



RAFi
MICROFINANCE

OUR DREAM, YOUR HOPE FULFILLED

KAAGAPAY MO

Elevating lives and the dignity of Filipino Microentrepreneurs

Our Vision

Empowered entrepreneurs achieving sustainability and growth with dignity

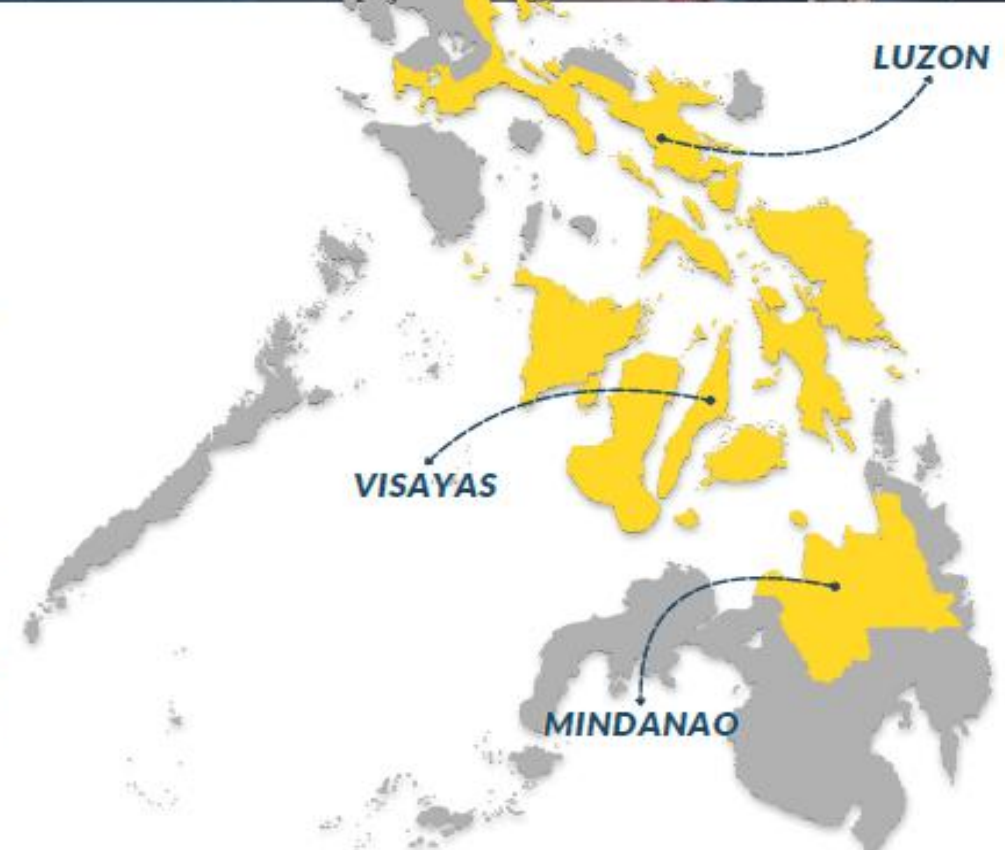
Our Mission

We are social entrepreneurs providing financial and non-financial services to empower the poor and elevate their lives.

Our Company

RAFi Microfinance, Inc., a leading microfinance institution in the Philippines, was established in 1998 and is duly accredited by the Microfinance NGO Regulatory Commission. It has since been recognized for its commitment to financial inclusion and community empowerment.

We serve under the Economic Wellbeing Cluster of the Ramon Aboitiz Foundation Inc. (RAFI) with a mission to uplift communities through holistic microfinance services. As a social enterprise, it empowers underprivileged entrepreneurs by providing access to financial tools, capacity-building, and livelihood support across 300+ branches nationwide.






Our Financial Services

We empower microentrepreneurs and underserved families through:

- 
Production Loans
 - Capital for Micro and Small Enterprise
- 
Supplemental Loans
 - Housing Improvement
 - Education
 - Water, Sanitation, and Health (WASH)
- 
Microinsurance
 - Life Insurance for Clients and Families
 - Loan Insurance
- 
Micro-Savings
 - Savings Generation and Capital Build-Up

Our Non-Financial Services

Beyond financial tools, we invest in human development through:

- 
Tindahan Ni Nanay
 - Access to product enhancement, market linkages & platforms
- 
Kaagapay Mo
 - Medical Mission through Kaagapay Outreach
 - Bugsay Scholarship
- 
The Learning Hub
 - Financial Literacy
 - Entrepreneurial Literacy
 - Digital Literacy

Our Social Impact

11B

TOTAL LOAN RELEASED
for micro entrepreneurs

1.4M+

JOBS CREATED

692,772

CLIENTS REACHED

3.5M+

LIVES TOUCHED

27

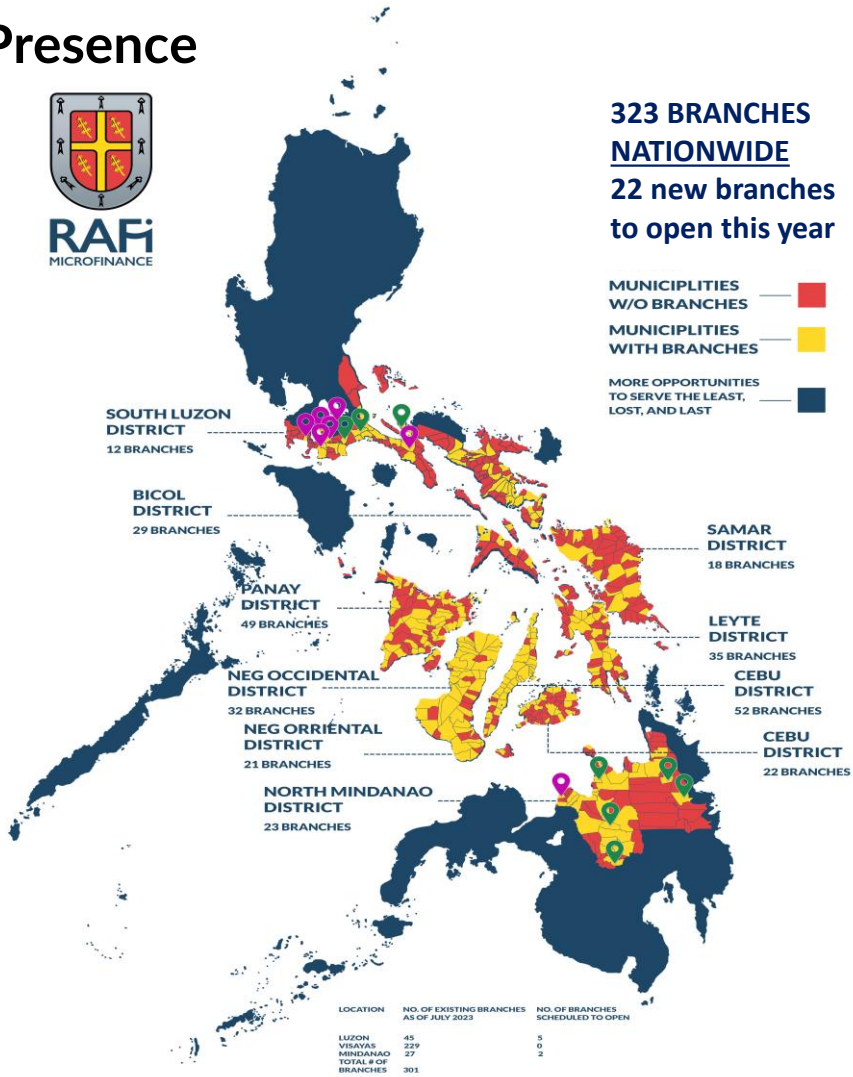
PROVINCES REACHED

2M+

CHILDREN BENEFITED

What we have achieved

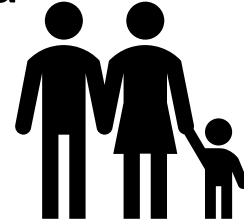
Our Presence



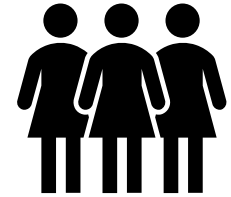
323 BRANCHES NATIONWIDE
22 new branches to open this year

MUNICIPALITIES W/O BRANCHES
MUNICIPALITIES WITH BRANCHES
MORE OPPORTUNITIES TO SERVE THE LEAST, LOST, AND LAST

3.5M Lives touched



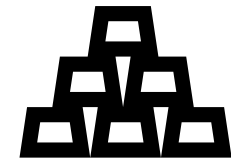
380K Borrowers



3K Staff & Officers



4.1B Loan Portfolio





2024 Awards

Oradian Champion
Customer Summit 2024
October 3, 2024



Innovative Tech Company of the Year
DEVCON Mindanao Summit
June 30, 2024

Nominee
Innovative Tech Company of the Year
June 29-30, 2024



Bronze Awardee
Team Innovations Awards
Bugsay Impact Awards Category
November 15, 2024



Digital Champion - MFI Category
3rd Digital Financial Inclusions Awards
December 11, 2024



Torch of Opportunities
USAID Opportunity 2.0 Program
and Education Development Center
November 8, 2024





Addressing Fraud – Internal Collusion Risk, Simple Control Mechanisms Staff can Implement

Junrey Bugsochan
RAFi MFI

1 What is FRAUD?

Fraud

3

achieve a gain.

1

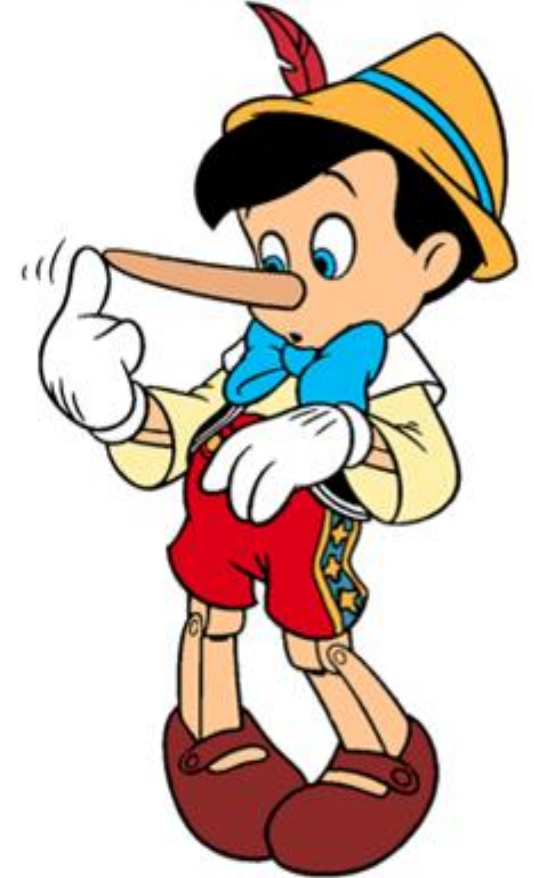
is any activity that relies on **deception** in order to

“In other words, if you lie in order to deprive a person or organization of their money or property, you are committing fraud.”

2

Fraud includes any **intentional or deliberate act** to deprive another of property or money by treachery, deception, or other unfair means.

Can be **committed either internally** by employees, managers, officers, or owners of the company, or **externally** by customers, vendors, and other parties.

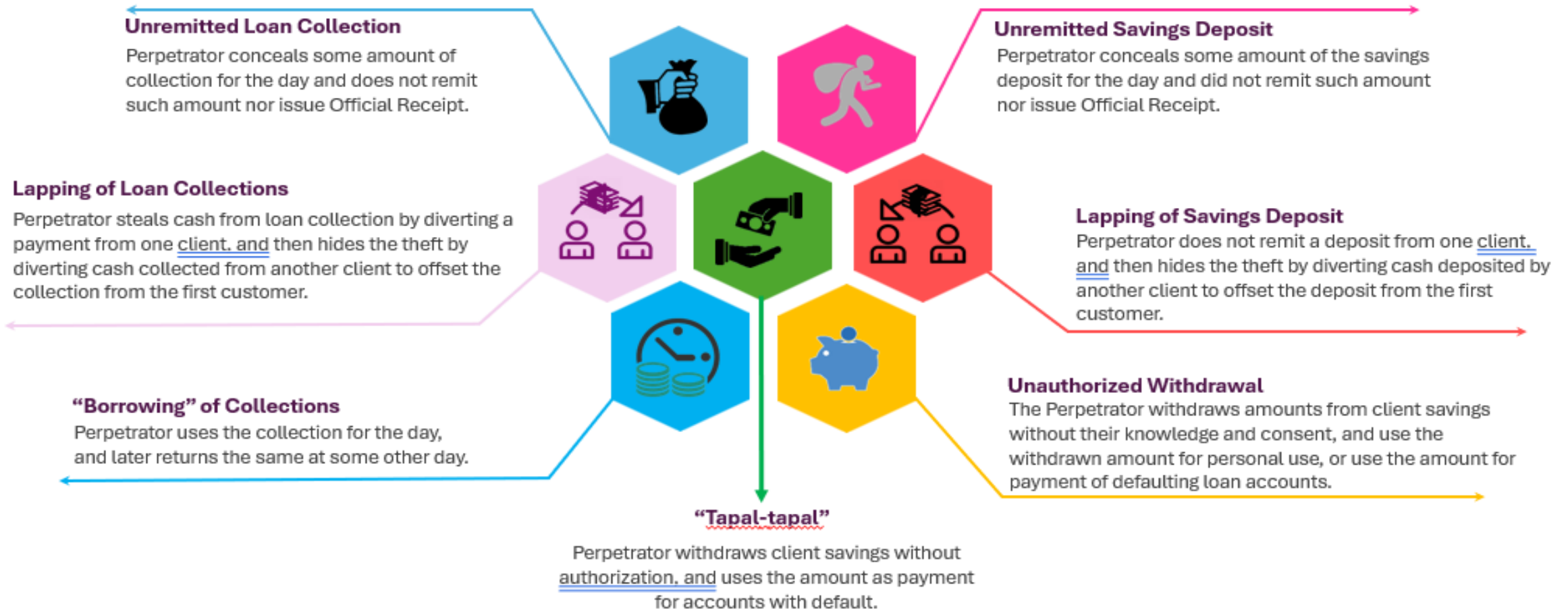


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Common Fraud Cases in Cash from Loans and Savings

LOAN COLLECTIONS

SAVINGS & DEPOSITS



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3 Common Fraud Cases in Loans

Falsified Accounts

Loan account identities are fabricated with reference to some clients, neighbors, etc., including the use of stolen photos of reference identities.



Pseudo-Applicants

A person represents (for a fee from the perpetrators) as the applicant for the loan, but the proceeds redound to the Perpetrators' benefit.



Ghost Clients

- Fabricated/fictitious names, addresses, and other identity information in the loan application forms.
- No actual person can be associated with the information



Unauthorized Use of Loan Account

The perpetrators used the accounts of legitimate but inactive clients for succeeding loans without the clients' knowledge and authorization.



Loan Rides/Splitting

Clients apply for the loans, but the Perpetrator (Trust Staff or Clients) share in or benefit in full from the proceeds of the loan.

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Internal Collusion is one of the most critical fraud risks in a microfinance institution, as it involves two or more staff working together to bypass controls for personal gain. It is simply risky because it can defeat normal checks and balances.

This can result in ghost loans, unauthorized releases, misappropriation of collections, or manipulation of client records. Given the field-based nature of microfinance operations, simple, practical, and enforceable controls are essential.

Because;

- **Cash-based transactions**
- **Field operations with limited supervision**
- **Close relationships between staff & clients**
- **High transaction volume**

Common Internal Collusion Risks and Simple Controls

RISK: Staff create non-existent clients and split the loan proceeds

CONTROL MECHANISMS:



- **Require face-to-face client validation before loan release**



- **Use client photos with loan documents (captured during disbursement)**



- **Conduct random client call-backs or visits by a supervisor (Contact Hub Process Validation for NL)**



- **Maintain a client master list with unique identifiers (no duplicates)**



- **Loan proceeds directly credited to their accounts (bank accounts, gcash account, etc.)**

RISK: Staff approve illegitimate or unqualified loans

CONTROL MECHANISMS:



- **Enforce segregation of duties (different staff for marketing, approval and release)**



- **Require dual signatures for loan approval beyond a set threshold**



- **Rotate staff assignments periodically to avoid familiarity risks.**

RISK: Collected payments are not remitted

CONTROL MECHANISMS:



- **Issue service invoice immediately for every collections**



- **Implement daily cash count and reconciliation**



- **Require same-day deposit of collections to the branch or bank.**



- **Use collections monitoring sheets reviewed by supervisors**

RISK: Loan released without proper approval or documentation

CONTROL MECHANISMS:



- **Ensured pre-approved loan listing before any field release.**
- **Use or maintain release logbook signed before and after disbursement**
- **Require client acknowledgment (signature) upon receipt**
- **Conduct spot checks by Branch Supervisors during field releases**

RISK: Staff alter records to conceal fraud

CONTROL MECHANISMS:



- **Maintain system-based recording where possible (with audit trails)**



- **Prohibit backdated entries without approval**



- **Conduct weekly record reviews by a supervisor**



- **Use exception reports (e.g. multiple loans under same name/address)**

RISK: Clients cooperate with staff to commit fraud

CONTROL MECHANISMS:



- **Enforce strict KYC (Know Your Customer) procedures**



- **Require group or center verification (co-borrowers confirm legitimacy)**



- **Encourage whistleblowing mechanisms (anonymous reporting)**



- **Conduct client education on proper procedures and official fees**

RISK: Misuse of cash during offsite activities

CONTROL MECHANISMS:



- **Set maximum cash carrying limits for staff**



- **Require itinerary and field activity plans approved in advance**

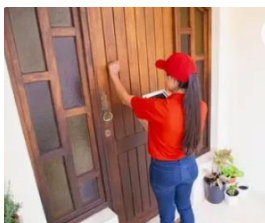


- **Use buddy system for high-value transactions**



- **Require end-of day reporting with supporting documents**

- Conduct regular fraud awareness training for staff & **Conduct Regular Internal Control & Risk Training for leaders**
- Promote a culture of accountability and transparency
- Perform unannounced audits (**Comprehensive Branch Audit (CBA) & Spot Audits & Risk Audit**) and field visits (**Area Manager & District Head Visits**)
- **Surprise Cash Counts**
- **Bank Reconciliation**

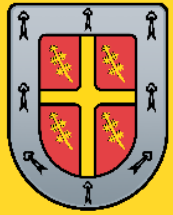


- Segregation of Duties (Maker vs Checker vs Approver)
- Restriction to access of data to prevent unauthorized processing
- Regular Monitoring (Red Flag Reporting)
- Signature Verification
- Password
- Reconciliation of DCS versus deposits
- SMS Notification for loan claiming & CBU withdrawals



While internal collusions is difficult to detect, it can be effectively minimized through simple, consistent, and well-monitored controls. The key is to ensure visibility, shared responsibility, and regular oversight without overcomplicating processes in a field-driven environment.

By implementing these practical measures, microfinance institutions can significantly reduce fraud risk while maintaining operational efficiency.



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