FINEX

FINANCIAL EXECUTIVES INSTITUTE OF THE PHILIPPINES

CATALYZING CONFIDENCE: GOVERNANCE, CAPITAL MARKETS, AND AI

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FINEX DIGEST

Q2 2026

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Editor's Note

Catalyzing Confidence: Governance, Capital Markets, and AI

by Ian Rey Fernandez

In an era defined by rapid technological transformation and shifting global dynamics, the intersection of robust governance, resilient capital markets, and artificial intelligence serves as the ultimate bedrock for sustainable growth. As AI continues to reshape operational frameworks and financial ecosystems, establishing transparent regulatory standards and well-governed market structures is paramount to fostering long-term trust.

By harmonizing cutting-edge innovation with strong institutional integrity, organizations and investors alike can navigate market complexities with clarity, unlocking new avenues for capital flow and strategic development.

"Catalyzing Confidence: Governance, Capital Markets, and AI" explores how these three pivotal pillars converge to mitigate systemic risk, empower ethical decision-making, and drive unwavering market certainty into the future.

The articles in this issue of the Digest focus on these key topic. We also have special features which will captivate the experiences of what FINEX is and what it means to catalyze confidence in our members.

Firstly, A story about triumph and journey to oneself with Atty. Euney Mata-Perez in her time in London for a marathon and what she learned and experienced.

Lastly, we included a feature during the FINEX Partners & Sponsors Night that showcases the an evening of Music, Appreciation, and joyful fellowship with everyone.

MY LONDON MARATHON JOURNEY

A Q2 Digest Special Feature by Atty. Euney Mata-Perez

After having ran on the average of 10 kilometers (k) only since I started running when I turned 50, I decided to aim for a marathon shortly before I turned 60.

I aimed for the New York marathon, but couldn't get a slot. Thus, in 2025, I joined The Bull Runner (TBR) marathon, the inclusive marathon for first timers in Manila.

I got a coach and trained for a year, a period longer than the usual trainings for marathon.

I did survive the TBR and clocked decently and was able to run my first marathon at 60.

Entering an international marathon was still elusive though. However, I was able to get a slot for 2026 London Marathon through my elite-runner friend from Texas, USA, Maria Dofiles-Wicker, who was invited to run the marathon by the London running club. After getting the slot, I on boarded my coach, Miguel Lopez, again.

Since I ran my first marathon at 60, it took time and a village for me to prepare. Aside from getting a running coach, I went back to the gym and got a strength and conditioning trainer. I also went to see a physical therapist, who helped release my muscles especially when the trainings became so intensive.

There are no short cuts to train for marathons.I had to run at least three times a week, with a longer run on weekends. I had to do some speed drills to improve my speed. I joined runs, at progressive distances, before the marathon since I performed better in organized runs.Expectedly, as my training progressed, I ran better.

I was also careful with my diet, making sure I ate protein before and after runs, among others.

London

Going to London for the marathon both excited me and made me anxious.

Two months before the marathon, the war in Iran broke out. Thus, we had to change to an Asian airline (China Southern Airlines) to avoid going through Dubai in the middle east.

MY LONDON MARATHON JOURNEY

In Guangzhou, we missed our connecting flight because of a very-delayed Manila leg and had to stay in China for an additional 12 hours. Thus, we arrived only two days before the Marathon, and I didn't have time to get over my jet lag. (Lesson learned: leave early enough).

In London, it helped greatly though that I was with a group of runners (elite at that), courtesy of Maria who was so excited to see me (it was the first time we saw each other since our college days in the University of San Carlos) and introduced me to her friends.

The Marathon

London marathon was one great party. It also broke world records. A total 60,512 runners started and exactly 59,830 finished, thereby registering a world record.Sabastian Sawe from Kenya also became the first man in history to complete a marathon in under two hours. (1:59:30)

But what most impressed me were the people—whether they be runners or cheerers. I was also so impressed with the organizers.

People were cheering at both side of the streets the entire stretch. I then realized that the London Marathon was more of a local event than an international one. It was a big deal for the Londoners; it was a way for them to raise funds for their favorite charities; it was a way for them to find purpose and meaning. It was reported that a record-breaking £87.5 million was raised for charities in that marathon.

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Our starting point was Greenwich Park in Greenwich, an affluent district located in south-east of London, and world renowned as home of global time (Greenwich Mean Time). Going there, we rode trains which were made free for all runners that morning.

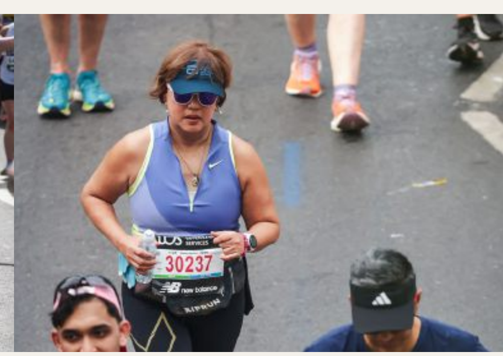
The runners had multiple color-coded starting points and times. My waive was no. 12 and was to start around 10:45. Since my entry was a community entry, I was with many locals who ran for charities. Some runners were in wheelchairs; some were visually impaired or with hearing disabilities. It was so inspiring to be with them.

We ran through London's scenic landmarks--Cutty Sark, Tower Bridge, Big Ben, Canary Wharf and the Embankment for the final miles and emotional moments. The finish line was right in front of the Buckingham Palace. Since we arrived only two days before the marathon, we did not have time to see London before that. Thus, I saw London for the first time on foot, while running the marathon.(It was our first time in London).

By my standards, I did well in the first 30kms, registered personal records for the 21k and 30k segments. Deliberately, I paced myself so as to avoid fatigue, but unavoidably, fatigue set in. My jet lag (I woke up 2 a.m. and couldn't go back to sleep) took a toll. The last 12 kilometers became a huge challenge. So, I had to strategize to I finish and went on endurance mode. I pushed myself to run 3 minutes and walk 1 minute for the last 10k.

I cannot help but cry when I saw my daughter shouting my name at kilometer 42 (yes, because for some reason, I ran an extra kilometer and finished at 43k). The last kilometer was also an ordeal, but seeing the Buckingham Palace and the finish line was exhilarating. Of course, I cried again as I crossed the finish line. It dawned on me—I just become an international marathon runner at the age of 61.

Without doubt, with determination and the grace of God, many things are possible.



FINEX PARTNERS AND SPONSORS NIGHT 2026

An Evening of Music and Appreciation

A Q2 Digest Special Feature by Ma. Teresa Roxas Tan

"Where words fail, music speaks."

The often-quoted line attributed to Hans Christian Andersen rang especially true on 17 July 2026, when the Financial Executives Institute of the Philippines (FINEX) gathered its partners, sponsors, and distinguished guests for the FINEX Partners and Sponsors Night at Manila Pianos, Ronac Lifestyle Center, Magallanes, Makati City.

Also in attendance were members of FINEX Cebu who were in Manila for the annual Joint General Membership Meeting. FINEX Director Domingo "Domeng" Go, Liaison Director for both the Partnerships Committee and the Arts and Culture Committee, welcomed the guests and expressed FINEX's appreciation for the partners and sponsors whose steadfast support has helped sustain the organization through the years.

He underscored the value of relationships that foster collaboration and make meaningful progress possible. For the rest of the evening, the spoken word gracefully gave way to music. Two accomplished artists presented a spirited program of Broadway classics, beloved Filipino compositions, and operatic favorites, accompanied by pianist and collaborating artist Mariel Ilusorio.

The concert opened with soprano Stefanie Quintin Avila and tenor Ervin Lumauag performing "Tonight," the soaring ode to young love from West Side Story.

Other Broadway favorites followed, including "If I Loved You" from Carousel, setting a warm and engaging tone for the evening.

The program then turned to Filipino music, stirring nostalgia with "Naku, Kenkoy!," "Kalesa," and "Pamaypay ng Maynila."

The latter evoked the fan's once-familiar language of courtship—a graceful symbol capable of expressing an entire range of emotions in an earlier era of Filipino life.

Operatic favorites brought the concert to a stirring close, among them the timeless and evocative “Nessun dorma”. As the artists performed “Libiamo Ne’ Lieti Calici”, popularly known as “The Drinking Song”, wine was poured and FINEX President Carlo Lazatin raised his glass in a toast to enduring friendships and business partnerships.

After the closing remarks delivered by Partnerships Committee Chair Jennifer Umali, a dinner buffet followed, capping a memorable celebration in which music—eloquent, evocative, and universal—became the language of gratitude and fellowship.

The evening was made exceptional by the artistry of its performers. Soprano Stefanie Quintin Avila has been praised by The Straits Times for possessing a voice of “remarkable flexibility” and a “truly commanding musical presence.”

She has performed at festivals in Taiwan, Italy, Singapore, and Vietnam – establishing herself as a leading voice in Southeast Asia’s classical music landscape and widely praised for her performances of challenging contemporary pieces.

A graduate of both the University of the Philippines and the University of California San Diego, she has been a recipient of various awards from organizations in the Philippines and the United States, including top prizes from several vocal competitions.

Tenor Ervin Lumauag is a proud alumnus of the Philippine Madrigal Singers. A sought after soloist, he has frequently appeared with the UP Symphony Orchestra in major choral works, including Puccini’s Messa di Gloria.

A graduate of the University of the Philippines College of Music, he qualified for the 6th Seoul International Music Competition in April 2010 in Seoul, Korea. He was given the Encouragement Award in the 7th Bangkok Opera ASEAN International Singing Competition 2015 and had performed with the Siam Sinfonietta in Bangkok, Thailand.

Internationally acclaimed pianist Mariel Ilusorio trained at The Juilliard School, the Oberlin Conservatory of Music in Ohio, and the State Academy of Music in Hannover, Germany.

She has appeared as a soloist with the Manila Symphony Orchestra and the Philippine Philharmonic Orchestra, and teaches privately and part-time at St. Scholastica’s College School of Music, the University of Santo Tomas Conservatory of Music, Pamantasan ng Lungsod ng Maynila, and the Philippine High School for the Arts.

FINEX extends its deepest gratitude to these gifted musicians for sharing their artistry and making the evening truly unforgettable. We look forward to the privilege of hearing them perform again in the near future.

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CATALYZING CONFIDENCE:

GOVERNANCE

CAPITAL MARKETS

AI

ENHANCING CORPORATE GOVERNANCE AGAINST CORRUPTION

by: Joseph Albert Gamboa

While corporate fraud cases often begin with an insider speaking up, we still lack a comprehensive whistleblower protection law for private sector employees—leaving them vulnerable to retaliation.

Every corporate fraud investigation begins the same way: someone inside the organization decides to say something—neither a regulator nor an outside auditor but an employee with access to the records, who concludes that staying quiet is not possible anymore. In nearly every documented case of major corporate misconduct, insiders are the most important figures in the chain from fraud to accountability. They are also the first to pay a price for blowing the whistle.

The Philippines has made some progress in protecting insiders who belong to the banking and finance sector. For instance, our Financial Products and Services Consumer Protection law includes reporting provisions while the Anti-Money Laundering Act has its own disclosure framework.

But there is still no stand-alone, comprehensive whistleblower protection law covering private sector employees who report financial misconduct within their own organizations.

This gap is consequential, and a case currently before the Securities and Exchange Commission (SEC) illustrates what it looks like in practice. In November 2025, Vibal Group Inc. (VGI) CEO Maria Kristine E. Mandigma filed a verified fraud complaint with the corporate watchdog alleging a scheme involving fictitious supplier invoices recorded over more than a decade in the company's books. The SEC has since ordered the three respondents who hold majority shares to respond to the allegations.

But before the SEC proceeding could move forward, Mandigma was removed as CEO. She filed an illegal dismissal case with the National Labor Relations Commission (NLRC), which ruled in January 2026 that the dismissal was illegal and ordered her immediate reinstatement. To enforce this, NLRC Labor Arbiter Raul M. Luna issued a writ of execution last month. However, VGI denied that it illegally terminated Mandigma and challenged the validity of a compromise agreement reinstating her.

Setting aside the specific merits of this case, the sequence it describes is familiar to anyone who has studied how internal reporting tends to unfold in organizations where the people being reported also hold controlling positions: removal from position, denial of access, and then litigation.

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Each is individually defensible as a legitimate corporate or legal action, but when combined, they can constitute a sustained campaign against the person who filed the original report.

A whistleblower protection law does not predetermine any outcome. It does not declare the reporter right and the reported wrong. Instead it keeps the reporter in a position to participate in the proceeding: employed, protected from retaliatory dismissal, and shielded from counter-complaints. Without this law, the calculation facing anyone who finds evidence of potential misconduct tilts sharply toward silence. The country's legislators can change that calculation, and the VGI case—whatever its eventual resolution—is a useful argument for why it should be passed into law.

Although the SEC continues to improve its policies for the protection of whistleblowers in line with the Asean's efforts to strengthen corporate governance and transparency, the lack of a corporate whistleblowers protection law underscores the need for stronger legal safeguards to encourage accountability in the private sector.

Regional growth center

Philippine real estate is undergoing a fundamental change: it is no longer defined by the binary of urban core versus suburban periphery. Thus, we are witnessing the emergence of polycentric economic engines that have reshaped the country's property landscape.

Cavite, in particular, has evolved from a dormitory province into a self-sustaining conurbation.

This shift is not merely about housing—but also the convergence of industry, infrastructure, and strategic foresight. With Metro Manila approaching peak density, the mid-level market is migrating toward Cavite's burgeoning corridors. These areas are not just residential escapes; they are hubs of commerce and innovation, driven by over 30 special economic zones that anchor local economies and provide high-value and stable employment.

Beyond connectivity, we are seeing the rise of master-planned townships such as those being built by Endura Land Development Corp. Established in 2010, this Cavite-based developer focuses on boutique communities that integrate expansive open spaces with smart-home technology and essential services. To date, Endura Land has created four residential neighborhoods that house more than 10,000 residents in its steadfast belief that every Filipino deserves to have a dream home.

Endura Land's recent turnover of home units to pioneer owners at the Menarra community in Dasmariñas City serves as a tangible proof of concept: that architectural sensibilities can coexist with the practical needs of the modern Filipino family. Transitioning to polycentric living bridges the gap between forward-looking design and metropolitan convenience, effectively creating next-generation cities in the emerging regions outside the capital.

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RESTORING INVESTOR CONFIDENCE THROUGH CREDIBLE GOVERNANCE

by: Joseph Albert Gamboa

The Financial Executives Institute of the Philippines (FINEX) has called on the Senate to demonstrate credibility by strictly adhering to its existing rules and established procedures at a time when public confidence in institutions remains fragile. This came after the 11-member minority bloc staged a walkout last week after heated debates regarding Sen. Rodante D. Marcoleta's proposal to allow remote voting during sessions via video conferencing.

"Physical presence and direct participation in Senate proceedings remain important elements of accountability and transparency. The Senate plays a critical constitutional role that benefits from in-person debate, active engagement, and visible participation by its members," the Finex statement emphasized.

Political uncertainty unsettles markets especially now when inflation is high and economic growth is weak. There is a concept in corporate governance that institutional investors refer to as political risk premium—the additional return that foreign capital requires to park itself in a market where the rules of the game are uncertain, oversight bodies are unreliable, and the enforcement of accountability depends on who is in power rather than the integrity of the system itself.

Our economy has carried this premium for most of its modern history. It shows up in equity discount rates, bond spreads, and in the quiet but consequential decisions made in boardrooms across global financial hubs about whether the Philippine market justifies the investment exposure. Credible governance is therefore a precondition of economic performance.

Since the new majority in the Senate assumed power on May 11, it has done two things that matter institutionally. First was to start the impeachment court proceedings forthwith, followed by the creation of a dedicated subcommittee to investigate decades of flood control spending—with a stated commitment to an inquiry free of protected interests.

To give the 13-member ruling bloc the benefit of the doubt, these twin moves are governance signals that carry implications beyond their immediate physical context. A legislative body that functions by holding hearings that produce findings and enforces accountability through proper constitutional channels is a positive governance signal for the country's institutional rating.

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RESTORING INVESTOR CONFIDENCE THROUGH CREDIBLE GOVERNANCE

An impartial Senate investigation into flood control spending that results in credible findings—regardless of which administration is implicated—could definitely send a message that the Philippine government's self-correcting mechanisms are functioning. The impeachment trial adds a separate but related dimension: if the Senate manages the proceedings with procedural clarity, it reduces political uncertainty even if the outcome is contested.

However, another polarizing event happened when all members of the Senate majority were absent from the June 1 session—thus preventing a quorum and effectively shutting down the upper chamber's operations on that date. Based on media reports, the immediate trigger for the no-show was the arrest and surrender of Sen. Jinggoy Estrada on plunder charges related to the flood control controversy.

The Senate has all the authority to try the VP. Because it has three distinct functions: (1) to legislate new laws, (2) to impeach officials, and (3) to serve as an electoral tribunal to try election cases.

Was that a boycott with a broader political message, or just in retaliation for the minority walkout?

As the two incidents involved one bloc withholding participation that disrupted proceedings, observers have described these as an escalation of Senate brinkmanship rather than a purely procedural dispute.

Both the domestic and foreign business communities are watching the senators intently – not with hostility, but with the kind of patient attention that precedes an investment decision on whether the market has earned its next round of confidence.

Businessmen are less concerned about which political faction wins but are more focused on whether institutions function predictably, transparently, and according to the rule of law.

Ultimately, investors' trust is anchored on institutional stability and the quality of economic governance.

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Originally published in Business Mirror on June 3, 2026

THE ROLE OF CAPITAL MARKETS IN THE ECONOMY

by: Edmund Alan A. Qua Hiansen

When people hear the term "capital markets," they often picture the stock exchange. However, it means more than just securities traders.

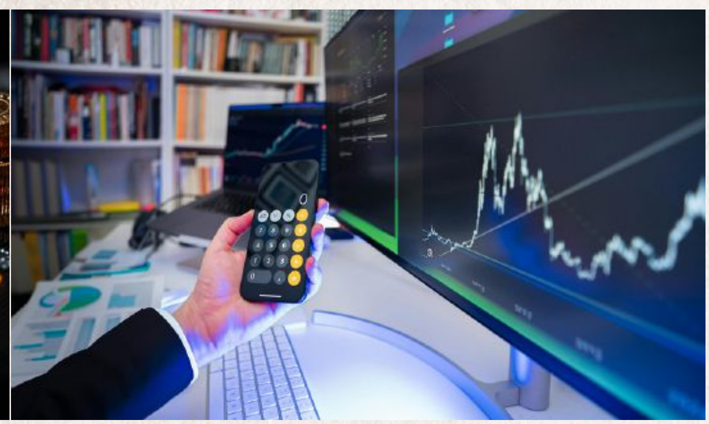
Every new factory, school, hospital, renewable energy project, housing development, or tech startup starts with a key necessity: securing long-term capital.

Capital markets play a vital role in the economy by converting savings into productive investments. They link individuals and institutions with the capital needed for business investments. When functioning efficiently, this process promotes business growth, job creation, faster innovation, and increased economic competitiveness.

The advantages go far beyond companies trying to raise funds. Robust capital markets offer Filipinos increased chances to grow their long-term wealth. They also give investors a wider array of options to diversify their savings and engage in the growth of Philippine businesses.

I am reminded of the quote of the World Bank's former chief economist, Joseph Stiglitz, when he said: "The financial system is the brain of the economy."

A more developed capital market enhances our economy's resilience. Companies that can tap into various long-term financing options are in a stronger position to invest. .



In a developing nation like the Philippines, the role of capital markets is crucial. Achieving steady, inclusive growth depends on significant investments across sectors such as infrastructure, education, healthcare, housing, energy, manufacturing, agriculture, and digital advancement.

Government funding alone cannot meet these needs, so a dynamic capital market is essential to allow private savings to fill the funding gap.

Decreasing dependence on traditional bank loans fosters a more balanced financial system and provides businesses with increased flexibility to focus on long-term growth.

Achieving these benefits depends on a regulatory environment that fosters investment and trust. Investors must have confidence that markets are fair, disclosures are reliable, and regulations are enforced consistently.

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Meanwhile, businesses require smooth channels for capital access, along with strong accountability and investor protections.

Reforms

It is encouraging to see the Securities and Exchange Commission, under Chairman Francis Lim, pursuing reforms to deepen and modernize the Philippine capital markets.

Initiatives to streamline the public offering process, improve access to financing, strengthen investor protection, and enhance regulatory efficiency recognize that capital formation and market integrity are mutually reinforcing. The stronger our markets become, the better positioned our enterprises will be to finance growth and compete regionally.

The private sector plays an equally important role. Recently, the Capital Market Development Foundation Inc. (CMDFI) paid a courtesy call on Lim to express our support for the SEC's reform agenda.

CMDFI, whose leadership includes many former Finex presidents and seasoned capital market practitioners, reaffirmed the private sector's commitment to work with the SEC to strengthen the country's capital markets.

Representatives from FINEX and the Institute of Corporate Directors have likewise participated in these discussions, reflecting a shared recognition that building vibrant capital markets requires collaboration among regulators, issuers, investors, and market intermediaries.

One area where this collaboration can be further strengthened is revitalizing the Capital Markets Development Council (CMDC). The CMDC has long served as an important venue for bringing together government agencies and private sector stakeholders to coordinate initiatives that promote capital market development.

More importantly, it provides an institutional mechanism for implementing the Philippine Capital Market Development Blueprint, monitoring progress against its objectives, identifying implementation gaps, and ensuring that reform efforts remain aligned over the long term.

Revitalizing the council would reinforce the continuity and accountability needed to translate well-crafted policies into measurable outcomes. Developing strong capital markets is not the responsibility of any single institution. It requires sustained collaboration among regulators, policymakers, the business community, professional organizations, and investors.

FINEX and CMDFI stand ready to support the SEC and other stakeholders in advancing reforms that promote responsible capital formation, strengthen governance, broaden investor participation, and make the Philippines a more competitive destination for long-term investment.

Strong capital markets are not an end in themselves. They enable enterprise, innovation, By continuing to strengthen our market institutions and working together toward a common vision, we invest not only in stronger financial markets but also in a stronger, more inclusive Philippine economy.

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Originally published in The Manila Times on
July 24, 2026

CAPITAL MARKET REFORM

by: Santiago F. Dumlao Jr.

The Organization for Economic Co-operation and Development (OECD) has come out in late 2024 with a report on the Philippines's capital market. The findings include that the Philippines ranks low on corporate governance rankings compared to peer countries and its public capital markets are underdeveloped.

In addition, the OECD found there's slow activity and high costs in equity and corporate bond markets in the Philippines. Overall, bank and capital markets financing of non-financial sector are low compared to peer countries, the OECD further wrote.

It's not that we don't know what ails our capital market. We know; and our regulators and financial market practitioners do have proposed solutions. The OECD report, however, is a third-party validation of our market's deficiencies, and prods us to greater urgency.

In response, a volunteer working group of representatives from the Capital Markets Development Foundation Inc. (CMDFI), the Institute of Corporate Directors (ICD), the Financial Executives Institute of the Philippines (FINEX) and the Center for Research and Communications (CRC), has taken the initiative to conduct a round of consultations with major capital market stakeholders to identify actionable reforms.

The Securities and Exchange Commission (SEC) is being kept posted and the results of the consultative should eventually be made part of an updated "Capital Market Development Blueprint" to be prepared by the SEC itself.

The broad major tasks that the OECD report identified include: improving corporate governance; facilitating access to public equity market; increasing stock market liquidity; facilitating market-based long-term financing via corporate bonds; and, deepening investor base.

These major tasks have to be translated to specific projects or undertakings and, more importantly, assigned to particular stakeholders for accomplishment. The focus is on so-called "low-lying fruits" which are more easily doable immediately. The process of consultations ensures that all major stakeholders have been heard and are on board the reform program. Suffice it to say that there has been a commendable agreement of thinking on the urgency for action.

We give attention to the capital market because significantly, it provides the facilities and network for business enterprises and the government to raise long-term funds from investors. Moreover, capital market financing complements and balances the bank financing which presently dominates the financing of businesses.

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Capital raised at the Philippine Stock Exchange (PSE) in 2021 was P234.48 billion, a record high. This year 2026, the amount is a very modest P175 billion (projected).

It is however in and through government securities where the capital market plays a much larger role. The capital market enables the government, through the National Treasury, to do repetitive and recurring fund-raising activities that are so essential to government operations.

Weekly auctions to sell government securities are part of the regular financing of government's revenue shortfalls. For example, national government borrowings in 2026 are budgeted at P2.68 trillion, P2.1 trillion or 78 percent of which represents domestic borrowing through Treasury bonds and bills.

That's the magnitude of funds raised by government from the capital market.

From another perspective, the national government's debt-to-GDP ratio, which is the common metric used to determine a "safe" government debt load, has increased from a low of 39.6 percent (2019) to a high of 65.2 percent (March 2026).

Given this very abbreviated narrative, isn't our capital market and its strengthening worthy of everybody's concern?

(Acknowledgment: This article liberally draws from the "Capital Markets Reform Initiatives" Report of Dr. Vaughn F. Montes to the BSP Governor, March 23, 2026)

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Originally published in Business Mirror on
May 20, 2026

THE DECEPTIVE SIDE OF AI

by: Wilma Inventor-Miranda

We cannot deny this. Artificial Intelligence (AI) has given us so many benefits that it excites me on what more it can offer in the future.

However, there looms a scary possibility of the results of misinformation, deception, cybercrime and even its effect on humanity in terms of learning the right values. Much has been written about AI but I cannot help but write about it because of my own personal experiences.

I learned that popular speakers were being cloned—not only their faces but their voices as well. For instance, I was listening one time to Billy Graham's classic sermons, and I was surprised that he was saying something to the effect that you do not need to be kind to everyone.

I realized that it must be AI perhaps that is cloning him because this does not align with the true teachings of Christianity. And I was right.

THE DECEPTIVE SIDE OF AI

When I visited his actual YouTube channel, there was no such video. Thus, from that time on I became careful to check on the channel to make sure it is authentic and original.

There were examples shared by AOC Network Channel showing different cloned popular preachers saying for instance “what if there is no hell? What if heaven is here now?” Another preacher, Voddie Baucham, was cloned to say, “no hunger for holiness, no love for Christ.” But the preacher is dead, and no such sermons were delivered by him even in the past.

Authors are being cloned too. Oftentimes, the Al books were sold even before the books were released. In Today’s channel in YouTube, Lisa Sun and Jane Friedman are one of the few authors whose books were sold in Amazon. However, they never wrote these books. The problem is when the books were pulled out by Amazon, new AI books by Jane Friedman were again sold in Amazon.

It is important, therefore, that before we believe anything we see in social media, we must be discerning. And we can only discern rightly if we go to the real source. Read the book and material by the real author.

What is scary is when children, teenagers, even Millennials and even adults who are clueless, would not be able to discern and readily believe what they see in social media or even in certain applications.

AI is here to stay. But we need to protect not only ourselves but. more especially, the future generations from being deceived and be victims of proliferation of lies and deceptions.

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Originally published in Business Mirror on April 29, 2026

THE AI BUTTERFLY EFFECT

by: Reynaldo Lugtu Jr.

The conversation around artificial intelligence (AI) in the Philippines often creates the impression that organizations are already far along in their journey. Press releases talk about AI pilots. Executives speak about transformation. Vendors showcase impressive demonstrations. Yet when I recently moderated a roundtable discussion with senior executives from different industries, a simple question revealed a very different reality.

I asked the participants to describe the AI maturity of their organizations using the life cycle of a butterfly. Were they still an egg, a larva, a pupa or a butterfly?

It was a simple, visual analogy that immediately resonated with the group. An egg is an organization just beginning to get acquainted with AI.

A larva is a company experimenting with use cases, eating information, but still building capabilities. A pupa is an organization that has moved beyond experimentation and is restructuring processes, skills and operating models around AI. The butterfly is an enterprise where AI is already embedded in how people work, make decisions, serve customers and create value.

What surprised me was not the diversity of answers. What surprised me was how few organizations considered themselves close to the butterfly stage.

Most executives described their companies as either eggs or larvae. A handful believed they had reached the pupa stage. Nobody confidently claimed to be a butterfly.

These were not small organizations. The participants came from banking, insurance, retail, telecommunications, manufacturing, healthcare, and professional services. Many had ongoing AI projects. Several had invested in AI platforms. Some had already deployed chatbots, copilots, and automation tools.

Yet when the discussion moved beyond technology and into business impact, confidence started to fade.

Many said AI adoption remained limited to a few willing departments, with others saying that employees were experimenting with public AI tools with no formal direction. Some companies had policies in place, but found it hard to translate those into real business value. Several executives said they were still trying to figure out where AI could deliver tangible returns.

The discussion reminded me of a pattern I have observed across many Philippine organizations. We often mistake AI exposure for AI maturity.

Using ChatGPT does not make an organization AI mature. Buying an AI platform does not make a company AI-driven. Running a pilot project does not mean transformation has happened.

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Real maturity begins when AI changes how work gets done.

An egg-stage organization is still discovering what's possible. Leadership discussions are about awareness. Employees are curious, but unsure Governance is absent or a work in progress AI projects are siloed and experimental.

A larva-stage organization is more active. Teams are testing use cases. Employees are in training sessions. Small wins are beginning to emerge. But efforts are still fragmented. Different departments move at different paces. Success depends a lot on a few champions.

Many Philippine organizations currently occupy this stage. There is motion but no common direction. The next step is the pupa stage which is often the most challenging phase. It is here that organizations begin to change processes, structures, and ways of working. AI is no longer a side project. Leaders begin to ask how jobs will change. Workforce development becomes a priority. Governance frameworks are not theoretical anymore; they are operational.

It's uncomfortable during the pupa stage because organizations are changing from the inside. Old practices are challenged. New skills become necessary. Decision-making models begin to change. Only after successfully navigating this stage can an organization become a butterfly.

A butterfly-stage organization doesn't talk about AI all the time because AI has become part of normal business operations. Employees use AI tools in natural ways.

This requires more than just investing in technology.

The first step is leadership commitment. AI cannot be an IT project, it has to be a business priority owned by the whole leadership team. CEOs, business unit heads, HR leaders and operations executives all have crucial roles to play.

The second step is to develop AI literacy across the workforce. You don't need every employee to be a data scientist. But every employee should understand what AI can do, what it cannot do and how it can improve their work.

The third step is selecting business problems before selecting technology. Many organizations start with tools and then search for applications. The better approach is the opposite. First, identify the customer pain points, operational bottlenecks or growth opportunities. The fourth step is governance. Responsible AI practice is increasingly important. Then discover where AI can help. Organizations need clear policies around privacy, security, transparency and accountability.

The fifth step is measurement. Leaders need to move beyond counting pilots and training participants.

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They should measure productivity gains, improvements in customer satisfaction, reductions in costs, revenue growth and risk mitigation.

Most importantly, organizations need patience.

A butterfly does not emerge overnight. Nature does not allow shortcuts, and neither does transformation. Every stage has a purpose.

The egg learns. The larva grows. The pupa transforms. The butterfly flourishes.

The encouraging news from the roundtable was that every executive recognized the opportunity. There was no resistance to AI. There was only an honest acknowledgment that much work remains ahead.

That honesty may be exactly what Philippine organizations need right now. The path to AI maturity starts with understanding where we really are. Only then can we proceed with clarity and purpose.

The good news is that the journey has already begun. The challenge now is making sure we do not remain eggs and larvae for too long.

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Women in Finance and Membership Fellowship Sub-Committee's Wine & Cheese Tasting

FINEX President Carlo Lazatin led the courtesy visit to the Bureau of Internal Revenue (BIR) Commissioner Charlito Martin R. Mendoza

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FINEX Membership Dance Class in Greenbelt 3

Advanced Movie Screening of Power Ballad

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The Ethics and Governance Committee hosted a Validation Workshop

Meet the Industry Captain held at the Spaces Penthouse, World Plaza, BGC. The event featured Mr. Ernest Cu, Chairman of the Board of GCash/Mynt

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FINEX RESEARCH AND DEVELOPMENT FOUNDATION, INC.

JFINEX, in partnership with CFA Society Philippines for the Philippine Junior Finance and Investment Summit

Social Involvement Committee's Partners Appreciation Day

Environment Committee's Clean-up Drive

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Financial Literacy Reaches Guimaras Tourism Communities

Business Education Committee's Financial Education Training Program (FETP) at the Pangasinan Leg with PHINMA University of Pangasinan

50 military personnel from the Joint Special Operations Command (JSOC), Armed Forces of the Philippines (AFP) participated in a Basic Financial Literacy Session

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Social Involvement Committee's Financial Fluency in a Changing World
Hosted by Manila Doctors Hospital

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15th Capital Markets and Fixed Income Securities Course

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