



SEDP-SIMBAG SA PAG-ASENSO, INC.
(A Microfinance NGO)

NEW WAYS OF INSTILLING CREDIT DISCIPLINE

**2025 Microfinance Operations
Summit-11, 2025**



Sheraton Manila Bay



ABOUT US

Established in 1994, the SEDP-Simbag sa Pag-Asenso Inc. (A Microfinance NGO), also known as Simbag Microfinance is a development-oriented institution under the Diocese of Legazpi.

Started as a program of the Social Action Center and spanned-off as a separate entity and was registered in SEC in 2004.

This year, Simbag is on its 31st year of operation.



Where we are now?



Present in 6
Provinces of the
Bicol Region & in
Northern Samar



10 branches
covering 35
Satellite Parish
Outreaches



Serving 98,389
clients as of May
2025



Portfolio
876Mn
as of May
2025



PAR Rate
4%



OUR VISION

A dynamic and pro-active development institution of the Diocese of Legazpi committed to the total advancement of the entrepreneurial poor.

OUR MISSION

The SEDP - Simbag sa Pag-Asenso, Inc. commits to deliver financial & non-financial services with training and formation to micro-entrepreneurial families towards improved socio-economic condition, political empowerment and enhanced spiritual well-being.

BASIC STRATEGIES IN INSTILLING CREDIT DISCIPLINE

A combination of education, incentives, systems, and culture-building helped Simbag in maintaining High Repayment Rate and PAR within the National Standard.



KYC & Membership Screening

- Center approval for incoming members
- CBI
- MIDAS validation
- Loan Management as one of the CMT module



Group-Based Lending & Accountability

- Weekly meetings-monitor & promote discipline
- Group Accountability
- Staff Performance is aligned with the center performance (Key Indicators)



Loan Guarantee & Risk Control

- CBU- tied to availing Business Loan
- Loan Approval Criteria: RR-100%, cashflow- 35% ADC, inventory-40%, CBU 20% if with recent CBU withdrawal
- Repeat borrowers are verified with credit bureaus



Penalties on Delayed Payments

- Loan reduction or no loan increase-good payers are entitled to 40% maximum increase; and maximum 4 simultaneous loans based on capacity
- Disqualification for early loan renewal, discounted interest and other incentives

NEW/ADDITIONAL WAYS IN INSTILLING CREDIT DISCIPLINE

A combination of education, incentives, systems, and culture-building helped Simbag in maintaining High Repayment Rate and PAR within the National Standard.



Digitalization

- Real-time tracking of members' repayment history, loan records, savings, cash flow, and inventory
- Automated SMS reminders for missed payments, savings withdrawal and loan renewal



Client Education

- Financial Literacy sessions and trainings



Loan Processes & Risk Management

- Clear loan appraisal and approval process
- Loan limits based on Credit Bureau checks (100% applicant validation)
- Flexible rescheduling or moratorium for disaster-affected clients
- Immediate follow-ups after first missed payment



Staff Accountability & Internal Controls

- Merit and demerit system linking staff performance to member discipline
- Monitoring tools, such as center visit reports and compliance dashboards
- Risk-based internal audit approach for branch performance and control checks

BENEFITS & CHALLENGES OF NEW WAYS IN INSTILLING CREDIT DISCIPLINE

- Faster decision- loan approval because of real time access to repayment & loan history

- Maintained high repayment rate and reduced PAR Rate

- Faster and easier monitoring of member performance

- Faster issue resolution through regular audits and real-time dashboards

DIGITALIZATION & CREDIT MONITORING

CLIENT EDUCATION

LOAN PROCESSES & RISK MANAGEMENT

STAFF ACCOUNTABILITY & INTERNAL CONTROL

- Low to no connectivity in some areas
- Only 30% of members have registered mobile phones based on recent data profile
- Data accuracy and integration issues
- Cost

- Members prioritize income-generating activities over attending sessions
- Staff communication of schedules

- Increased and extended processing time to users/approvers
- Staff varying skills in cash flow, inventory & risk assessment
- Stricter risk rules often exclude vulnerable but deserving members

- Inconsistent implementations in some branches because of internal agreements
- Delays in updating of monitoring dashboards due to manual inputs
- Some innovations & modifications sound overwhelming for staff and members.

ADDRESSING CHALLENGES ON THE NEW WAYS OF INSTILLING CREDIT DISCIPLINE

DIGITALIZATION & CREDIT MONITORING



- Users Training
- Available responses on Frequently Asked Questions
- Maintaining Social Media Platform for inquiries and immediate responses

CLIENT EDUCATION



- Designated CDW2 per SPO to focus on VAS including training for member

LOAN PROCESSES & RISK MANAGEMENT

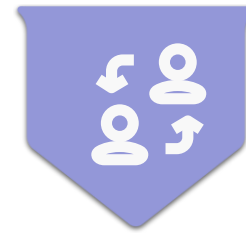
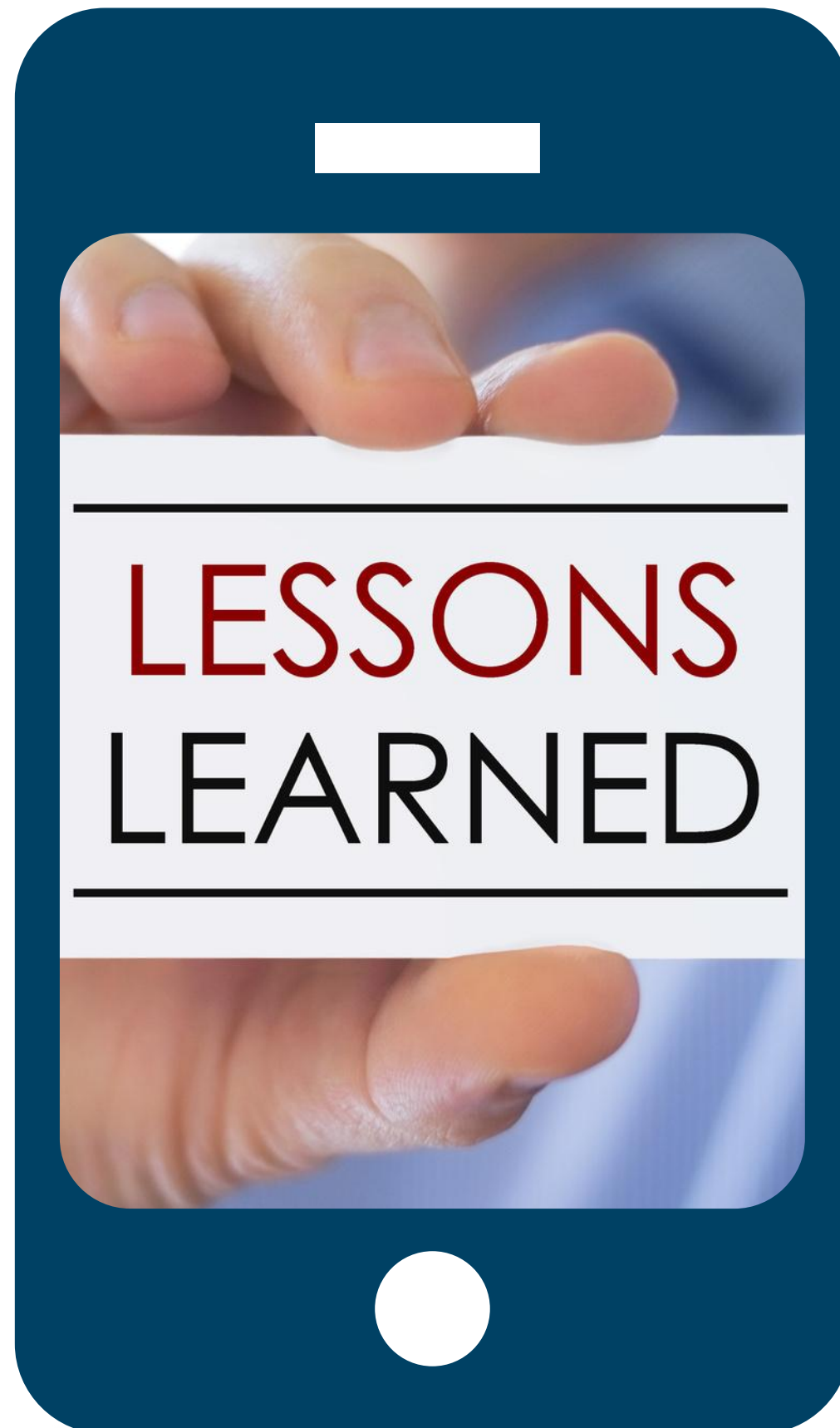


- Staff training plan
- Standardized mentoring sessions for staff
- Rotational audit

STAFF ACCOUNTABILITY & INTERNAL CONTROL



- Monitoring dashboards
- Standard policy across branches



Members are more disciplined when they understand how credit works and the value of good repayment behavior.



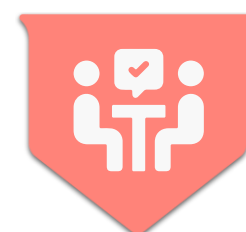
Digital tools enhance monitoring and efficiency, but success depends on infrastructure, training, and user readiness.



While rules and sanctions are necessary, MFIs must remain flexible during emergencies or calamities to retain client trust.



Staff who are properly trained, monitored, and motivated are more likely to enforce discipline effectively.



Strong and consistent management support is crucial in enforcing credit discipline.

NEXT STEPS



STRENGTHEN POLICY IMPLEMENTATION

- Improve incentive scheme for members and center
- Pilot implementation of a hybrid meeting



ENHANCE MEMBERS ENGAGEMENT

- Expand & improve FinLit programs



SCALE-UP DIGITAL TOOLS

- Reports dashboard automation
- Hazard/Risk vulnerability profiling/monitoring
- Expand digital notifications (recognitions)
- Continuous improvement of existing LMS features



IMPROVE DELINQUENCY RISK MANAGEMENT

- Aligning credit scoring and risk-based loan assessment



IMPROVE CULTURE OF ACCOUNTABILITY AMONG STAFF & MEMBERS

- Implement a Merit/Demerit system in line with the existing incentive scheme for staff and members



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Thank You



Visit Our Website

<https://www.sedp.ph>

