

Microfinance Milestones and Challenges: A Look Back to See Ahead

Almost 20 Years of Microfinance in the Banking Sector

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Milestones

General Banking Law of 2000 – Recognition of microfinance as a banking activity

Recognition of Wide range of services needed by the clients and expansion of delivery channels

10th year

Mainstreaming of Microfinance as evidenced by the number of banks with microfinance operations and stable portfolio growth



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General Banking Law 2000 and the First Circulars on Microfinance

Circulars 272, 273, 282 (2001) – defining microfinance, paving the way for new microfinance banks, incentives for banks

Circulars 340, 364, 409, 549, 570, 607 (2002 – 2007) – covering operations, reporting, prudential requirements



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Strong Set of Banks with Microfinance Portfolio

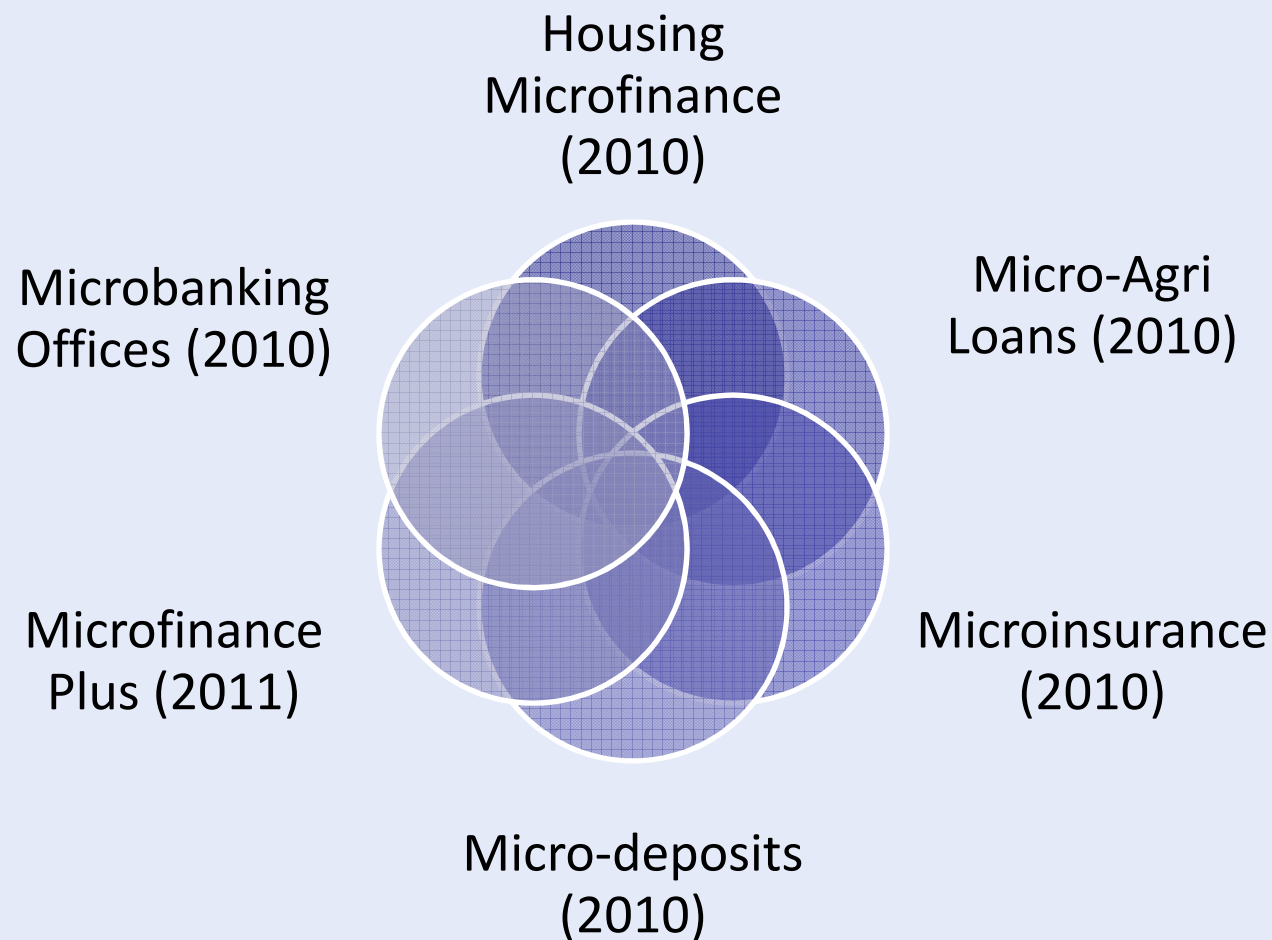
In **2005**, 193
banks with
microfinance
operations

PHP 3 .5
Billion
outstanding
loans



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Wide Range of Products/ Wider Delivery Channels



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Next 10 and beyond

10th year



Good, but more can be done.

Microfinance in the Banking System

		2016 Q1	2017 Q1		Growth
Microfinance	Banks	167	167		0.0%
	Borrowers	1,447,540	1,685,954	↑	16.5%
	Amount (in million pesos)	10,746.5	13,226.1	↑	23.1%
Microenterprise Loans	Banks	155	155		0.0%
	Borrowers	1,250,847	1,406,718	↑	12.5%
	Amount (in million pesos)	9,243.2	11,225.8	↑	21.4%
Microfinance Plus	Banks	29	32	↑	10.3%
	Borrowers	6,003	29,679	↑	394.4%
	Amount (in million pesos)	329.1	624.6	↑	89.8%
Micro-Agri Loans	Banks	29	25	↓	-13.8%
	Borrowers	32,811	38,793	↑	18.2%
	Amount (in million pesos)	251.3	294.7	↑	17.3%
Housing Microfinance Loans	Banks	17	17		0.0%
	Borrowers	84,847	138,447	↑	63.2%
	Amount (in million pesos)	694.5	889.0	↑	28.0%
Micro-deposit	Banks	70	76	↑	8.6%
	Accounts (in millions)	2.7	3.4	↑	24.7%
	Amount (in million pesos)	5,783.4	7,669.7	↑	32.6%
Microinsurance	Banks	34	34		0.0%
	Clients* ^[6] (in millions)	2.2			

*2016



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Moving Forward: Challenges and Opportunities



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Innovation in Product and Delivery Channels



Find ways to do things more efficiently and more effectively

Build on strengths – technology does not necessarily mean losing the “close touch” of microfinance

Leverage partnerships

Test and learn, iterate



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* All clipart from the internet

Enabling Environment –Recent Issuances/ Initiatives

Cash Agents

Risk Based KYC

Credit Risk
Management
Framework

National Retail
Payment
System



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National Retail Payment System

NRPS is a policy and regulatory framework that aims to establish a safe, efficient, reliable, and affordable retail payment system in the Philippines.



Client Centricity – Behavioral Understanding of Needs, Preferences and Capacities



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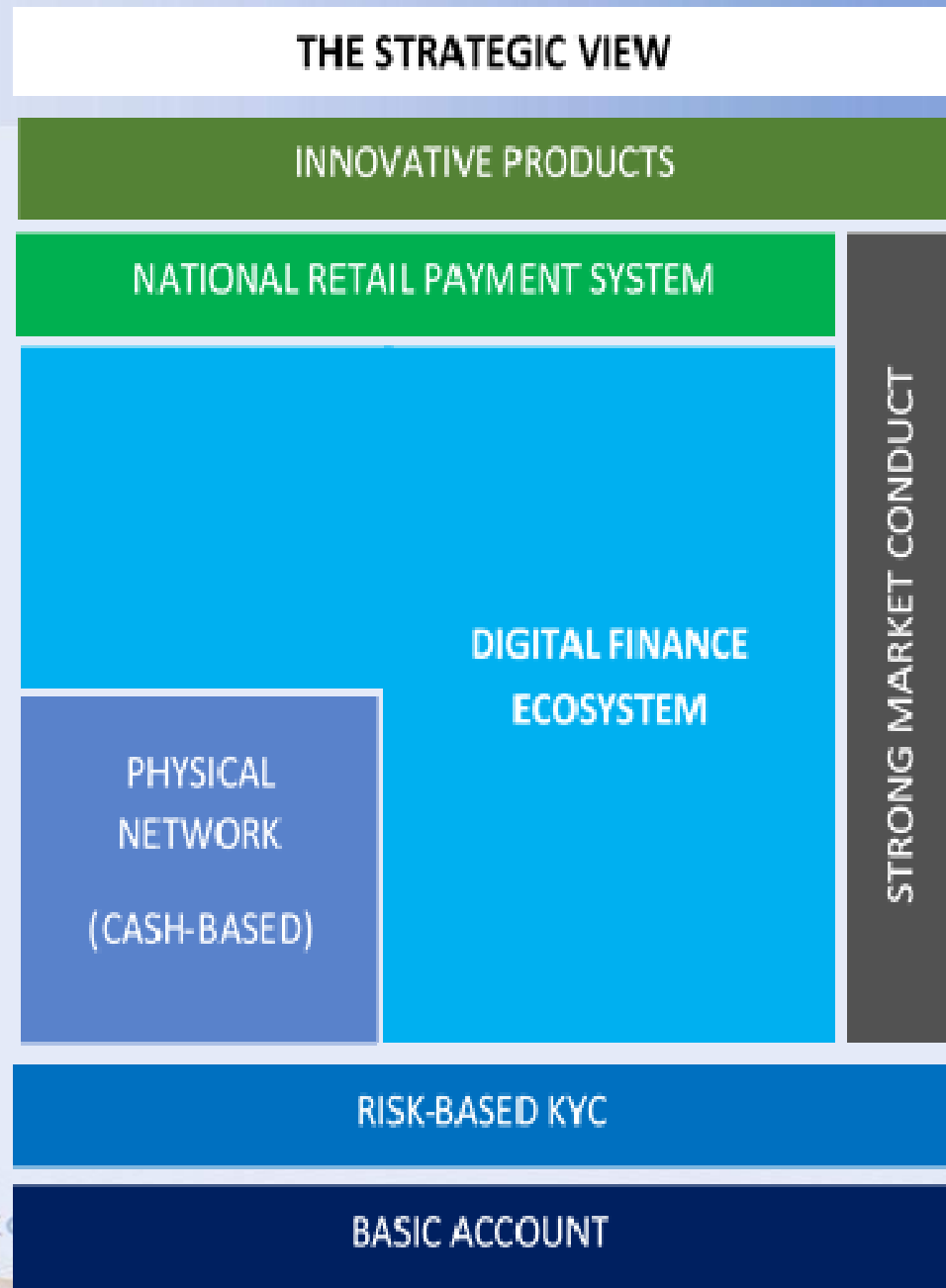
BSP Focus Moving Forward

Develop a digital finance ecosystem with the right mix and range of service providers, digital solutions and delivery channels

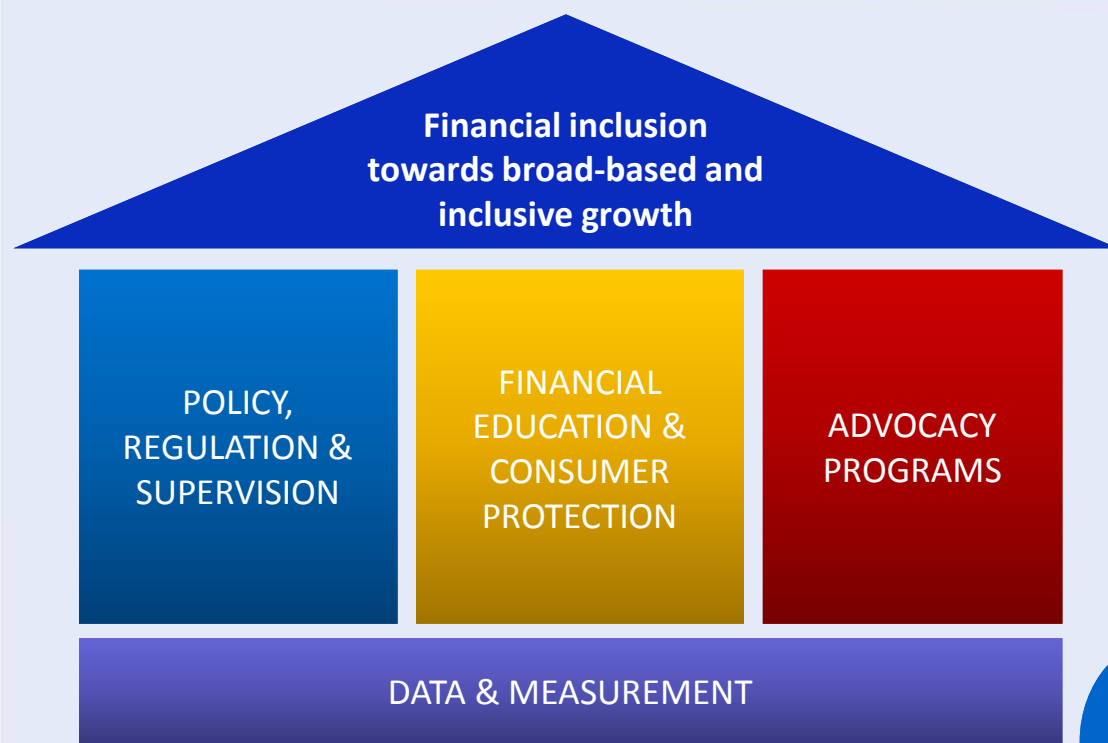
Democratize access to a transaction account



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National Strategy for Financial Inclusion



NSFI defines a national vision for financial inclusion, provides a platform for public-private sector coordination, convergence and synergy of efforts to achieve shared objectives



THANK YOU!



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