Scaling-up Sustainable and Inclusive Housing Microfinance in the Philippines

Housing Microfinance Forum
11 August 2026

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Bangko Sentral ng Pilipinas

BSP MANDATE

PRICE STABILITY | FINANCIAL STABILITY | SAFE AND EFFICIENT PAYMENTS SYSTEM

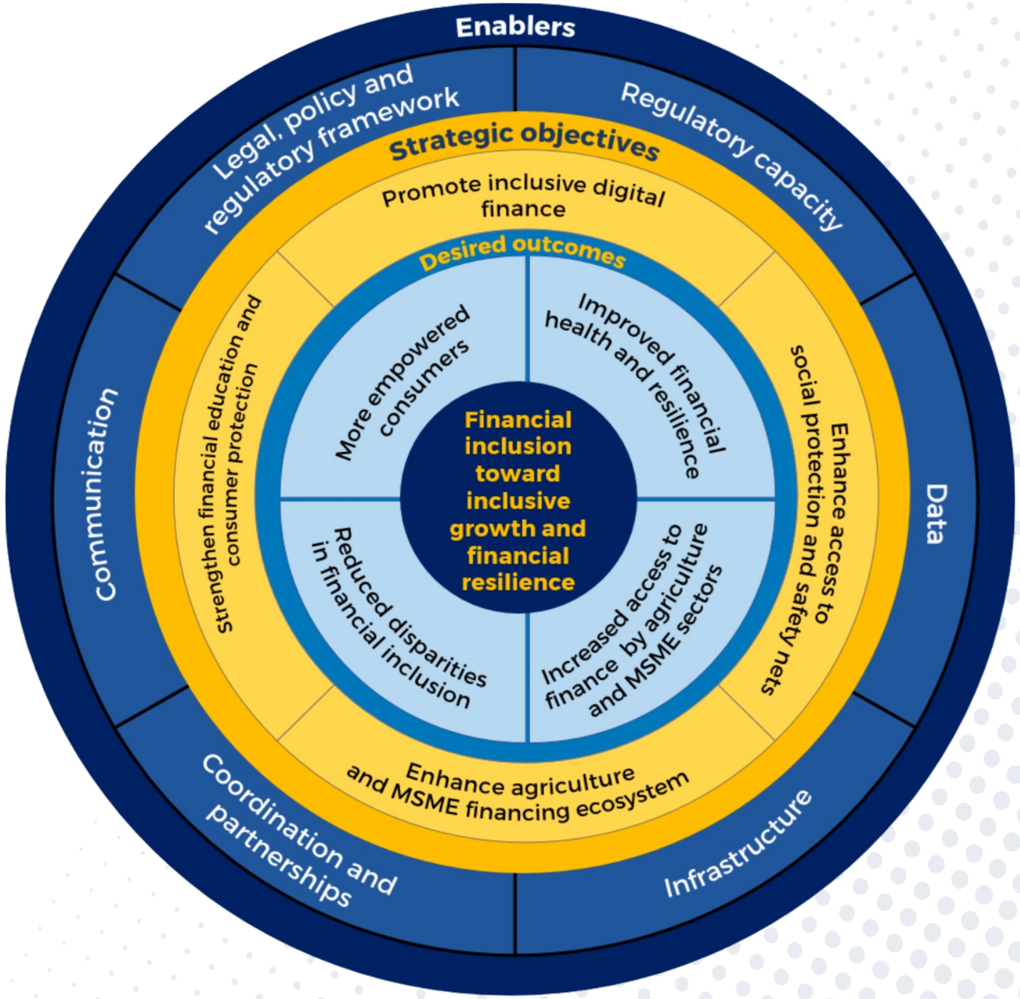
FINANCIAL INCLUSION

BROAD AND CONVENIENT ACCESS TO HIGH-QUALITY FINANCIAL SERVICES

FINANCIAL HEALTH

EVERY DAY, RAINY DAY, ONE DAY WITH CONFIDENCE

National Strategy for Financial Inclusion 2022-2028



Improving financial health and resilience is a desired outcome

Scaling up the delivery of social housing finance to meet demand for pro-poor and resilient housing is one of the NSFI's priority initiatives.

ACCESS TO AFFORDABLE HOUSING

GREATER HOUSEHOLD STABILITY

Provides a stable foundation for families and reduces vulnerability

IMPROVED FINANCIAL WELL-BEING

Helps manage finances, build resilience, and plan for the future

A regulatory framework for housing microfinance in the banking system is in place.

HOUSING MICROFINANCE PRODUCT
Initial guidance for banks interested in offering housing microfinance

2008

2000

2010

GENERAL BANKING LAW
Microfinance as a legitimate banking activity

CIRCULAR NO. 678
Formal regulatory framework for housing microfinance

CIRCULAR NO. 678

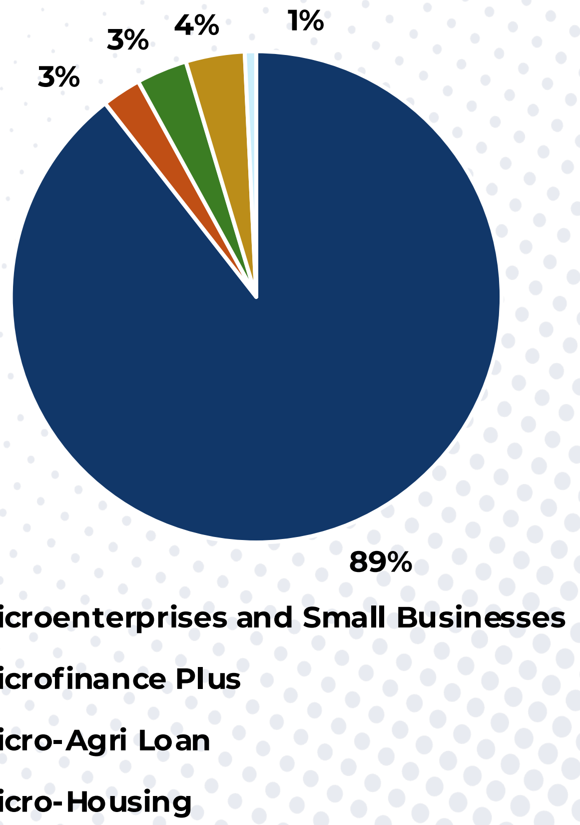
- **Set eligibility requirements for banks offering housing microfinance**
- **Established product parameters, including loan ceilings, terms, and collateral arrangements**
- **Provided regulatory incentives to support the growth of housing microfinance**

Where are we now?

	No. of banks	No. of Borrowers	Amount (In Billion Pesos)	Average Loan per Borrower
Microenterprise loans	112	1,769,685	33.0	18,631
Microfinance Plus	32	11,157	0.9	85,100
Micro-Agri Loans	16	93,035	1.2	13,286
Micro-Housing Loans	**10**	**102,853**	**1.4**	**13,913**

SOURCE: BSP, data is as of Q1 2026

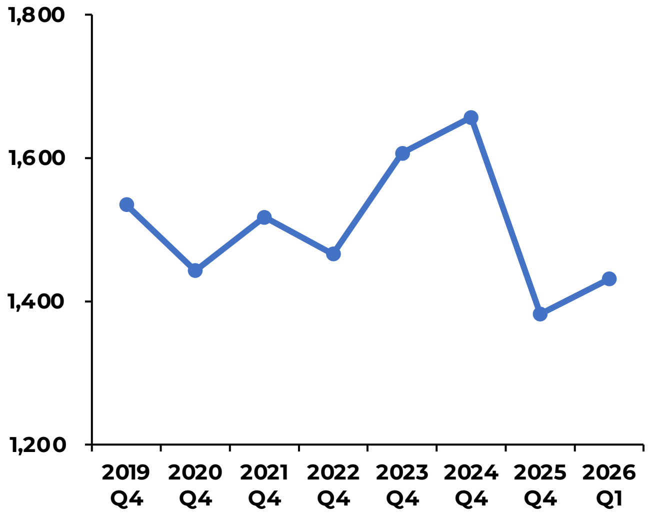
PERCENTAGE SHARE OF MICROFINANCE (MF) PRODUCT TO TOTAL MF LOANS



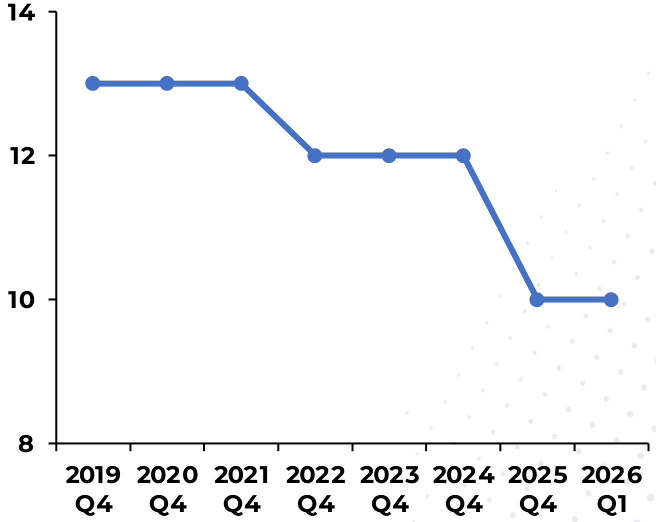
Trends in Housing Microfinance

Period	2019	2020	2021	2022	2023	2024	2025	Q1 2026
Loans (in millions)	1,535	1,443	1,517.5	1,466	1,607	1,657	1,382	1,431
Banks	13	13	13	12	12	12	10	10
Borrowers	136,618	86,097	95,784	76,350	91,319	148,171	113,458	102,853

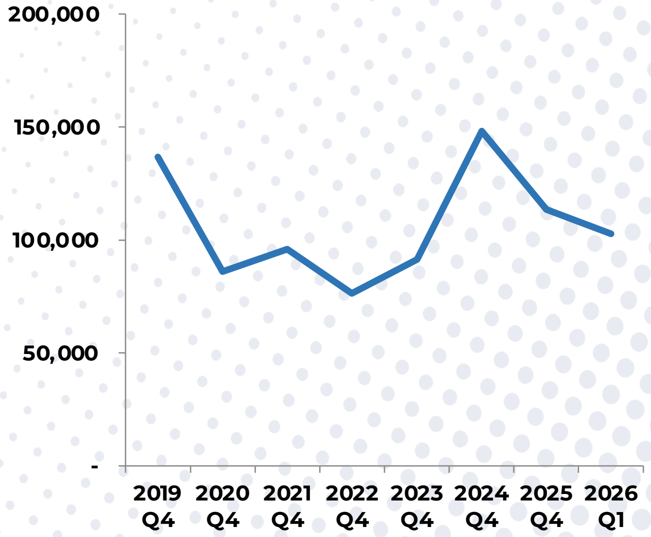
Amount of Loans
(in million pesos)



No. of Banks



Number of Borrowers



Insights from a housing microfinance study*

Housing microfinance is used primarily **for home improvement and repairs**, rather than for house and/or lot acquisition.

Key Challenges - Clients

- High interest rate
- Irregular or unstable cash flow
- Collateral requirements for loans exceeding ₱150,000
- Long repayment period
- Main considerations: processing time and ease of securing required documents

Key Challenges - MFIs

- Discontinued the product due to losses
- Limited manpower and technical capacity
- Concerns over borrowers' repayment capacity

Recommendations

- Provide more flexible repayment terms
- Reduce interest rate Simplify documentary requirements
- Promote greater utilization of guarantee programs
- Consider incentives for MFIs offering housing microfinance
- Explore the use of alternative forms of collateral

*Conducted by a Central Bank Associate assigned to the BSP Financial Inclusion Office

Key Takeaways

Housing microfinance works better as incremental housing finance, rather than as a smaller version of a mortgage.

There may be scope to revisit collateral requirements for housing microfinance loans between ₱150,000 and ₱300,000.

Sustainability presents a promising use case, including financing for water and sanitation improvements and energy-efficient solutions such as solar panels. MFIs are already doing this.

Scaling requires an ecosystem approach: technical assistance, client-centric product design, and community-based efforts such as financial education focused on managing housing loans.

THANK YOU!

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