standards and classifications. Bitcoin-like crypto assets and digital tokens without counterpart liabilities should be classified as produced nonfinancial assets as a distinct sub-category under valuables. Other crypto assets with characteristics similar to those of more standard financial instruments should be classified according to current guidelines. While this guidance for dealing with crypto assets is consistent with the current statistical standards, the development and use of crypto assets need to continue being closely monitored and these recommendations may need to be revisited if conditions substantially change in the future.*

## Treatment of Crypto Assets in Macroeconomic Statistics (IMF, 2019).

SNA/M1.20/5.4

**14<sup>th</sup> Meeting of the Advisory Expert Group on National Accounts,  
5-9 October 2020, Virtual Meeting**

**Agenda item: 5.4**

**The recording of crypto assets**

14th Meeting of the Advisory Expert Group on  
National Accounts

## F.18 The Recording of Crypto Assets in Macroeconomic Statistics<sup>1</sup>

*This guidance note (GN) discusses the recording of crypto assets in macroeconomic statistics. It presents a classification of crypto assets into three broad categories, explaining that all of these meet the asset boundary. Regarding their classification, there is consensus that those with a corresponding liability should be recorded as financial assets, but no consensus has yet been reached on the recording of crypto assets without a corresponding liability designed to act as a general medium of exchange and those designed to act as medium of exchange within a platform only. The GN presents four recording options for these specific types of crypto assets with their pros and cons. The GN recommends that countries start collecting and sharing the necessary data to measure the transactions and stocks of these assets and to compile related statistics.*

### SECTION I: THE ISSUE

#### BACKGROUND

1. **Recent years have seen a significant proliferation in the number and types of crypto assets.** There is no universal or consistent taxonomy yet, and guidance on how to record them in macroeconomic statistics is still largely absent. For that reason, the IMF and the OECD started to explore the statistical measurement of crypto assets in 2018. Discussions took place at the meetings of the IMF's Committee on Balance of Payments Statistics (Committee),<sup>2</sup> the OECD Working Party on Financial Statistics (WPFS),<sup>3</sup> and the Advisory Expert Group (AEG) on National Accounts, feeding into interim guidance on the recording of crypto assets in macroeconomic statistics. This has been reflected in an IMF paper that was published in 2019.<sup>4</sup> To address some pending questions and in response to the constant emergence of new types of crypto assets, the OECD further explored the issue and came up with updated proposals in 2020.<sup>5</sup>

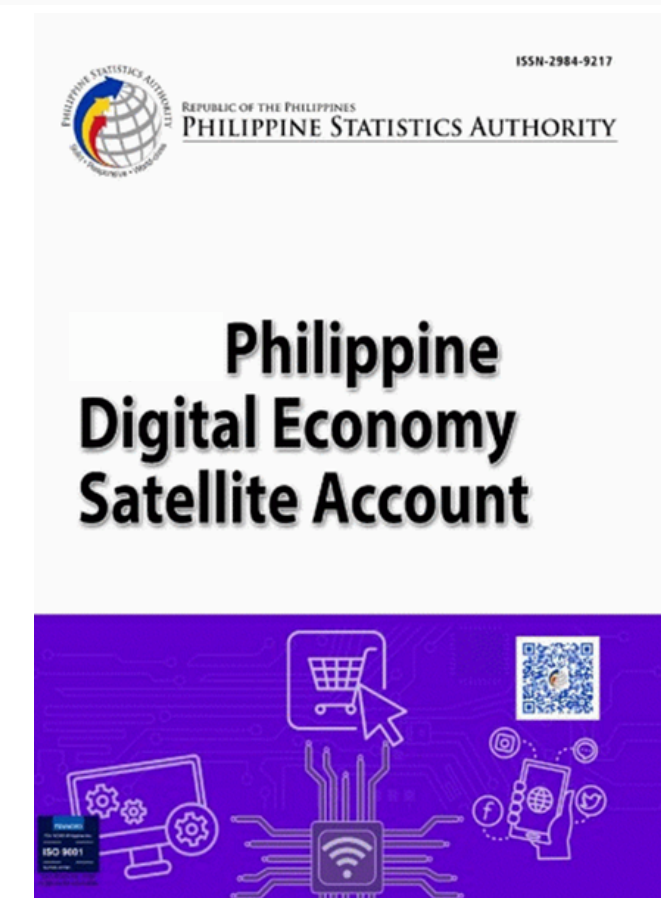
## F.18 The Recording of Crypto Assets in Macroeconomic Statistics (UNSD, 2020).



# PHL Initiatives

## Philippine Statistics Authority

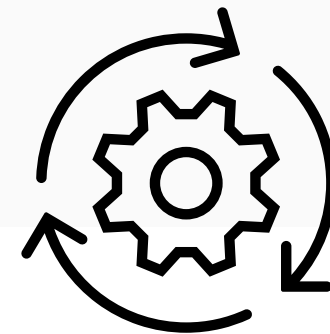
- Supply and Use Table (SUT)
- National Accounts of the Philippines
- Philippine Digital Economy Satellite Accounts



Reference: Abalos, Palabon, Robredo (PSA, 2024)

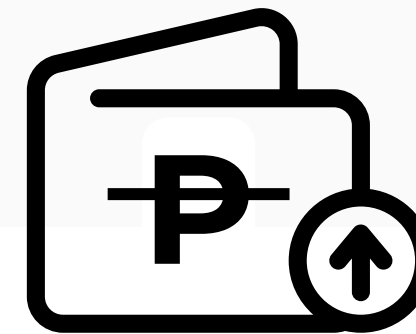
# PHL Initiatives

Gross Domestic Product:



## PRODUCTION

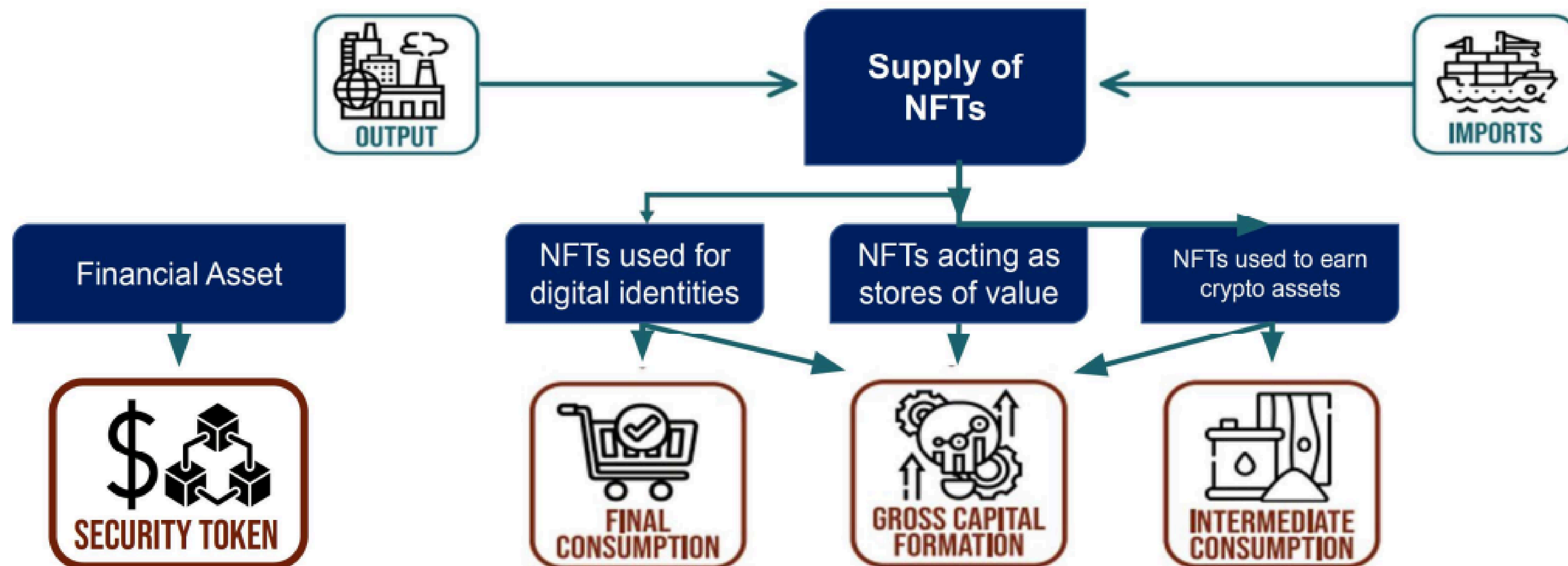
Identifying which industries produce NFTs and other digital assets



## EXPENDITURE

Classifying NFTs according to its ownership rights and purpose of holding

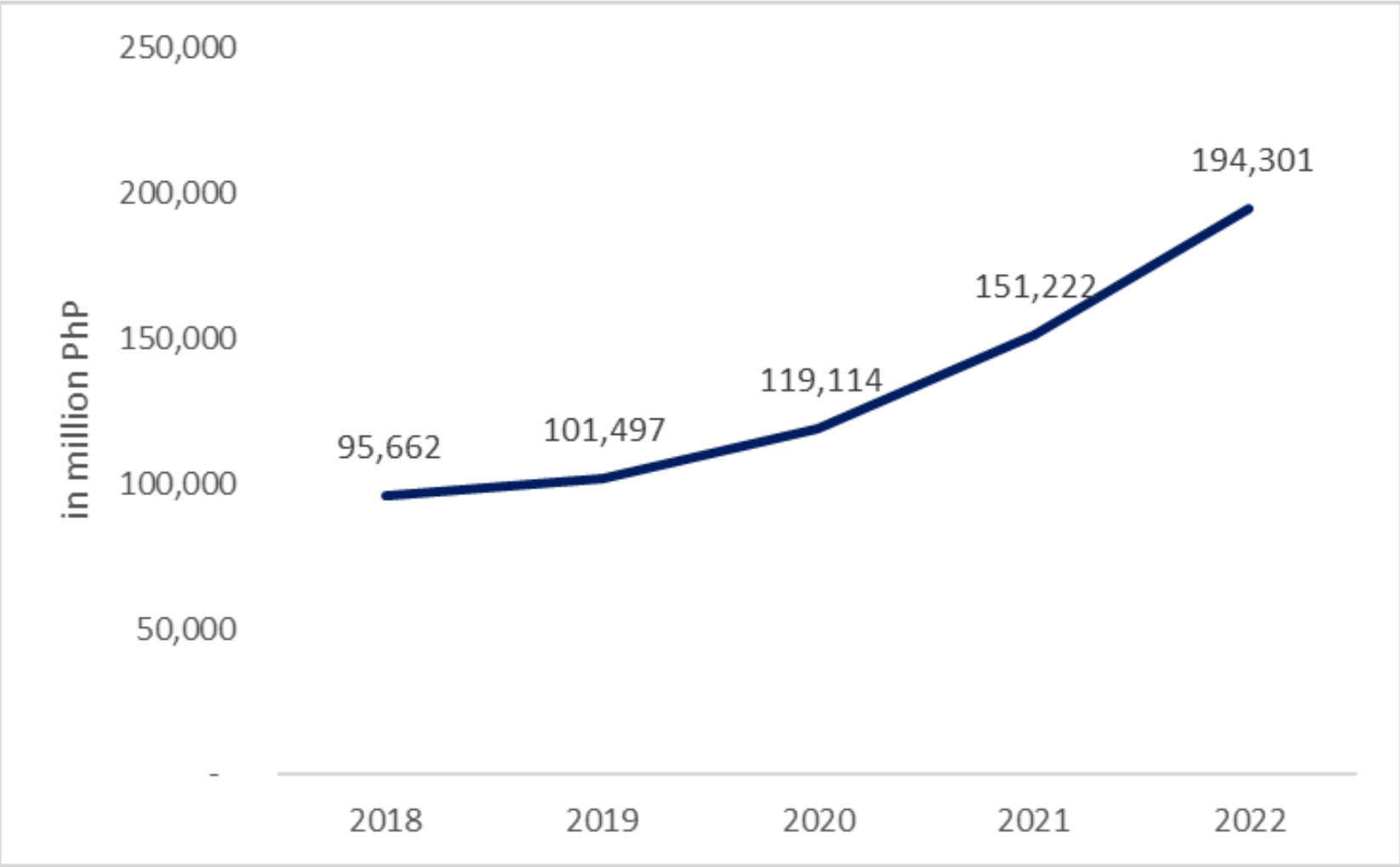
# PHL Initiatives



Reference: Pascasio, Dimafelix, Mesa, Palabon (PSA, 2022)

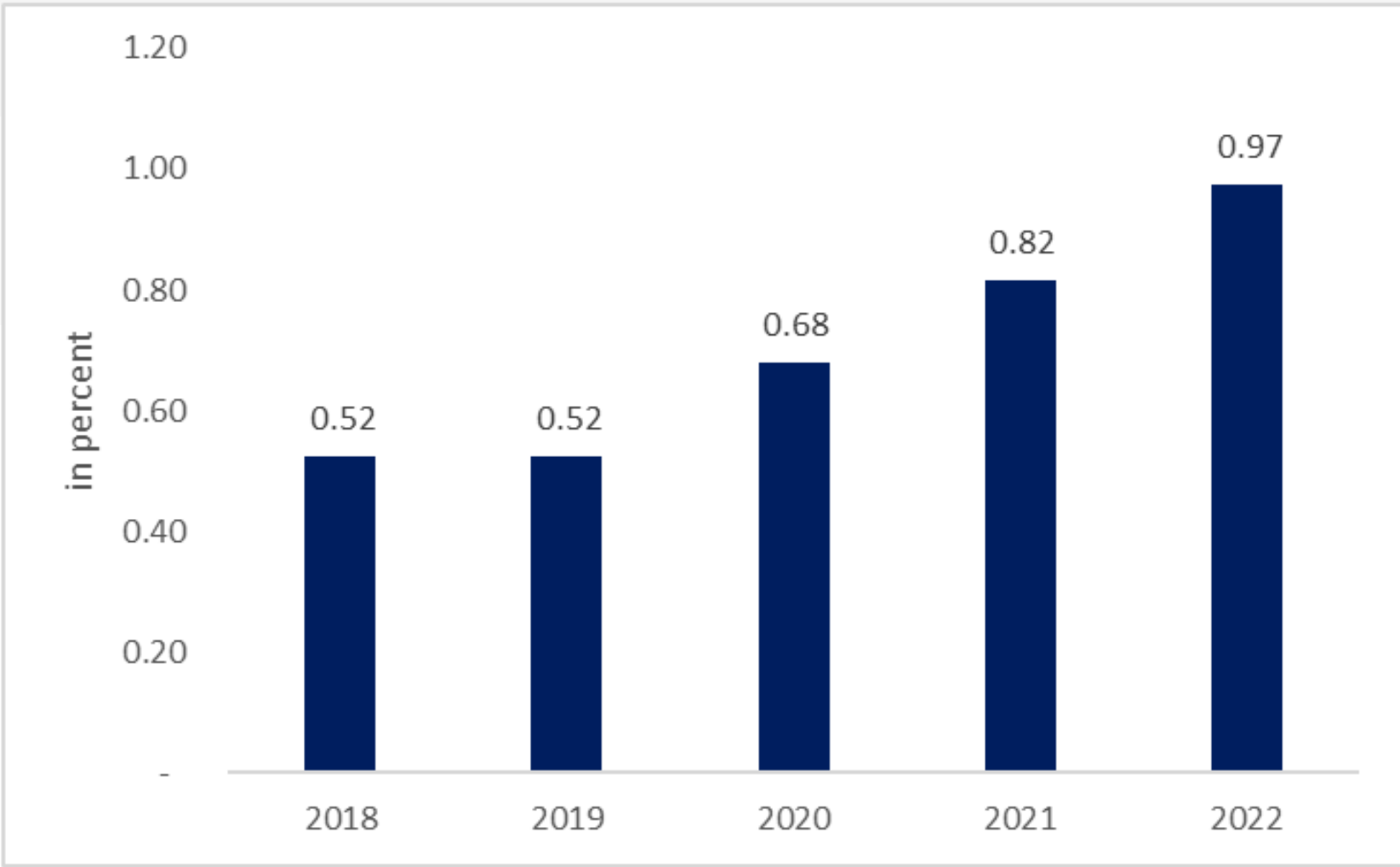
# PHL Initiatives

Derived Value of NFTs in the Philippines



Reference: Abalos, Palabon, Robredo (PSA, 2024)

Percent Share of NFT to GDP





# Compilation Issues

Cryptocurrencies and NFTs are not yet included in the National Accounts of the Philippines.

- Availability and accessibility of data
- Lack of indicators on final consumption and capital formation
- Inter-agency collaboration
- Who is monitoring cryptocurrencies and transactions using it?
- Which country can serve as baseline?

# Conclusion

- As economies become increasingly digitized, it is essential for economic indicators like GDP to evolve correspondingly.
- Adoption of a comprehensive valuation framework for NFTs can enhance our understanding of the economy's impact on traditional economic measures and inform policymakers, economists, and stakeholders alike.
- There are a lot of challenges in measuring of/accounting for NFTs.

# Future Directions

## Adoption of 2025 SNA recommendations:

### Classification:

- No ownership rights and only allow for personal use of another asset or product
- Limited ownership rights, beyond personal use for another asset or product
- Full ownership rights for another asset or product

*(SNA 2025, para 22.39)*

# Future Directions

## Adoption of 2025 SNA recommendations:

- Assessment on how to address measurement challenges
- Institutionalization of estimation of NFTs



# Future Directions

## Exploration of other available data sources:

1. Philippine Statistics Authority
  - Census of Philippine Business and Industry (CPBI)
  - Annual Survey of Philippine Business and Industry (ASPBI)
  - Input-Output Survey of Philippine Business and Industry
  - Family Income and Expenditure Survey
  - Philippine Creative Economy Satellite Accounts
2. Administrative Data
3. Big Data

# Future Directions

## Exploration of other valuation approaches:

1. Supply and Demand Approach
2. Institutional Sector Approach
3. Thematic Approach

# Future Directions

## Collaboration and capacity-building

- Collaborate with individuals, associations, marketplaces, and financial institutions
- Establish a technical working group on digital assets
- Continue to actively participate and be involved in various local and international engagements



# Thank you

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