

MICROFINANCE INFORMATION DATA SHARING, INC.

# Risk Mitigation through Agriculture Insurance and Use of Credit Data

MR. ANGELO SOLARTE



# TODAY'S PRESENTATION

## POINTS OF DISCUSSION

- Brief Profile of MiDAS
- Role of MiDAS and how can help MFIs in assessing clients credit worthiness
- MiDAS Database
- How to Subscribe to MiDAS

# What is MIDAS?

This is a system used for data sharing that allows microfinance institutions (MFIs) to submit reports, send inquiries and retrieve results on borrower information. In other words, it is the Microfinance Credit Bureau.

# Microfinance Credit Bureau

A credit bureau is a credit reporting institutions. It collects information from a wide variety of financial entities, including microfinance institutions and provides comprehensive consumer credit information with value-added services such as credit scores to private lenders

## VISION

"MiDAS as the most trusted, socially responsible credit information system for a protected, safer and stronger Philippine microfinance sector."

## MISSION

- To protect microfinance clients through provision of:
1. A simple and reliable (data integrity) data exchange platform thus, securing client protection.
  2. Technical assistance to MFI for the rehabilitation of borrowers at risk and maintenance of good clients to achieve self sufficiency.
  3. Collaborative initiatives of MiDAS as a social enterprise.



# CORE VALUES

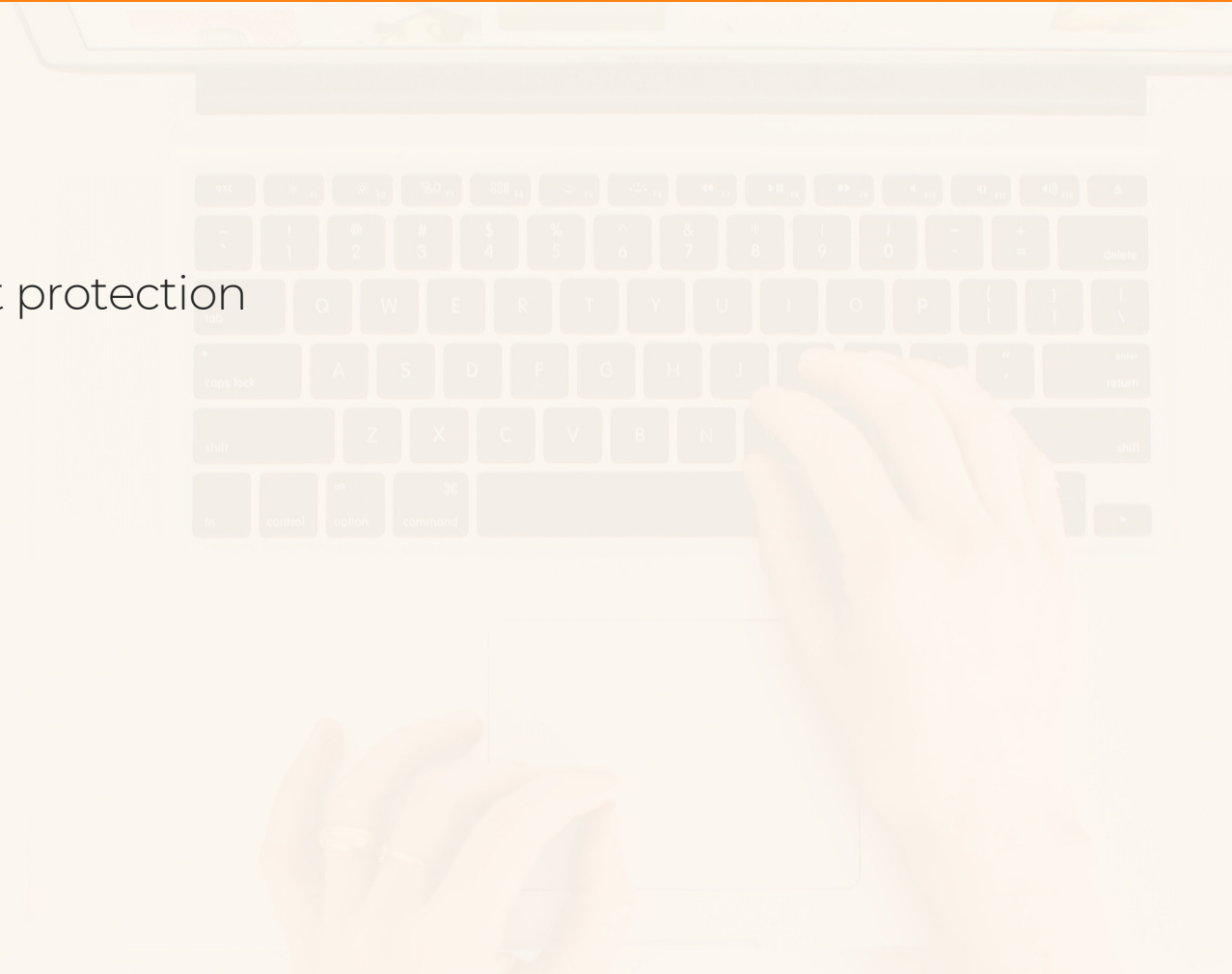
**M** – MFI collaboration

**I** – Integrity of data for client protection

**D** – Data security

**A** – Accuracy and timeliness

**S** – System transparency





# THE PEOPLE BEHIND MIDAS



# Founding Members



**ASA PHILIPPINES FOUNDATION**  
For the poor, with heartfelt dedication

# Investors





- Data is the lifeblood of any organization. Incorrect or poor use of data can severely impact an organization's operations and expected outcomes. Risk has to be identified, understood, quantified, and parsed into categories, including avoid, transfer, mitigate, and so forth. Acceptance of risks to data and dealing with its consequences should be an “eyes-wide-open” endeavor. In other words, Data-driven risk management is a necessary capability for all organizations.
- Data risk management is critical to all organizations.

# WHAT ARE THE INFORMATION GAPS IN THE MICROFINANCE INDUSTRY

- Unbanked sector has no financial records to establish credit worthiness.
- Challenge in determining individuals credit worthiness
- Excessive borrowings and lending
- Impact of digital technology that is used in Information system.

# RESULTS OF THE INFORMATION GAPS

- HIGH PAST DUE RATE
- OVER INDEBTEDNESS OF CLIENTS
- MIGRATION OF CLIENTS
- BANKRUPTCY OF LENDERS



**WE NEED TO AVOID THESE RISKS  
IN OUR LENDING OPERATION**



# Why MIDAS Matter?

- Transparent credit information is a prerequisite for sound risk management and financial stability.
- MIDAS support financial stability and credit market efficiency and stability in two important ways.
  1. Banks and nonbank financial institutions (NBFIs) draw on credit reporting systems to screen borrowers and monitor the risk profile of existing loan portfolios.
  2. Regulators rely on credit information to understand the interconnected credit risks faced by systemically important borrowers and financial institutions and to conduct essential oversight functions.



# Why MIDAS Matter?

- Effective credit reporting systems can mitigate a number of market failures that are common in financial markets which is severely apparent in the less developed economies
- The availability of high-quality credit information, reduces problems of adverse selection and asymmetric information between borrowers and lenders.
- This reduces default risk and improves the allocation of new credit.

# Why MIDAS Matter?

- Information sharing can also promote a responsible “credit culture” by discouraging excessive debt and rewarding responsible borrowing and repayment
- Credit reporting allows borrowers to build a credit history and to use this “reputational collateral” to access formal credit outside established lending relationships.



# SUBSYSTEMS

## *Borrowers at Risk Information Sharing (BARIS)*

This is the subsystem of MiDAS that allows MFIs to submit reports, send inquiries and retrieve results on borrowers whose loans are characterized by any of the following BAR types: Fraud, Absence/Disappearance, Under Litigation Loans etc.

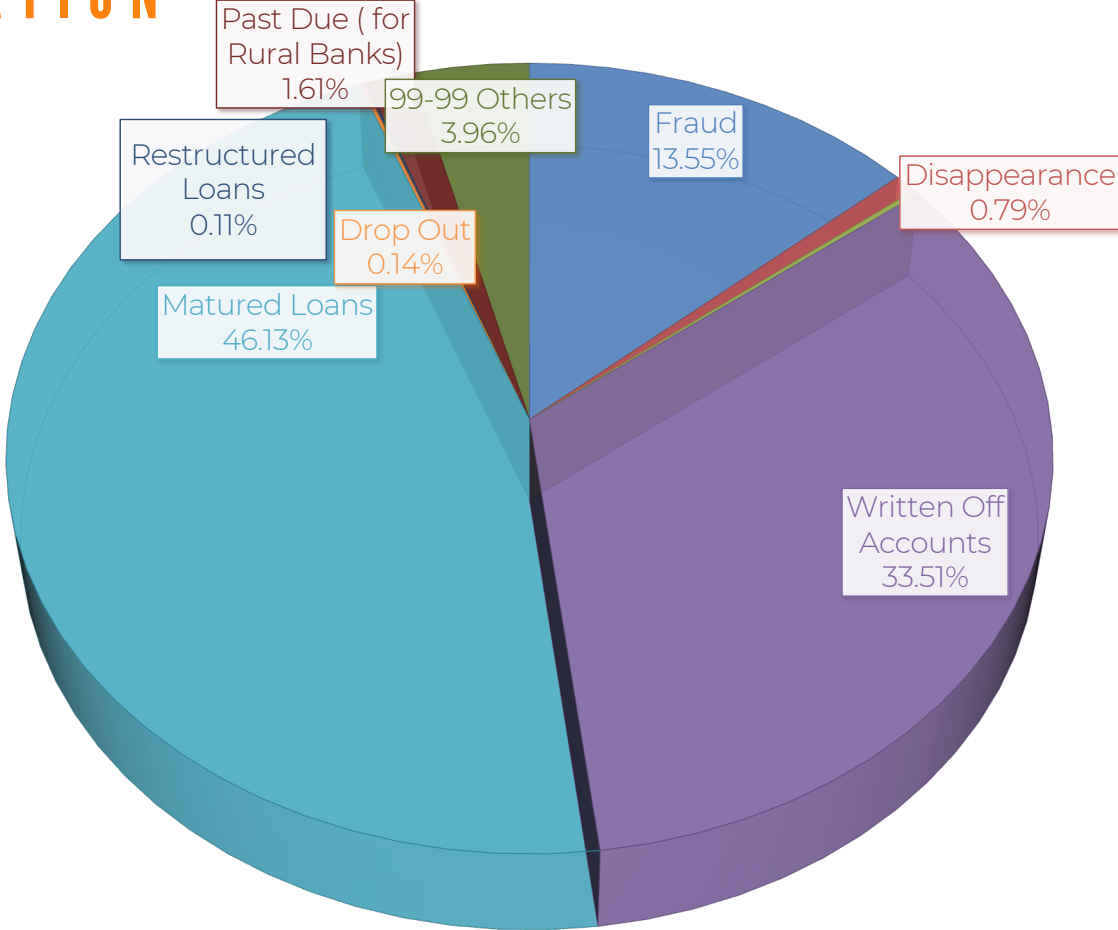
## *MiDAS Positive Data Sharing (MPoDS)*

This is the subsystem of MiDAS that allows MFIs to submit reports, send inquiries and retrieve results on borrowers whose loans are characterized by any of the following PoD types: Regular, Resters/Waiting, Restructured, Past due but not yet matured and Rehabilitated Loans.



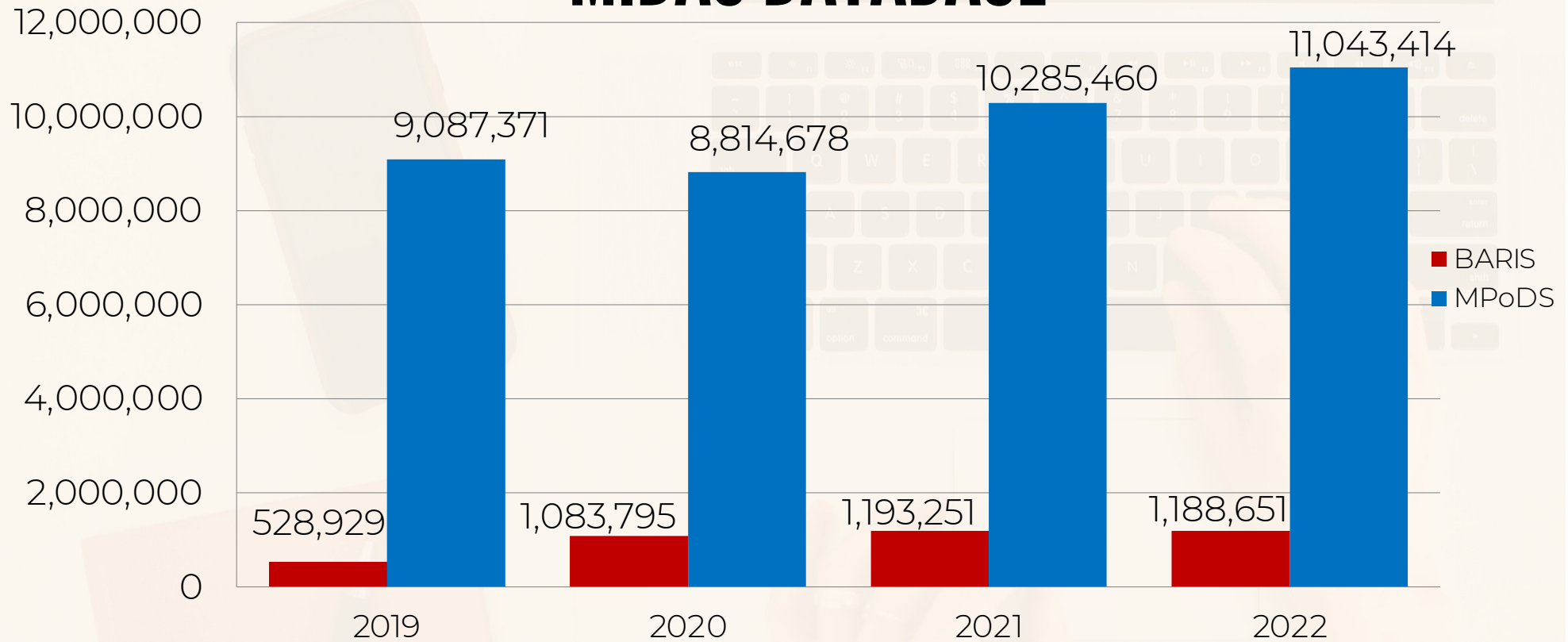
# BAR TYPE BY CLASSIFICATION

BARs Classification Code	No.	%
Fraud	179,655	13.55%
Disappearance	10,455	0.79%
Under Litigation	2,550	0.19%
Written Off Accounts	444,291	33.51%
Matured Loans	611,553	46.13%
Drop Out	1,908	0.14%
Restructured Loans	1,492	0.11%
Past Due ( for Rural Banks)	21,290	1.61%
99-99 Others	52,507	3.96%
<b>TOTAL</b>	<b>1,325,701</b>	<b>100.00%</b>





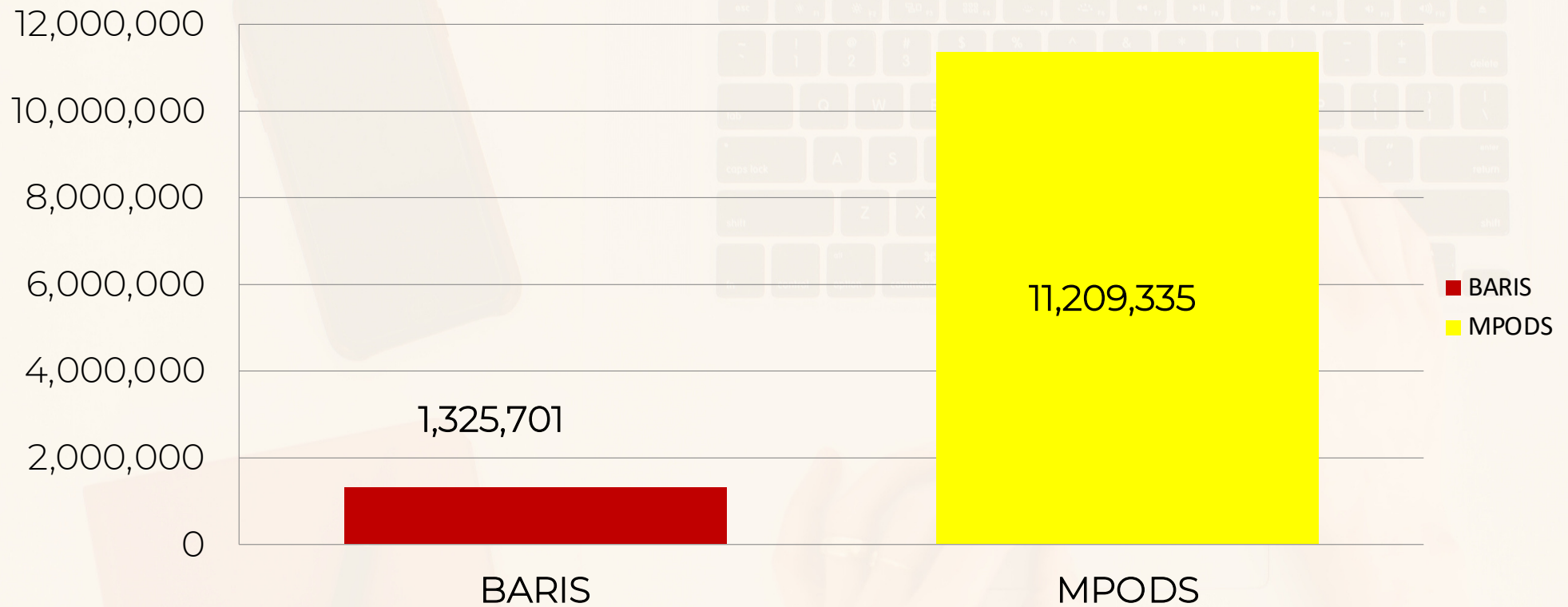
# MIDAS DATABASE





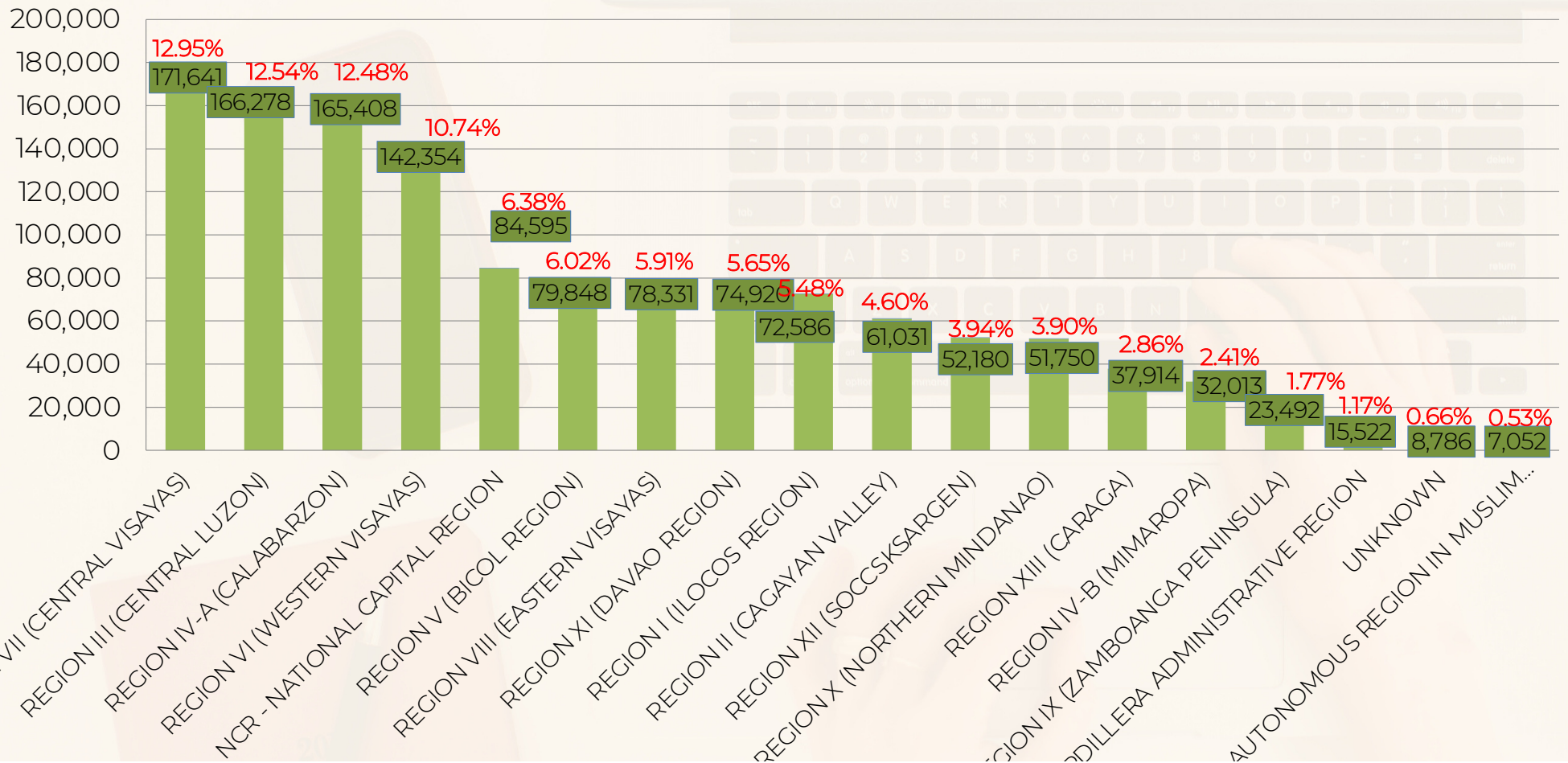


# as of May 2023





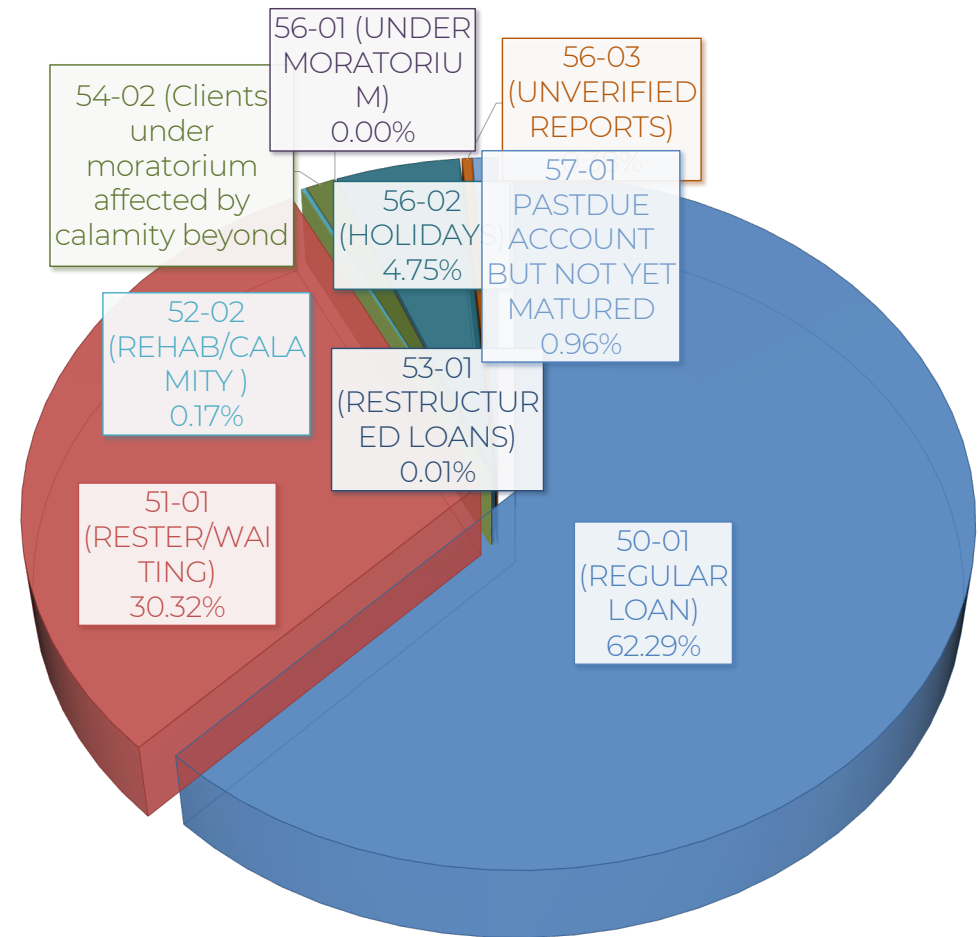
### BARs By Region





## PODS BY CLASSIFICATION

c	Count	%
50-01 (REGULAR LOAN)	6,981,915	62.29%
51-01 (RESTER/WAITING)	3,399,147	30.32%
51-02 (POTENTIAL LOANEES)	0	0.00%
52-01 (REHAB)	0	0.00%
52-02 (REHAB/CALAMITY )	19,514	0.17%
52-03 (REHAB/CALAMITY)	0	0.00%
53-01 (RESTRUCTURED LOANS)	578	0.01%
54-01 (Clients payments that are suspended and within recovery period (maximum 4 weeks) due to manmade and natural calamities)	0	0.00%
54-02 (Clients under moratorium affected by calamity beyond 4 weeks including those that have matured)	125,863	1.12%
56-01 (UNDER MORATORIUM)	14	0.00%
56-02 (HOLIDAYS)	532,496	4.75%
56-03 (UNVERIFIED REPORTS)	42,048	0.38%
57-01 PASTDUE ACCOUNT BUT NOT YET MATURED	107,760	0.96%
<b>TOTAL</b>	<b>11,209,335</b>	<b>100.00%</b>



# Conclusion:

- Data is a lifeblood of its organization
- Failure to manage or poor use of data can severely impact an organization's operations and expected outcomes.
- Make use of the data available to manage and mitigate the risks involve in your microfinance operations.

# Application Requirements:

1. Five copies of duly accomplished Agreements:
  - i) Subscription Agreement
  - ii) Memorandum of Agreement
  - iii) Non-Disclosure Agreement
  - iv) Deed of Accession
2. A certification that the applicant is a member of an association or MCPI/CDA/RBAP/PFA.
3. A copy of an 'Institution Profile', listing of MFI Directors, Principals, and Senior Officers with their respective residential addresses and date of birth.
4. A copy of the latest General Information Sheet submitted to SEC.
5. Latest Audited Annual Financial Statement





# Qualification to Participate in MiDAS as a Subscriber

Must be a non-government organization, cooperative, bank, or lending company with microfinance operations for at least one year upon application.

## Application Procedure:

1. Submit a letter of intent addressed to the MiDAS President.
2. Prepare Documentation Requirements
3. Transmit Documents to MiDAS Office

MICROFINANCE INFORMATION DATA SHARING, INC.



**THANK YOU**