

National Confederation of Cooperatives (NATCCO)

Mission

To build the socio-economic capabilities of cooperatives for the upliftment of the quality of life of the people

Vision

A self-regulating network of cooperatives mobilizing resources and sharing the benefits of growth



NETWORK PROFILE



5,568,895

Individual Members

62% Female, 38% Male



818

Active Coop Members



199 Billion

Consolidated Assets



2,012

Offices

Products & Services

Treasury & Credit

Kaya Payments

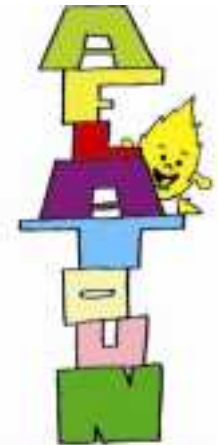
Stabilization Fund

Education & Training

MICOOP GAD

Consultancy

Member Relations & Networking



Child Social &
Financial Education



An Integrated Network



MEMBERS

COOP

COOP

COOP

COOP

COOP

FEDERATION

- ✓ Pooling of resources
- ✓ Standardization of operations
- ✓ Contractual Solidarity
- ✓ Governance & Self Discipline

Kaya's

Kooperatibang may Asenso, Yaman, at Abilidad
Kooperatiba, Atong Yawi sa Pag-asenso



Kaya

**PAYMENT
PLATFORM**



Shared payment platform for and with co-ops



Payment Ecosystem: Roles

Federation/National Level

- ◎ Payment system administration
(NATCCO as operator)
- ◎ Services, settlement & support
- ◎ Coop onboarding
- ◎ Third-party contracting
(for integration)

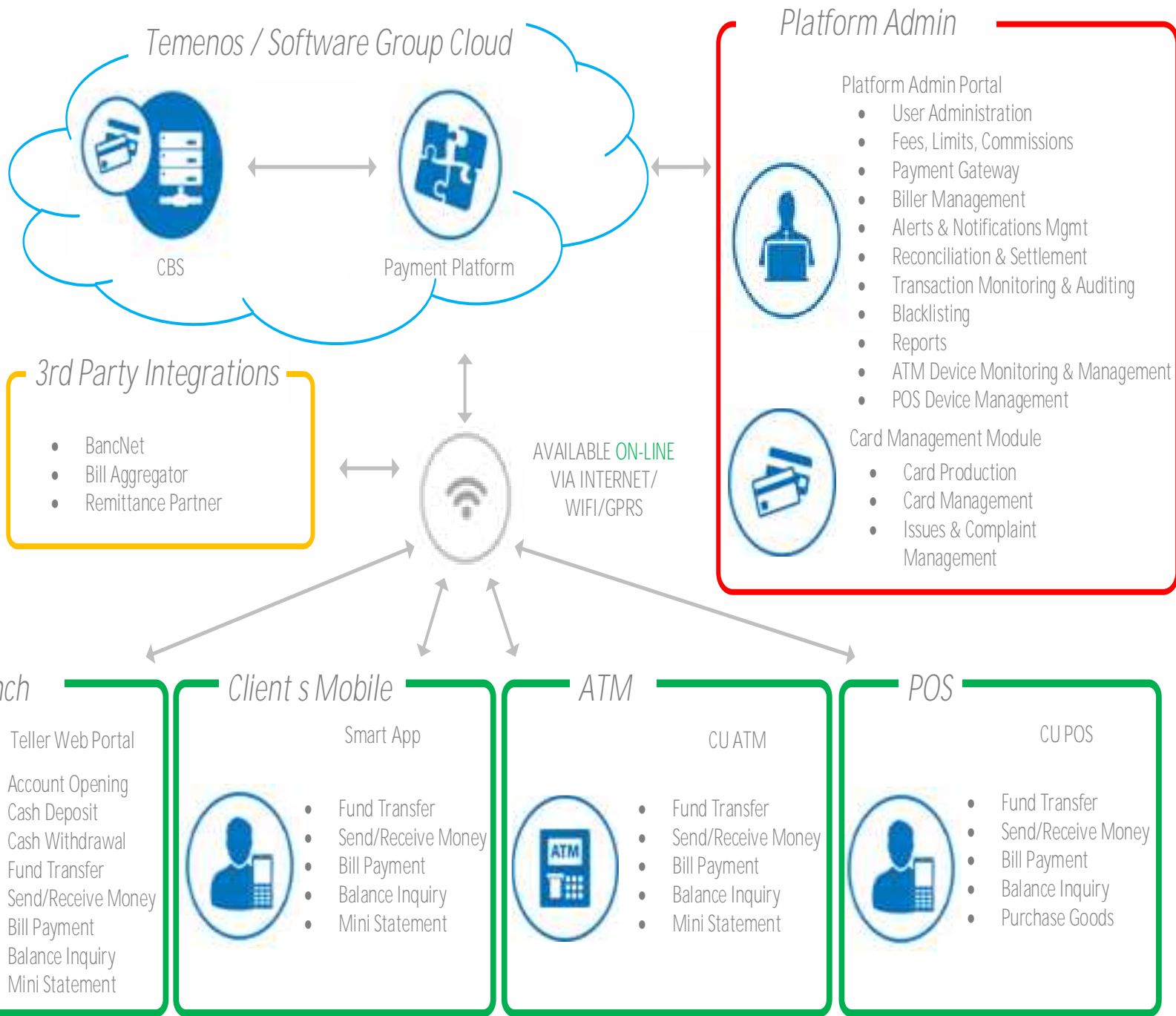
Co-ops

- ◎ Marketing to members
- ◎ Account administration
- ◎ Over-the-counter services

Co-op members

- ◎ Self-service





Kaya Savings Account: bringing greater value to a member's account with his/her co-op



Can be transacted in 3 (soon 4) online channels



Minimum deposit: PhP 100



KAYA Channels



KAYA co-ops



Mobile banking



BancNet
Non-Stop Banking Network



Soon



Teller Services

Account Opening

Deposit / Withdrawal
(Intra/Interbranch/coop)

Fund Transfer
(Intra/Inter-branch/Coop)

Bills Payment

Balance Inquiry
(own branch only)

Top-up / Eload

Mobile Banking



Fund Transfer
(Intra/Inter branch/coop)

Bills Payment

Balance View / Inquiry
Mini Statement

Top-up / Eload

The logo for 'Kaya's' features the word 'Kaya's' in a blue, rounded font. The letter 'K' is stylized with a multi-colored arc (red, green, purple, yellow) passing through it. The background is white with scattered colorful confetti in various shapes and colors (red, green, blue, yellow, orange, purple).

ATM



Balance Inquiry

Cash Withdrawal

Fast Cash

PIN Change (own ATM)

MPOS

Soon



Fund Transfer

Bills Payment

Balance Inquiry

Purchase Goods

Cash out and Deposit

PIN Change



As of June 2019

No. of
accounts:
24,336

No. of coops:
105

No. of
branches:
212

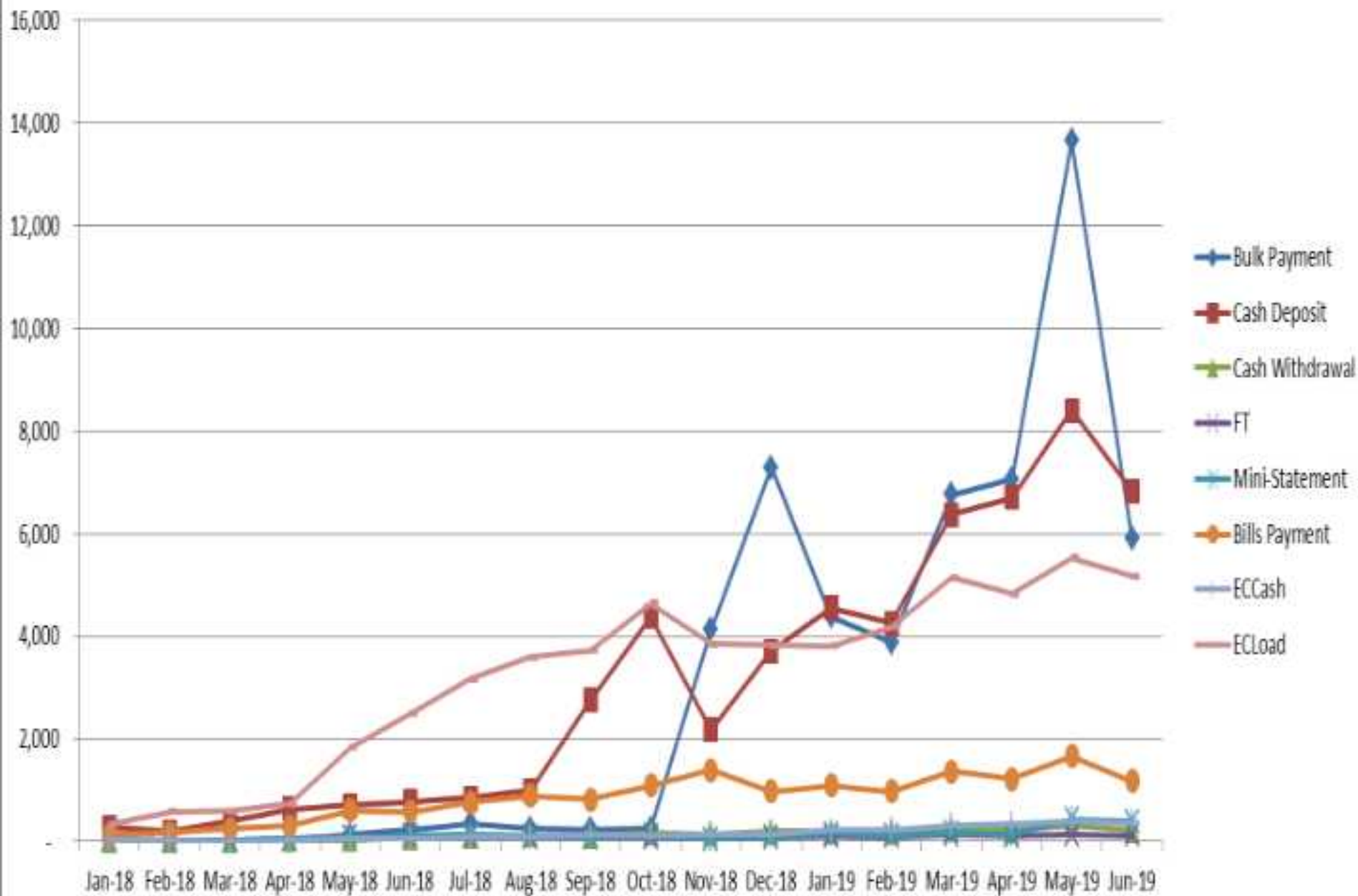
Potential KAYA
accountholders
~ 1.3 M

No. of ATMs
63

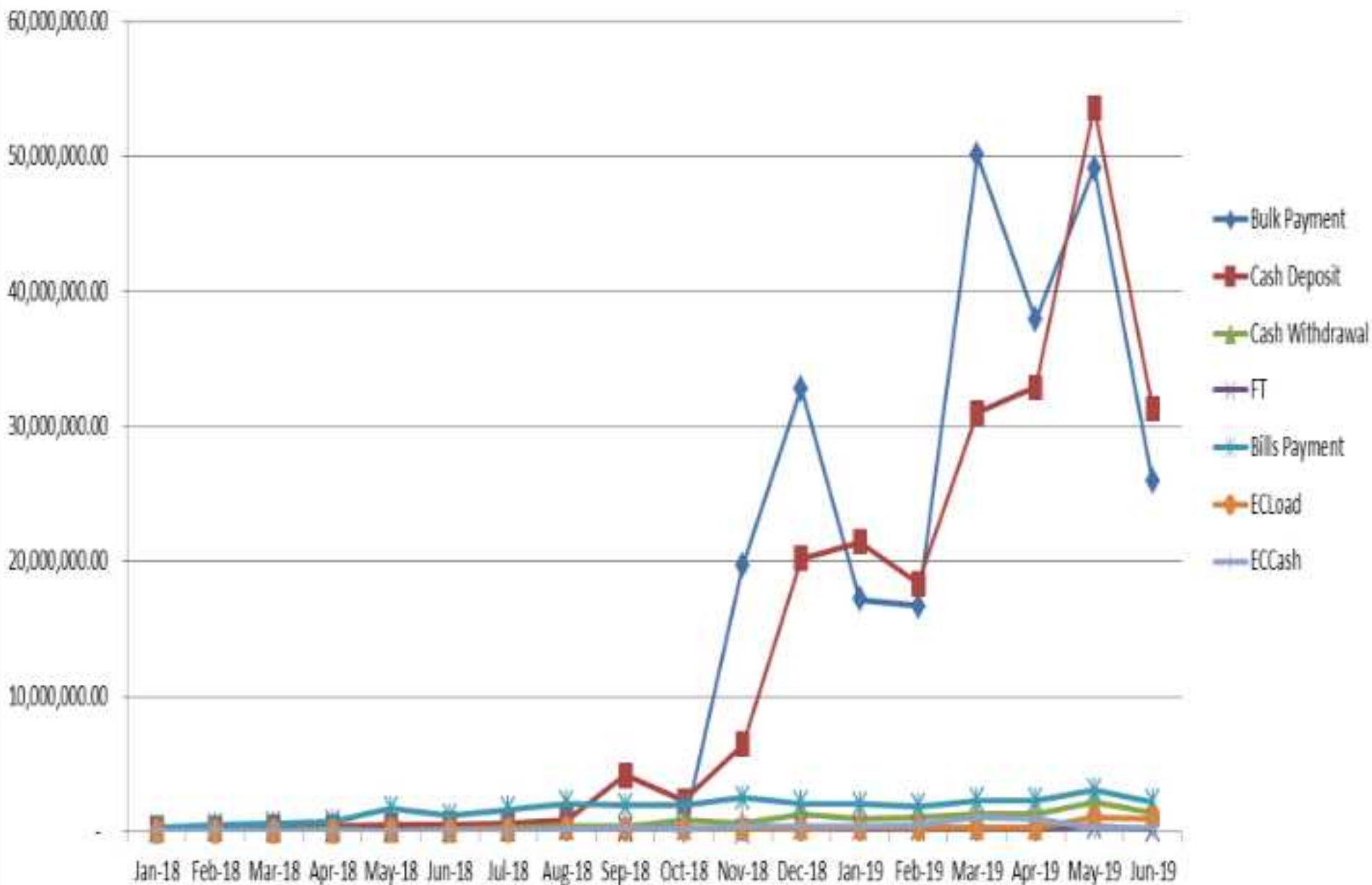
No. of cards:
15,901



KAYA Transaction Count By Type

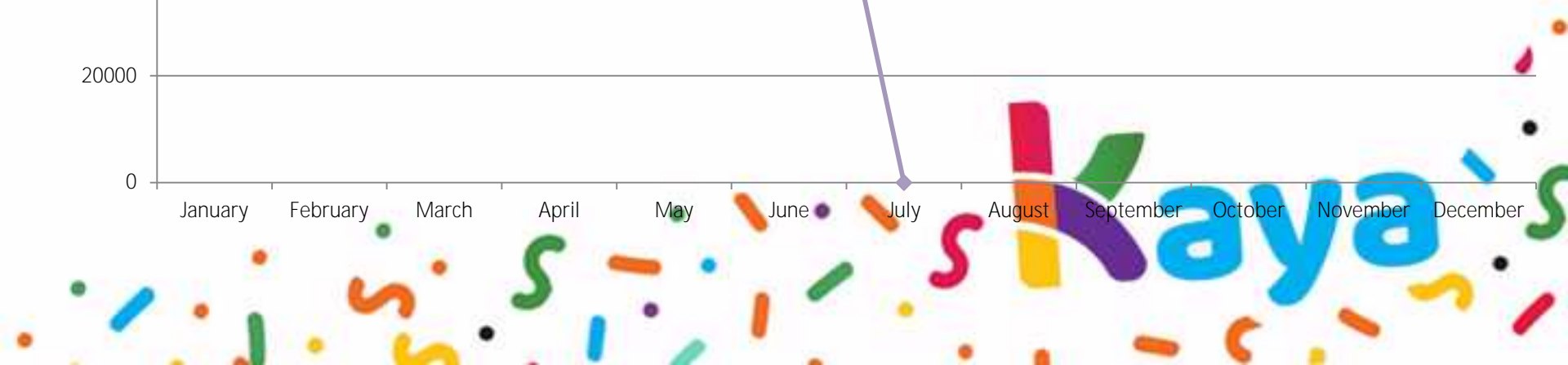
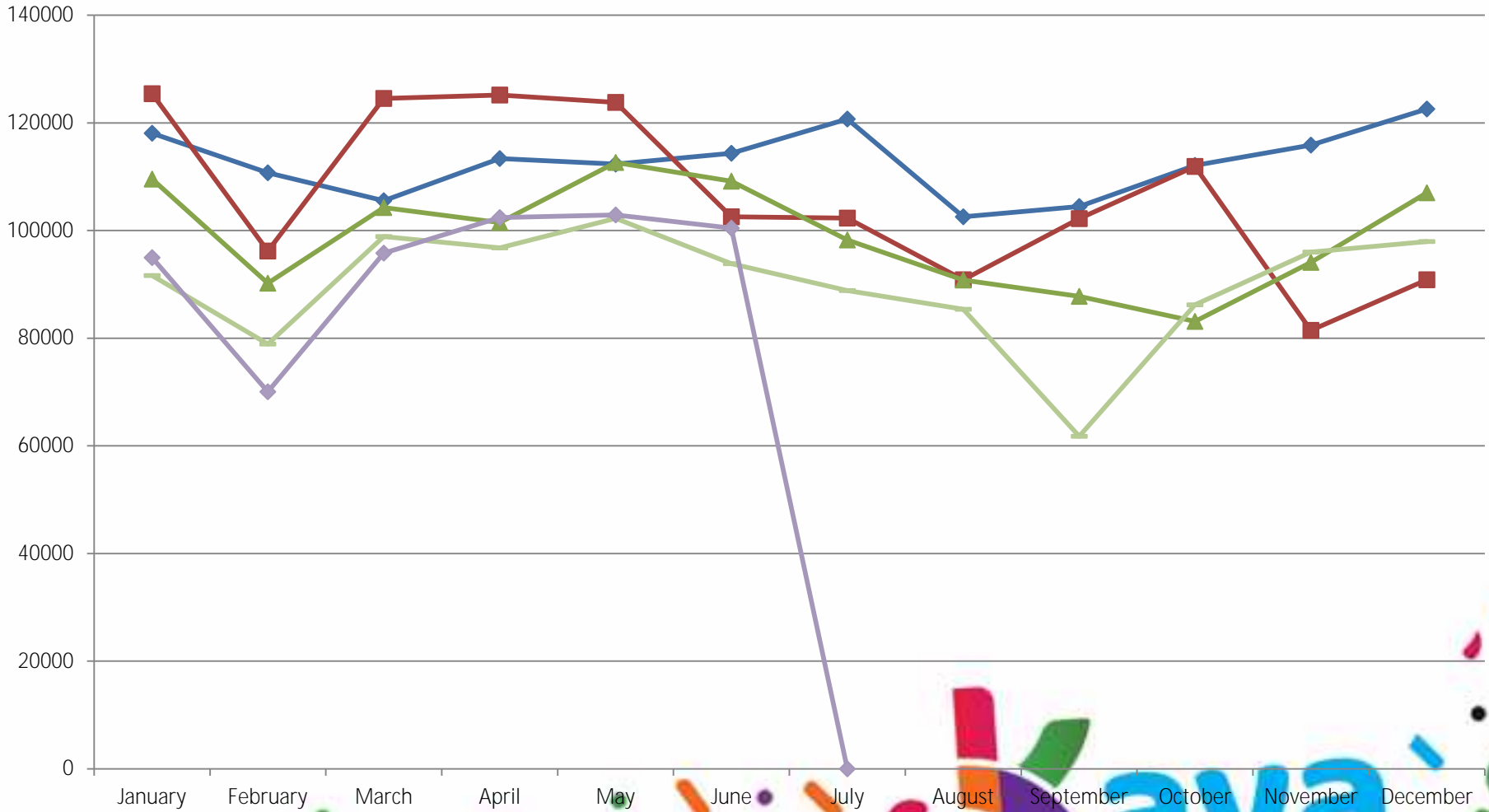


KAYA Transaction Amount by Type



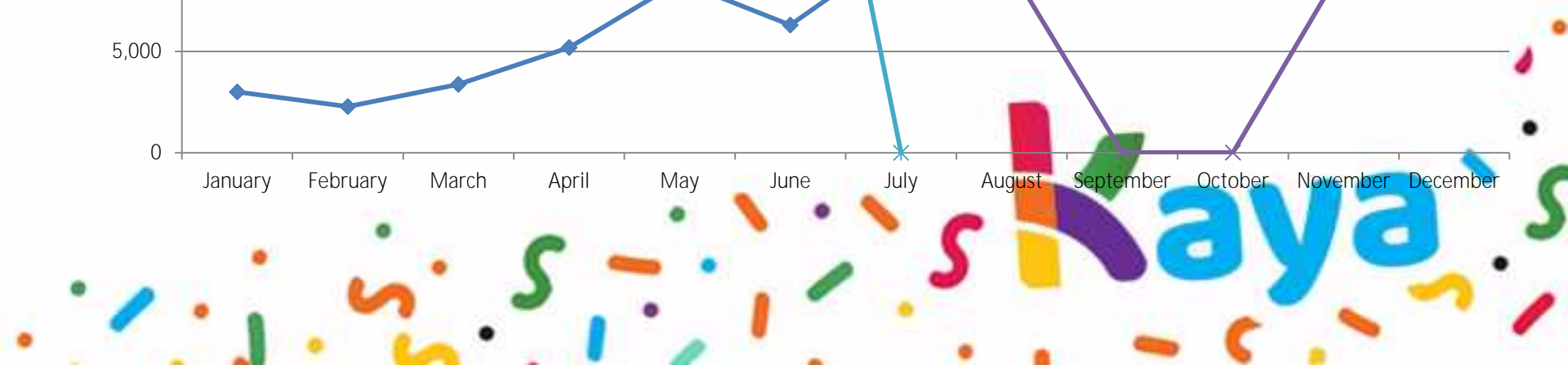
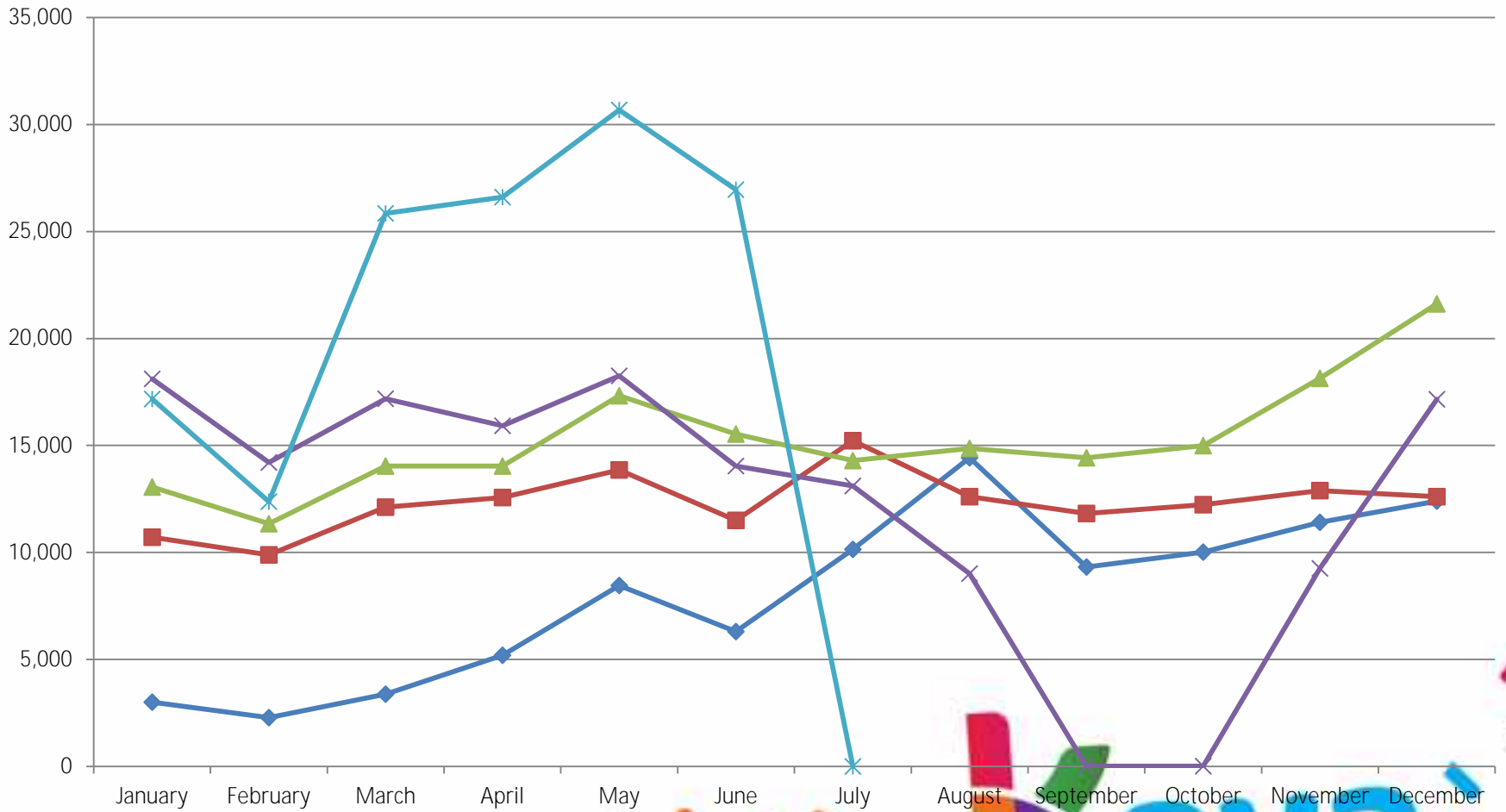
VOLUME OF TRANSACTIONS - ATM ACQUIRER

◆ 2015 ■ 2016 ▲ 2017 ▬ 2018 ◆ 2019



VOLUME OF TRANSACTION - ISSUER

◆ 2015 ■ 2016 ▲ 2017 ✕ 2018 ✧ 2019



Some findings from the Market Research

WOCCU-Gates Project
on Interoperable
Digital Payments for
Coops in the
Philippines



Kaya's

Cooperatives
are highly
valued by
members

Value proposition	Statements from cooperative members (all quotes are from FGDs)
Ownership	<ul style="list-style-type: none"> • <i>“I will open an account to support the cooperative. I am a part of the cooperative, so it needs to grow so that I will grow.”</i> • Throughout interviews with cooperative management and staff, “support for the cooperative movement” was often referenced as a driving motivation for their work.
Trust	<ul style="list-style-type: none"> • <i>“The process of becoming a member is easy because we all know each other here.”</i>
Easy, fast, personalized, and reliable service	<ul style="list-style-type: none"> • <i>“[The loan process] is fast. Loans are approved within a day, like within an hour.”</i> • <i>“Loan processing is faster and easier [compared to other options]. Once [loans are] processed we are notified directly through text or call.”</i>
Fills a market need	<ul style="list-style-type: none"> • <i>“Bank deposits are time consuming, but [at cooperatives] is not.”</i> • <i>“Coop charges are lower.”</i> • <i>“I am very satisfied with loan interest because it is approved by the members.”</i> • In conversations with cooperative members, they noted that one of the key selling points of being a cooperative member is the stock/share in the co-op, which generates a return on their investment.

Providers of accounts

 NSSLAs	 Cooperatives	 Microfinance NGOs	 Banks	 E-money issuers	 Pawnshops	 MTOs	 Bill payment centers
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Provide payment / transfer services (to some extent)

Key providers of payment / transfer services

However, coops must go digital to keep up in a diverse landscape of FSPs

- Landscape of financial services providers (FSPs) is diverse and **providers are increasingly leveraging digital**
- **Cooperatives face increasing pressure to provide more convenient, accessible services** to members
- Based on the low rate of financial inclusion, the financial services market is not saturated; there is **ample space for providers to expand their market share**
- Nonetheless, **cooperatives must meet growing demand for digital access** to accounts and provide digital transfer and payment services that improve convenience for members

There is readiness and demand for DFS among members, but security is a high concern



Mobile usage among coop members is high but use of phones for financial transactions is low



Coop members rely heavily on cash, partially because of past negative experiences with other digital payment methods



Security and reliability of digital payments are a significant concern



Nonetheless, members state a strong desire for more accessible, convenient payment methods



Members are interested in:

- **Digital offerings that enhance their experience with coop savings and loan products, and enable payments / transfers**
- **Coops to automate their operations and streamline processes around the loan lifecycle**



Coops must go digital to contribute more substantially to financial inclusion

- Coops already play a unique key role in financial inclusion
- But they must leverage digital channels to expand and deepen reach

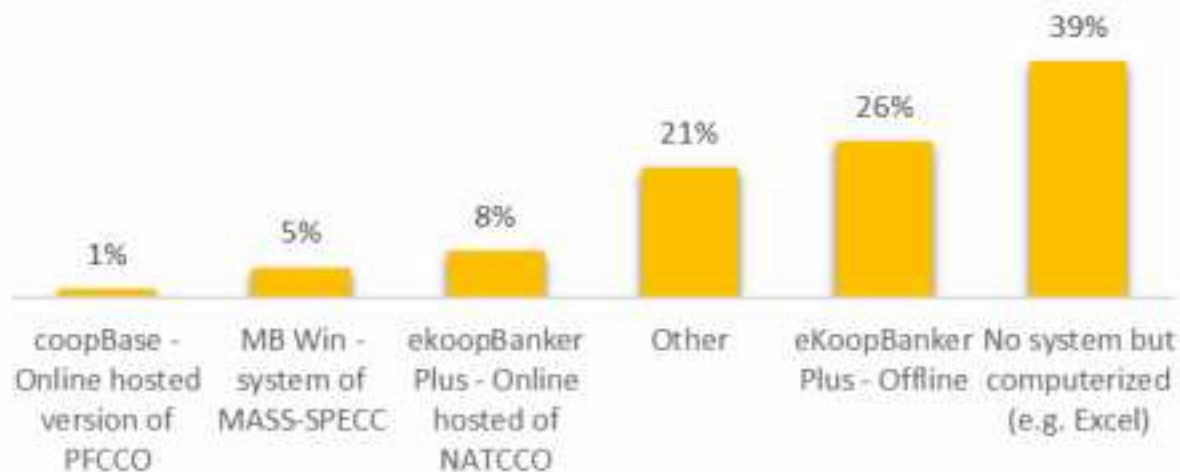
To facilitate automation of systems, federations provide shared core banking systems to their members

Coops have started to automate systems and adopt digital channels, but there is still along way to go

However, based on a survey of 220 cooperatives, nearly 40% of cooperatives are computerized (e.g. use Excel) but do not use any core application system

No	Application Name	Vendor/Supplier	Comments
1	eKoopBanker Plus	NATCCO	Centralized application
2	eKoopBanker Offline	NATCCO	Windows-based stand-alone application
3	coopBASE Ntegrity	PFCCO and RP Software	Centralized application
4	MB Win	MB Philippines Inc.	Centralized application
5	Pinoy Coop Core	MASS-SPECC	Centralized application

Use of core application systems by cooperatives in the Philippines (% of respondents, n=220)





Operates as a closed-loop system

Services are bundled: Cooperatives can use the platform and digital channels (ATM, debit cards, mobile app) only if they also hosts their wallets on the Kaya platform; coops that already have a CBS cannot connect their CBS to the platform



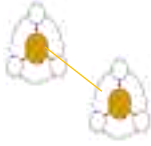
Cash-in / out of the wallet can be unwieldy as the co-ops are using two systems – their own CBS and KAYA

Kaya is an important digital payments initiative for cooperatives, but can still be improved

To better enable coops to leverage digital channels and advance financial inclusion, there is an opportunity to design a scheme that will:



Serve as a shared, national-level payment scheme for cooperatives and other interested participants that builds on the existing Kaya initiative, is open-loop, and facilitates real-time payments



Connect participants to each other and to the broader national payment ecosystem



Provide cooperatives with a menu of services, including a digital store of value account, shared app, shared digital payment switch, connections to fintechs, and access to the broader national payment system



Enable cooperatives with various needs and levels of sophistication to offer instant payments from their coop account or mobile wallet



Enhance the utility and value proposition of cooperatives' core offerings, improve convenience, and lower transaction costs to both cooperatives and members



Prioritize security and reliability of the system, as well as robust dispute resolution measures, comprehensive transaction notifications, and a simple and better user experience



THE LEVEL ONE PROJECT

Level One Project
(L1P) Principles

L1P Design Principles



Open loop



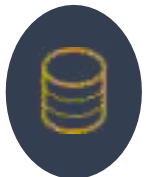
Real-time, push payments with same-day settlements



Governed by the participants



Cost-recovery-plus-investment model



Shared services

The logo for 'Kaya' features a stylized letter 'K' on the left, composed of three vertical bars in red, orange, and yellow, with a purple curved shape extending from the orange bar. A green leaf-like shape is positioned above the purple curve. To the right of the 'K' is the word 'aya' in a bold, blue, rounded sans-serif font.

Kaya