

Global Microscope: PHL Tops Microfinance Regulatory Framework and Practices

The Economist Intelligence Unit's study on *Global microscope on the microfinance business environment 2011* ranks the Philippines at the top, with Pakistan, in *Regulatory Framework and Practices* category globally. This assessment suggests a strong regulatory environment and good possibility for microfinance institutions to enter the industry and operate well.

The Philippines is also number one in regional rankings for East and South Asia; and sixth overall in microfinance business environment rankings. The result is indicative of the strong *Regulatory Framework and Practices* and *Supporting Institutional Framework* of the country. *Stability* was an adjustment factor on the scores of the 55 countries in the study.

Indicators for the assessment are regulation and supervision of microcredit portfolios, formation/operation of non-regulated microcredit institutions, and regulatory and supervisory capacity for microfinance among other gauge in the *Regulatory Framework and Practices* category. *Supporting Institutional Framework* indicators include transparency in pricing and dispute resolution which are principles of client protection, and credit bureaus.

Enhanced Bank Loan Transparency on BSP Circular 730

To enhance transparency of bank loan transaction, the Monetary Board of the Bangko Sentral ng Pilipinas, last July 20, issued Circular No. 730 updating rules implementing the Truth in Lending Act. Subsection X305.5 of Section 1 of the Manual of Regulations for Banks (MORB), in the method of computing interest states that "banks may only charge interest based on the outstanding balance of a loan at the beginning of an interest period".

The Circular also included amendments on information to be disclosed especially to small business/retail/consumer credit. These are the total amount to be financed; finance charges expressed in terms of pesos and centavos; net proceeds of the loan; and the percentage that the finance charge bears to the total amount to be financed. These improvements will take effect on July 1, 2012. For complete details on Circular 730, please go to <http://www.bsp.gov.ph/regulations/regulations.asp?type=1&id=2772>

Congratulations on your 25th year, KMBI!

SP Fund Workshop Kicks Off

Sixteen representatives of microfinance associations from China, India, Nepal and the Philippines attended the Social Performance Start-up Fund (or SP Fund) Kick-off Workshop last October 6-14 at the Legend Villas, Mandaluyong City.



The participants are grantees under the SP Fund—a global facility that provides technical and financial assistance to country level and regional microfinance networks whose activities are geared towards Social Performance.

The pilot workshop, organized in partnership between the MicroFinance Center (MFC) based in Poland and the Microfinance Council of the Philippines, Inc. (MCPI), had two parts: a study tour and the Training of Trainers (ToT). For the tour, the attendees visited Ahon sa Hirap, Inc. (ASHI), where they learned from its experience as a microfinance institution that has successfully integrated social performance management into their day-to-day operations. They were also able to glean knowledge from the practices of MCPI as an advance network in terms of SPM. The ToT was a capacity-building exercise aimed at enhancing the ability of the grantees to work with their members for strengthening social performance management practices; its integration in the operations; and SP standard reporting.

The workshop was facilitated by Volodymyr Tounytsky, Lalaine Joyas, Ewa Bankowska and Kinga Dabrowska.

The second workshop will be on November 24-December 2, 2011.