



Realizing the Sustainable Development Goals
through Microfinance
Thursday, 28 July 2016
Bangko Sentral ng Pilipinas

Accelerating Financial Inclusion Through FinTech



Lito Villanueva
CEO

“In the context of financial inclusion, fintech holds boundless potential. As new tools and technologies are developed, and old business models are challenged, financial services can be provided with greater speed, accountability, and efficiency.”

ACCION



JAN
2016

THE PHILIPPINES

A SNAPSHOT OF THE COUNTRY'S KEY DIGITAL STATISTICAL INDICATORS



TOTAL
POPULATION



**101.5
MILLION**

URBANISATION: 44%

PHILIPPINE POPULATION GROWTH RATE (2010-2015)
SOURCE: UN, U.S. CENSUS BUREAU

ACTIVE
INTERNET USERS



**47.13
MILLION**

PENETRATION: 46%

PHILIPPINE INTERNET PENETRATION RATE
(2010-2015) SOURCE: INTERNET WORLD STATS

ACTIVE SOCIAL
MEDIA USERS



**48.00
MILLION**

PENETRATION: 47%

PHILIPPINE ACTIVE SOCIAL MEDIA USERS
AS A PERCENTAGE OF THE TOTAL POPULATION
(2010-2015) SOURCE: SOCIAL MEDIA INTELLIGENCE

MOBILE
CONNECTIONS



**119.2
MILLION**

vs POPULATION: 117%

PHILIPPINE MOBILE PHONE PENETRATION RATE
(2010-2015) SOURCE: G.S.M.A. INTELLIGENCE

ACTIVE MOBILE
SOCIAL USERS



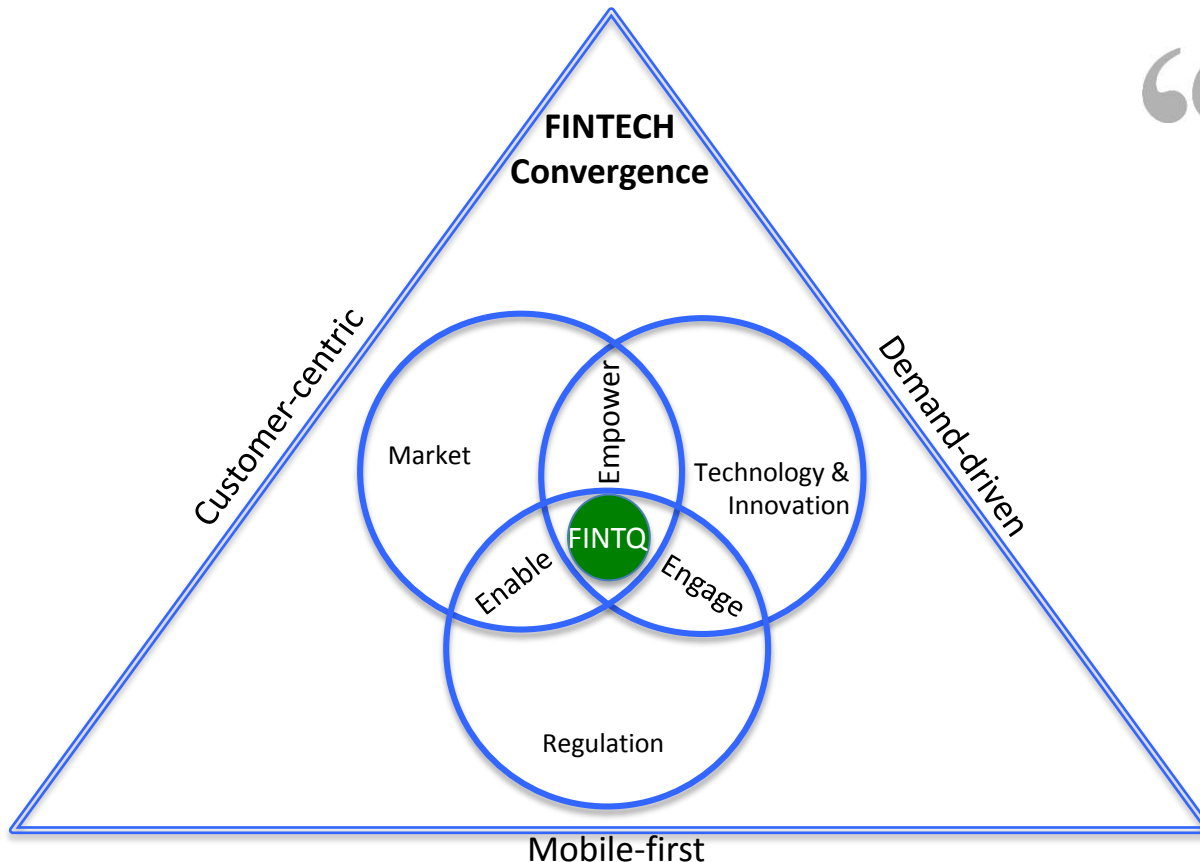
**41.00
MILLION**

PENETRATION: 40%

PHILIPPINE ACTIVE MOBILE SOCIAL MEDIA
USERS AS A PERCENTAGE OF THE TOTAL
POPULATION (2010-2015) SOURCE: SOCIAL
MEDIA INTELLIGENCE

FINTQ's proposition

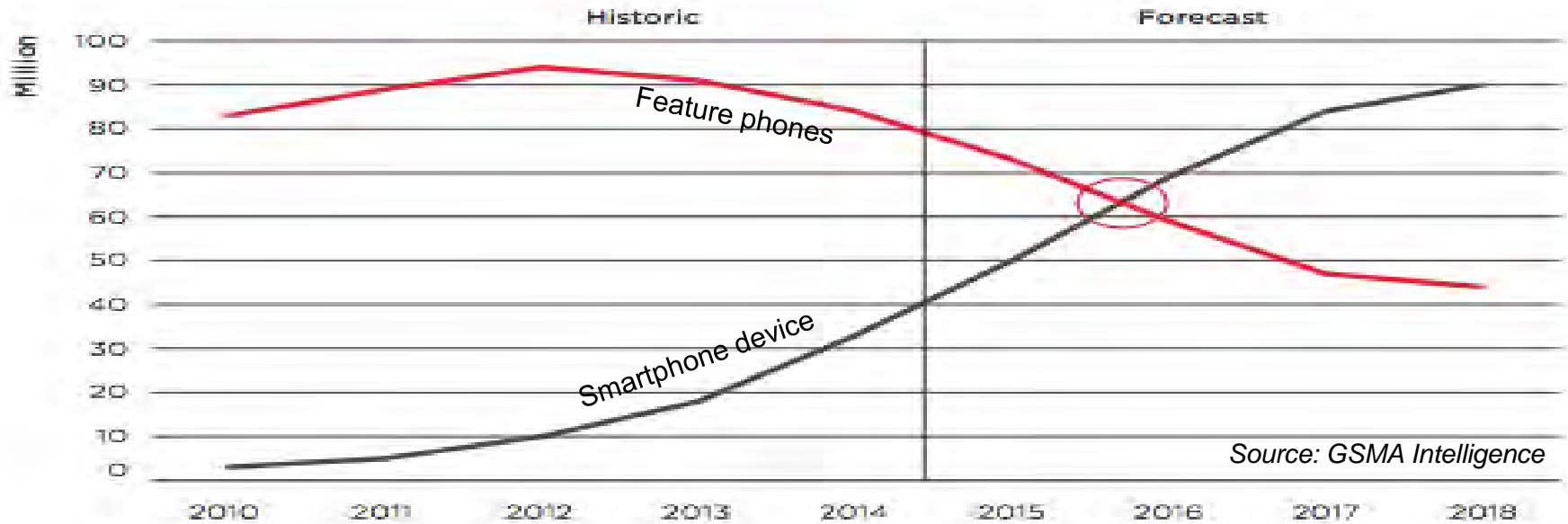
For us, FinTech is NOT about “disrupting” banks; it is about enabling partners to promote cost and service efficiencies, engaging regulators on emerging digital landscape, and empowering consumers via frictionless experience leveraging on the ubiquity of mobile.



“ The National Retail Payments System envisions a robust and interoperable payment system that enables efficient and cost effective digital transactions. **Lendr** is an initiative that supports this vision by providing a platform for people to link with their financial providers in a convenient manner regardless of time and location. ”

Nestor A. Espenilla, Jr.
*Deputy Governor
Bangko Sentral ng Pilipinas*

Smartphones will start driving bank growth as it becomes the primary banking channel by 2017



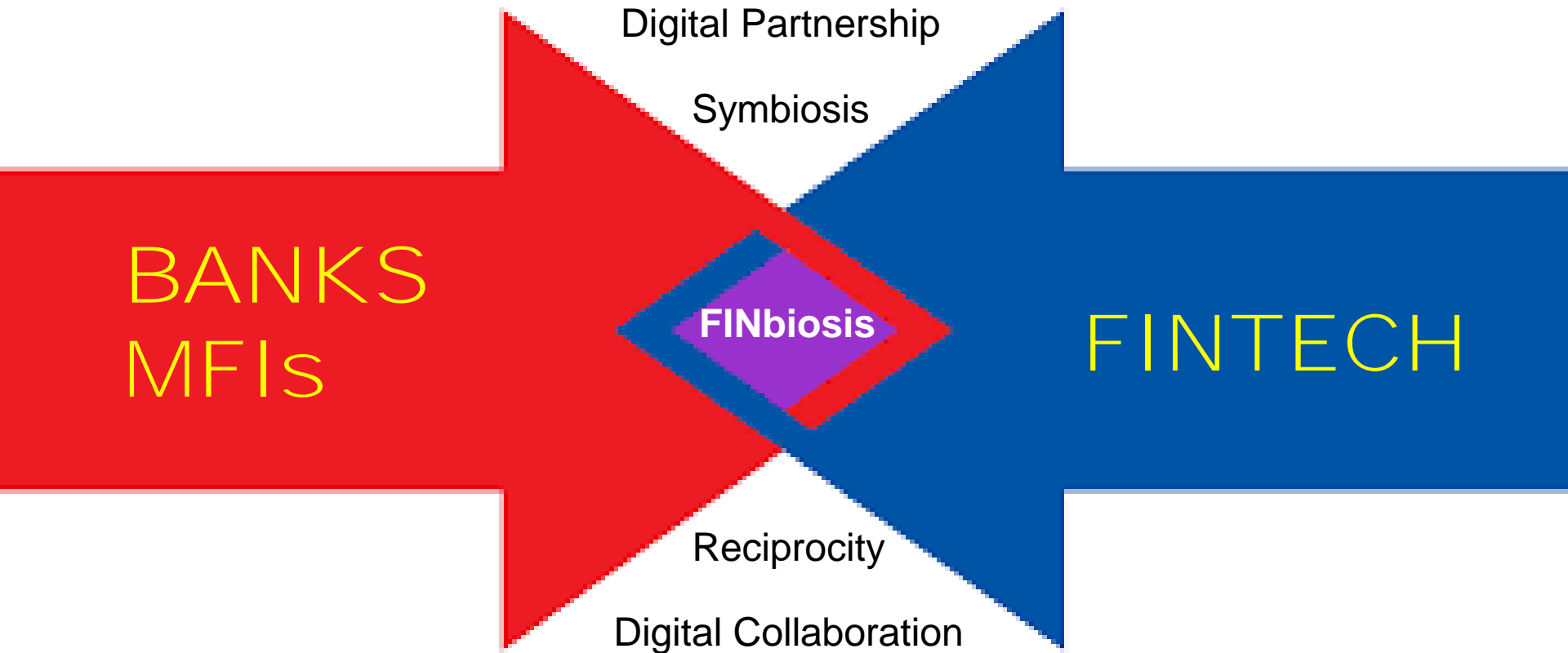
- Digitization can enhance the banking system's returns on asset by 0.3-0.4%, which can translate into potential reduction of interest rates for borrowers by 1-1.5%.
- If customers are engaged with intuitive and useful digital payment interfaces, chances are they will keep up to 20% higher balance in their accounts.

Source: Boston Consulting Group, Dec 2014

PH Population: 103M in 2015
Adult Population: 60M in 2015

83% of Facebook's audience now connects via mobile phones, with 83% accessing via smartphones, and 2% via feature phones (vs 69% and 26%, respectively form just 9 months ago).

FINbiosis at the intersection; leveraging on each other's strength



Increased LBP's salary loan velocity by 10X and accelerating



PH's first and globally recognized paperless and fully digital consumer lending with insurance and auto-savings features

Loans & Revenue Trend



Key Developments

Now open to Globe subs and private sector employees

Soon for farmers/fishers, mSMEs, OF's in Q3

Won its 7th global award and to be featured in BBC

Performance Highlights

- ↑ 131% Portfolio growth vs YAGO (Jan-Jun)
- ↑ P10.3B Total loan portfolio LTD
- ↑ P4.73B (US\$102M) Total loan portfolio YTD
- ↑ 68,740 Total borrowers
- ↑ 1,180 Participating government agencies
- ↑ 23% Loan renewals
- ↑ 62% Borrowers from the provinces
- ↑ 47% Transacted outside banking hours
- ↑ 23% Borrowers from 3rd-5th class cities/municipalities
- ↑ P150K Average loan size
- ↑ P45M Average daily loan releases

Time of Application



43%

Loan Applications initiated outside Business hours (9am-3pm); excl. weekends

Borrower Location - YTD



Metro Manila [26%]
Outside Metro Manila [74%]

Geographic Coverage : City

88% of Total Cities

Income Classn	# of Cities
1st	57
2nd	13
3rd	28
4th	18
5th	7
6th	2
Special	2

Geographic Coverage : Municipality

8% of Total Municipalities

Income Class...	# of Municipa...
1st	72
2nd	17
3rd	13
4th	8
5th	4

Loan applications from Luzon rose threefold, although remarkable growth was also recorded in the Visayas and Mindanao which grew over 100% and almost 300%



World's first telco-agnostic end-to-end digital consumer loans enterprise solution with standalone or a marketplace modules across various loan product types



Collaboration sealed



Coming soon





*Unsecured micro-credit initiative
for the unbanked, leveraging on
telco data algorithm for credit
scoring and decision*

3-week Pilot Performance
(in NCR; initial 50K prepaid base)
Loan Range: P2K-P10K

Response Rate	Take up Rate	Approval Rate	Disbursement Rate	Collection Rate
32%	11%	55%	95%	80%

%age of Female	%age of Male
62%	38%

FinTech quick wins in microfinance for greater speed and efficiency



Digitizing this people- and paper-intensive industry *No more numerous trips done by loan officers – sometimes to far-flung rural locations – to provide a single client with a loan.*



Automating loan applications and banking services *Faster turnaround time for credit decisions and loan releases, more clients could not be served.*



Harnessing data from other sources via algorithm *Make use of mobile usage behavior for enhanced credit scoring facilitation*