



RCBC'S MICROFINANCE INITIATIVE

Lessons and Insights

*Asian Bankers Association 36th General Meeting and Conference
14-15 November 2019, Makati Shangri-la Hotel, Philippines*





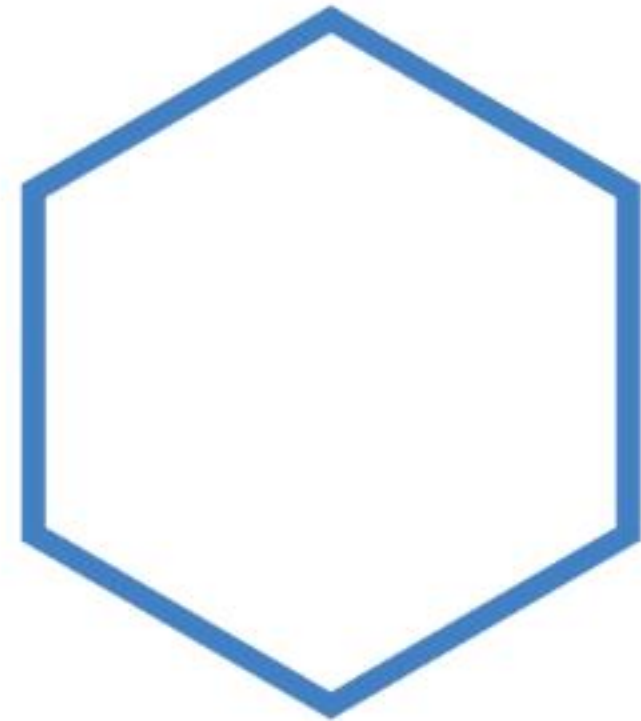
We believe in you.

Rizal Commercial Banking Corporation (RCBC) is
one of the country's top universal banks.

For 59 years, RCBC has been the flagship financial institution
under the Yuchengco Group of Companies.



Established in 2010,
Rizal Microbank is RCBC's Thrift Bank,
and is tasked to implement the group's
business in microfinance.

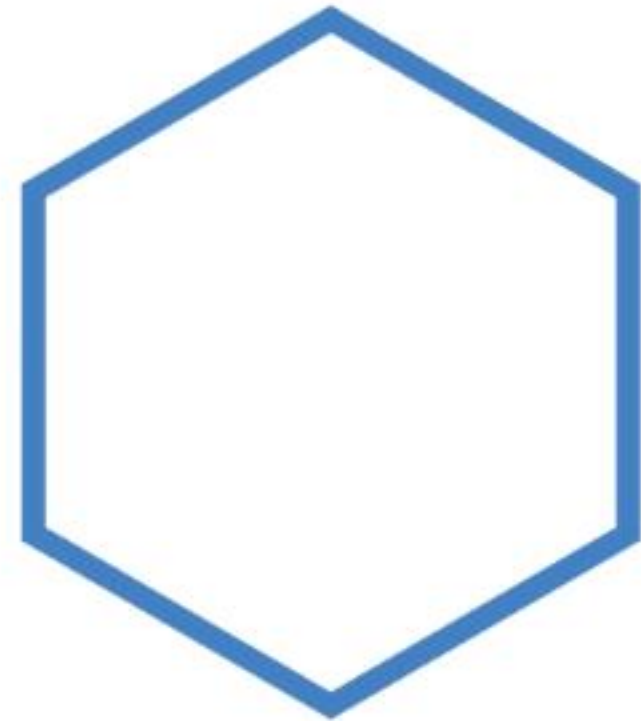


**RIZAL
MicroBank**

A Thrift Bank of RCBC



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RIZAL MicroBank

A Thrift Bank of RCBC



MICROFINANCE LOAN



SMALL BUSINESS LOAN



AGRICULTURAL LOAN



BASIC DEPOSIT
ACCOUNT



TIME DEPOSITS



CHECKING ACCOUNT

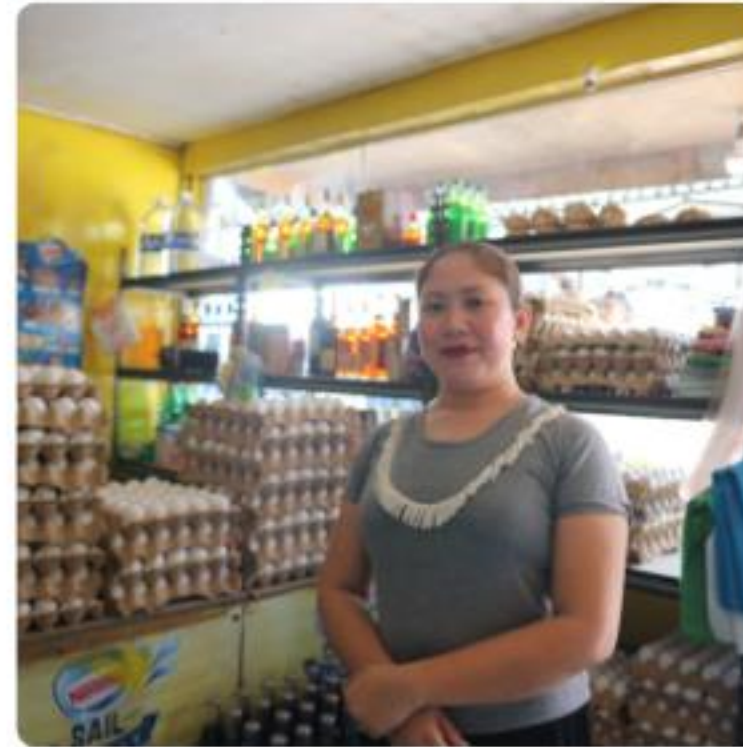


REGULAR
SAVINGS ACCOUNT



CONTRACTUAL
SAVINGS ACCOUNT

MICROFINANCE IN THE PHILIPPINES



Microfinance is the provision of a **broad range of financial services** such as deposits, loans, payments, services, money transfers and insurance products to the **poor and low-income households and their micro-enterprise**.

Most of the players are credit NGOs, cooperatives and rural banks, with their credit methodology being done either through **group lending (Grameen and ASA)** or **individual lending (MABS approach)**

MICROFINANCE IN THE PHILIPPINES

According to the **Bangko Sentral ng Pilipinas (BSP)**

Cash flow based and typically unsecured

Maximum loan amount is PHP150,000 or USD3,000

Frequent payments

Reasonable interest rate

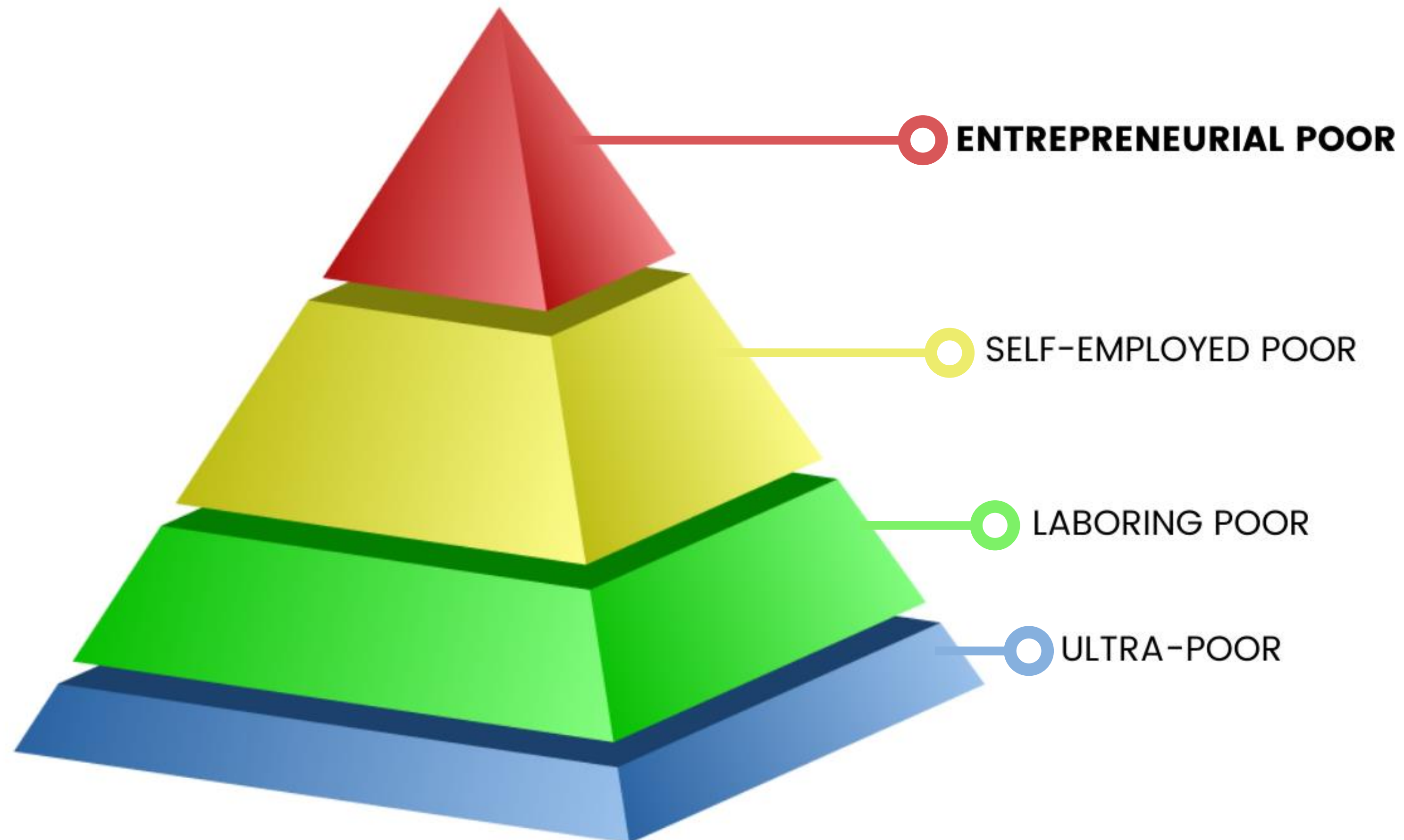
Financial statement is not required for the target clients

Exempted from rules and regulations governing unsecured loans

OUR MARKET SEGMENT



Government data in 2006 recorded them to be at 6.7M families or 38% of the 18 Million families in the Philippines



OUR MARKET SEGMENT



Geographically dispersed



Minimal to no savings



Minimal real properties and other fixed assets



No financial records or credit history with banks; mostly borrows from family members



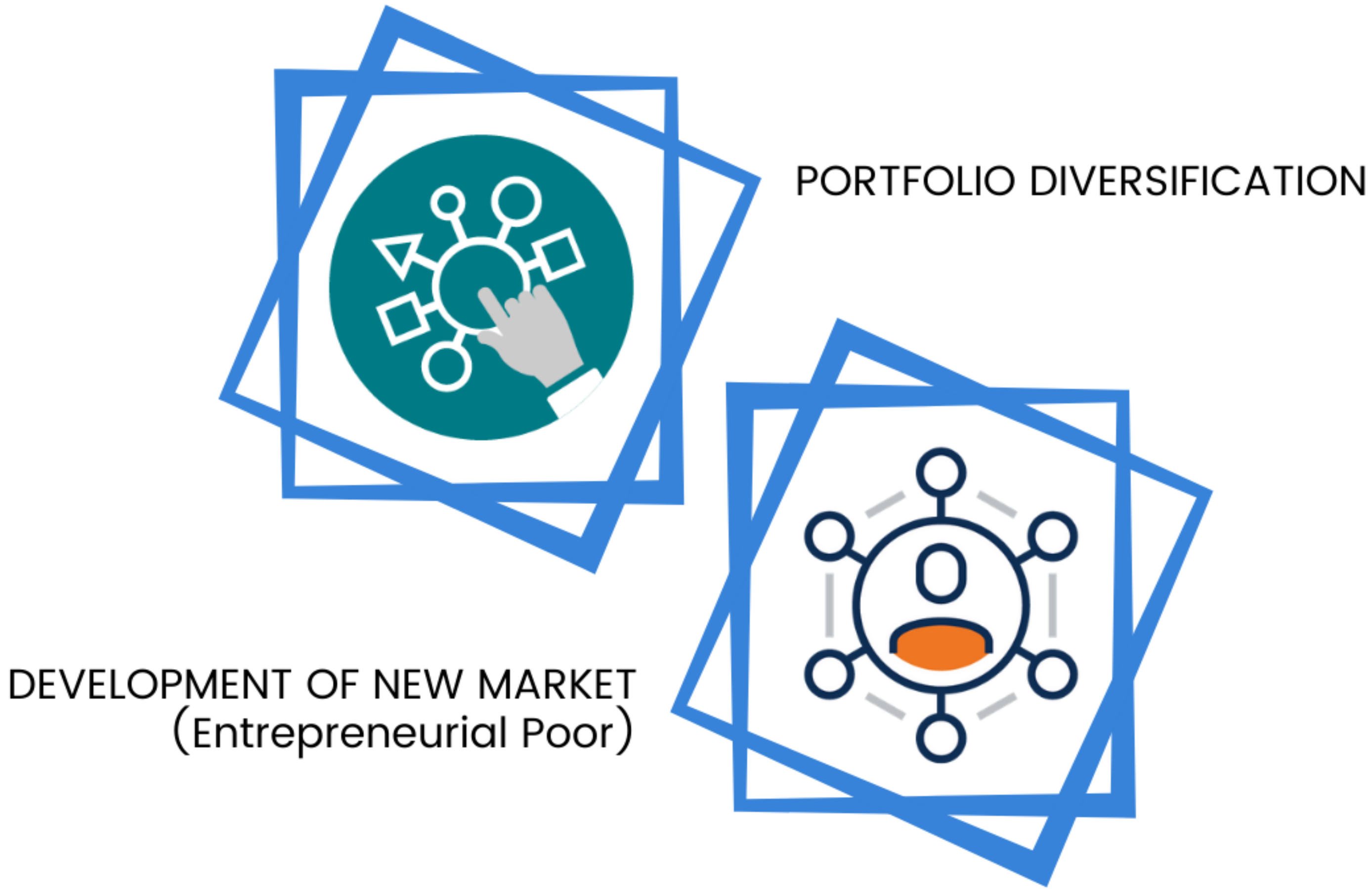
No valid IDs



Low financial literacy

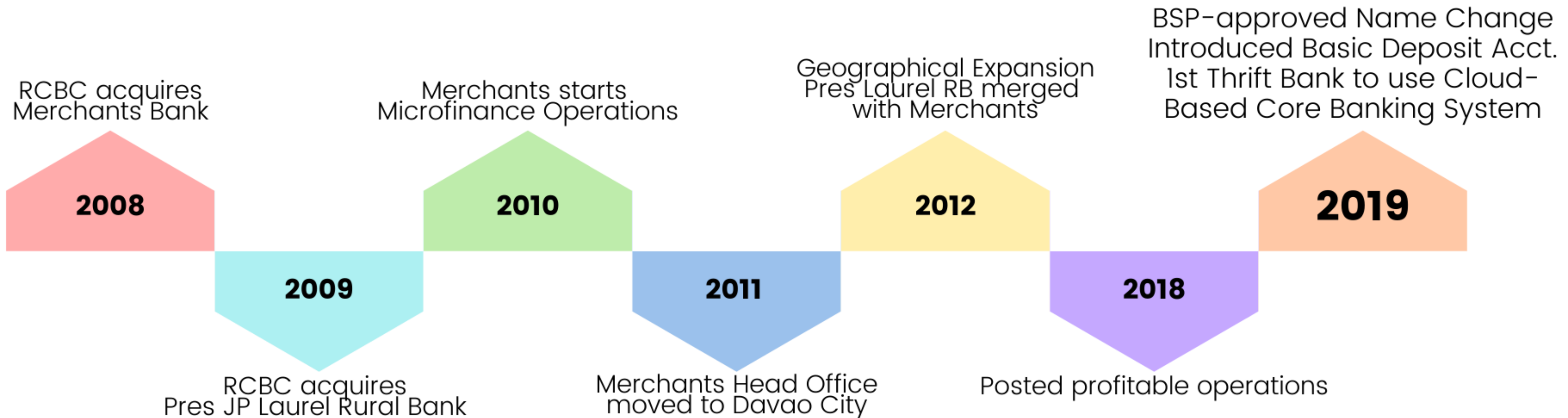
OUR RATIONALE

RCBC's Microfinance Initiative



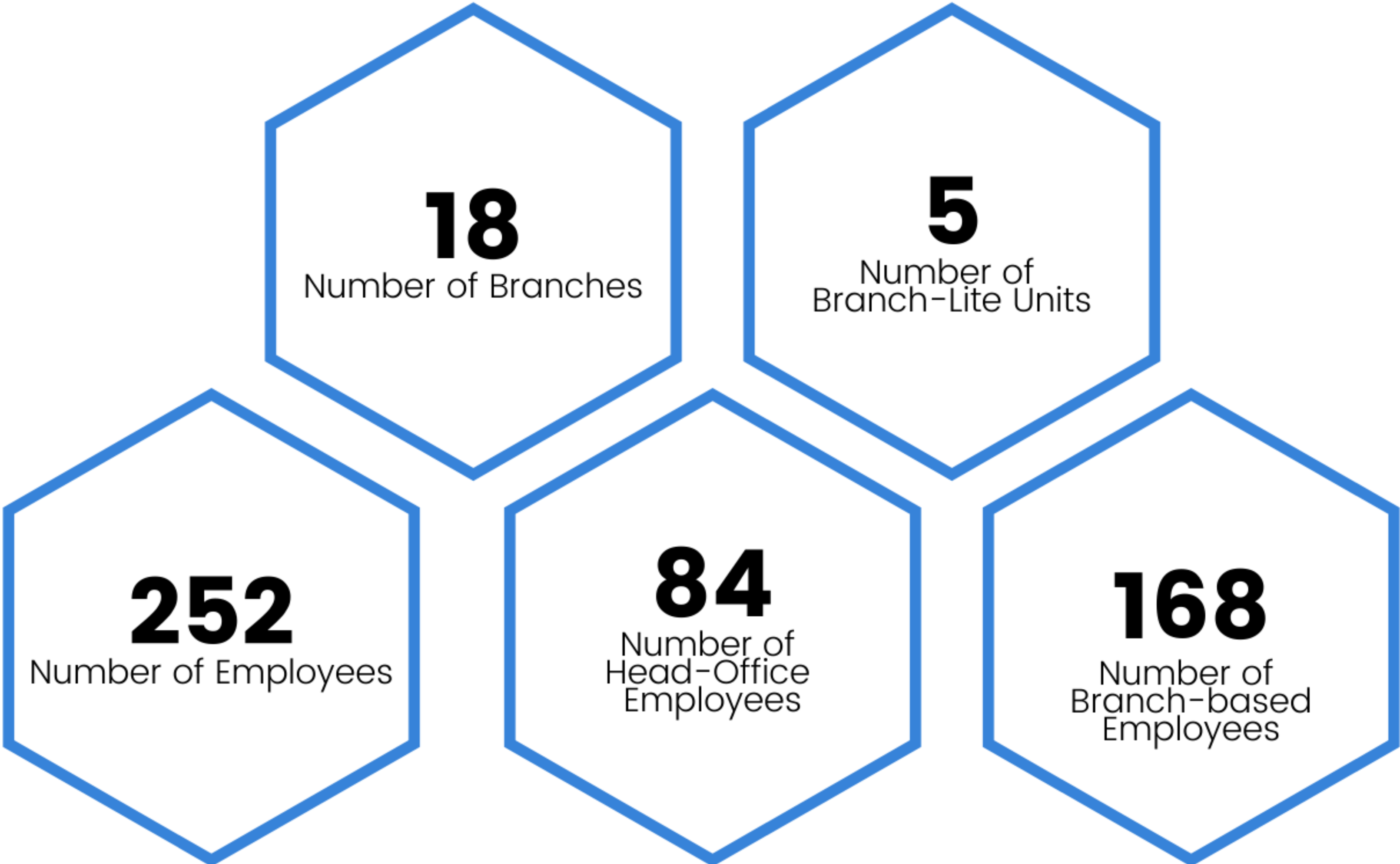
MILESTONES OF RIZAL MICROBANK

RCBC's Microfinance Initiative



THE BANK IN NUMBERS

Rizal Microbank

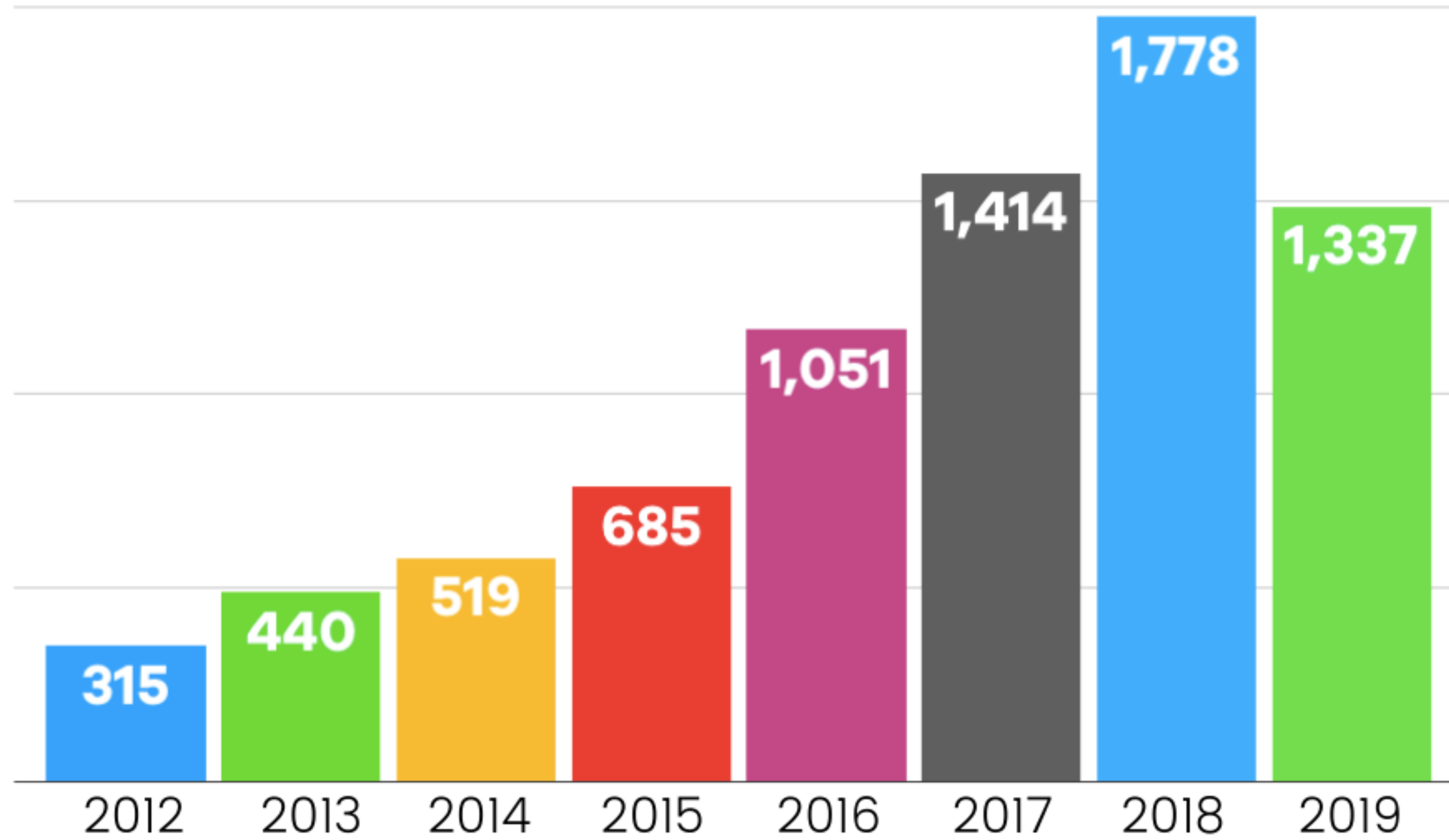


THE BANK IN NUMBERS

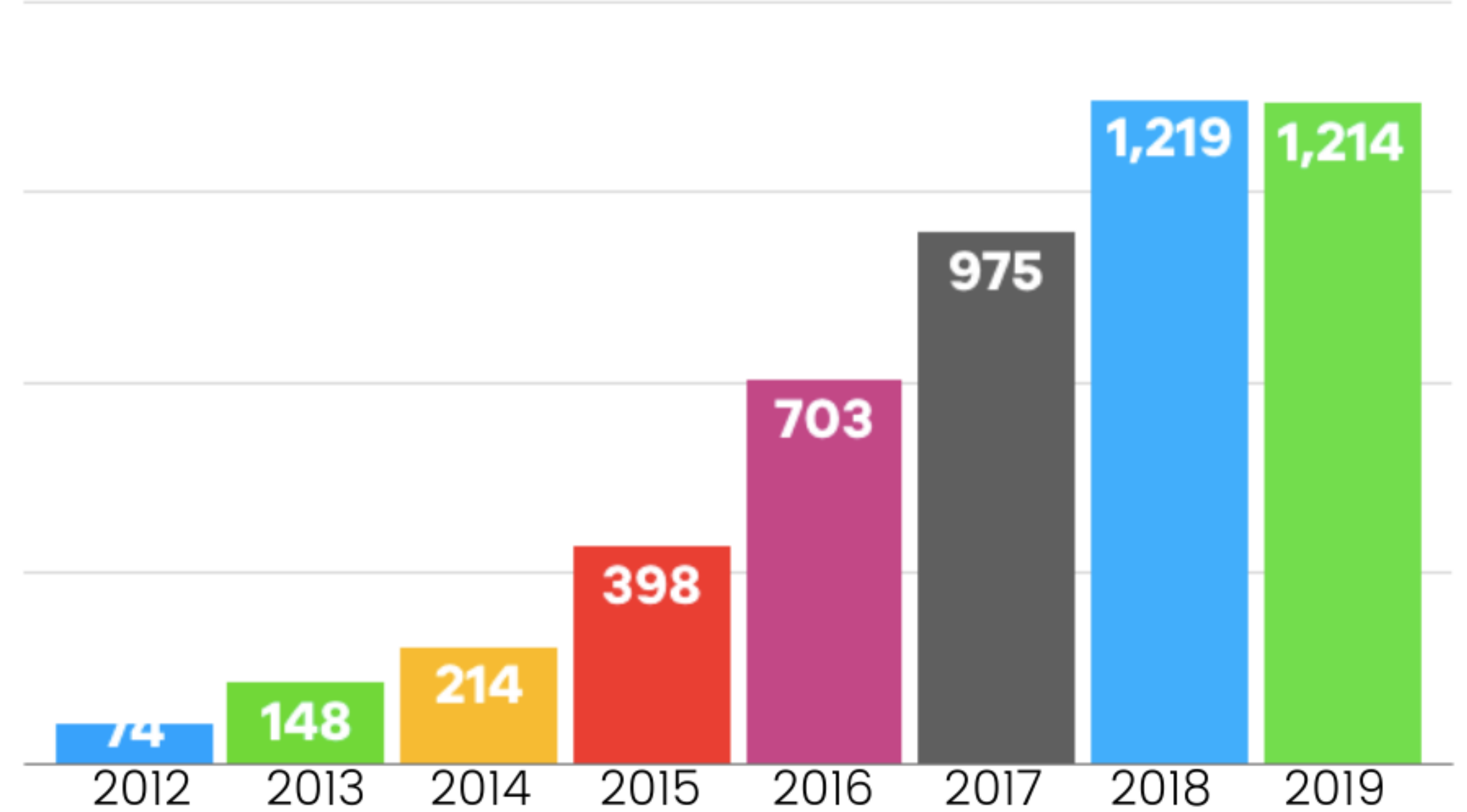
Rizal Microbank



LOAN DISBURSEMENT



LOAN OUTSTANDING



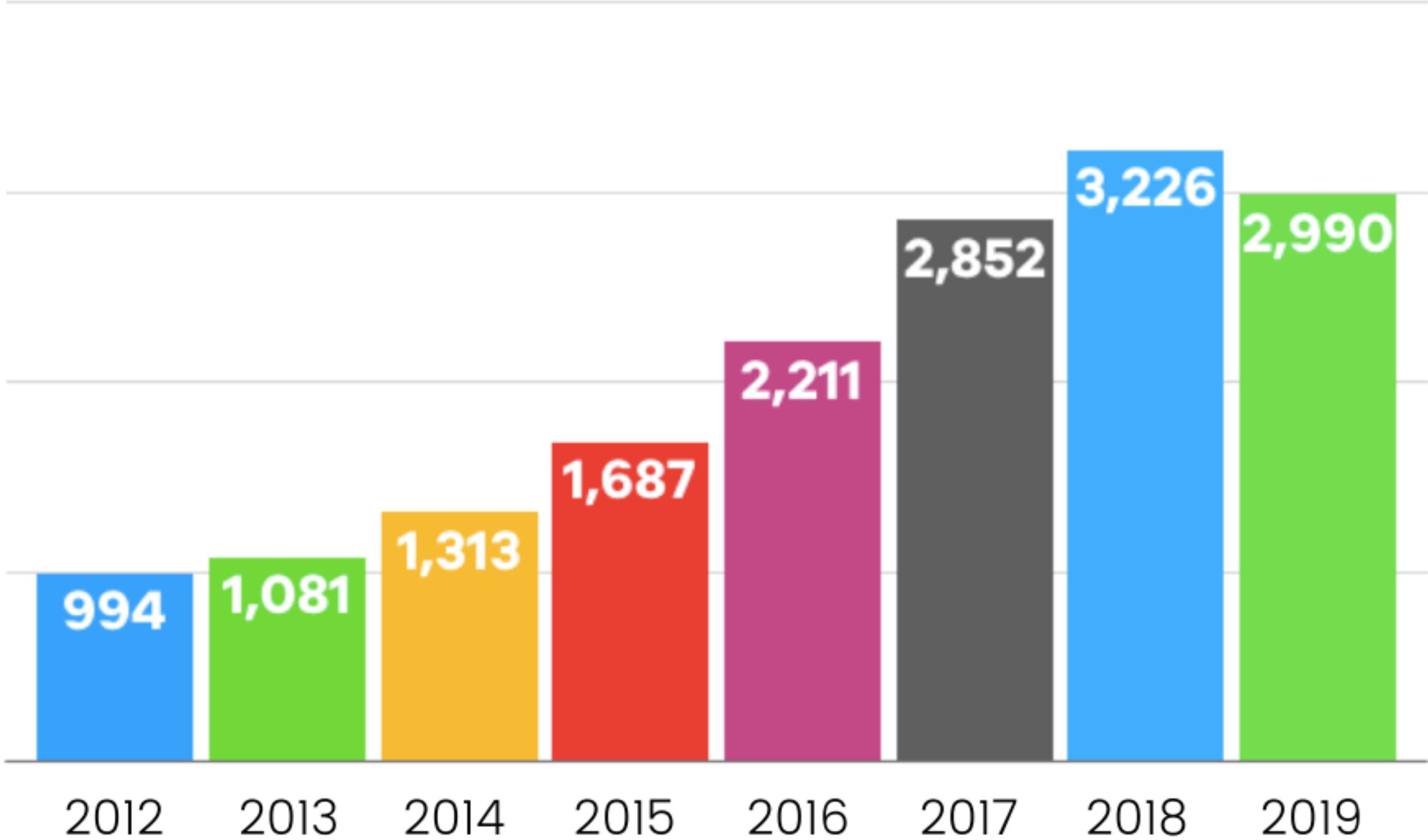
Note: 2019 Figures are only as of September 30, 2019

THE BANK IN NUMBERS

Rizal Microbank



NUMBER OF ACTIVE BORROWERS

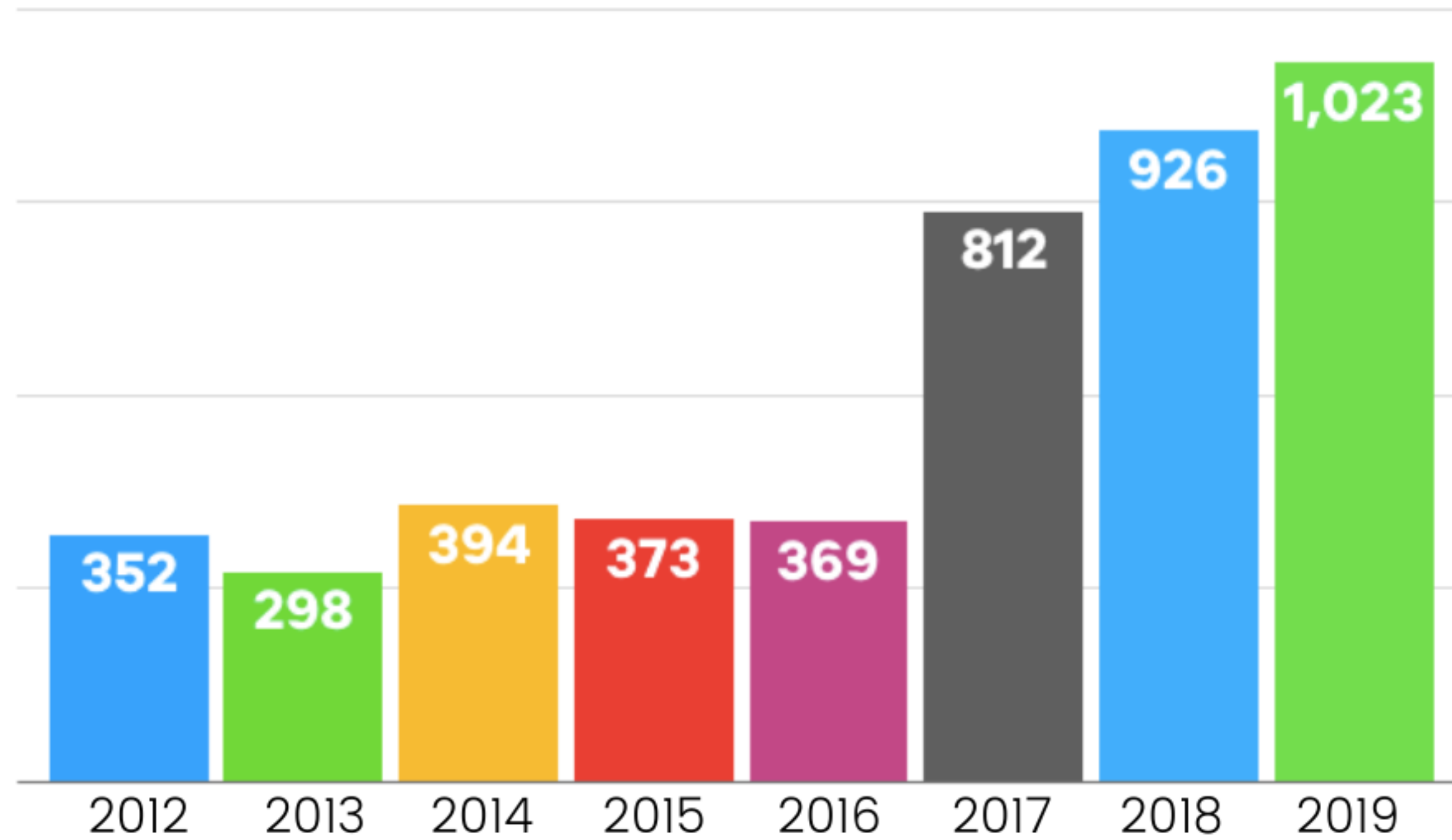


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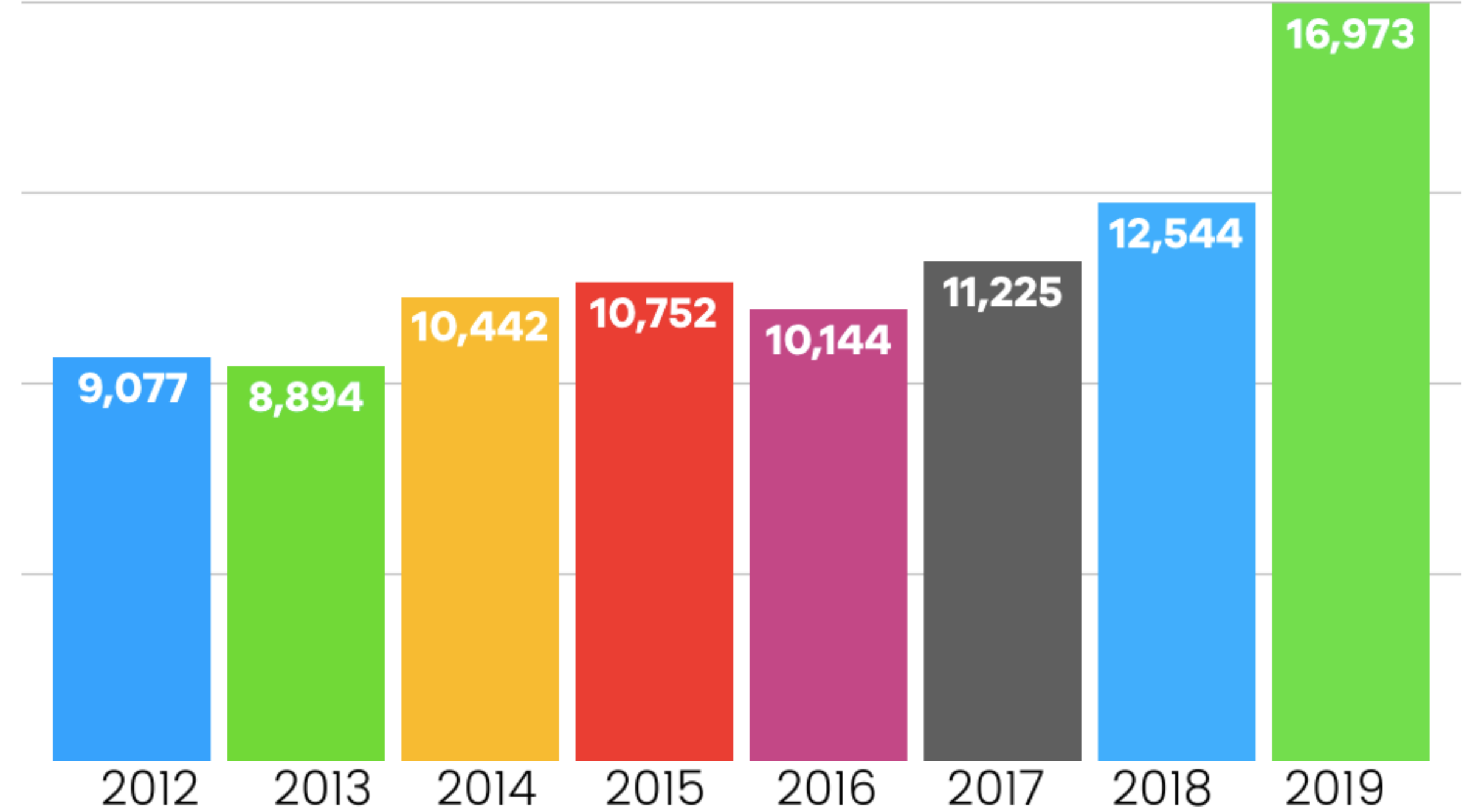
THE BANK IN NUMBERS

Rizal Microbank

AMOUNT OF DEPOSITS



NUMBER OF DEPOSITORS

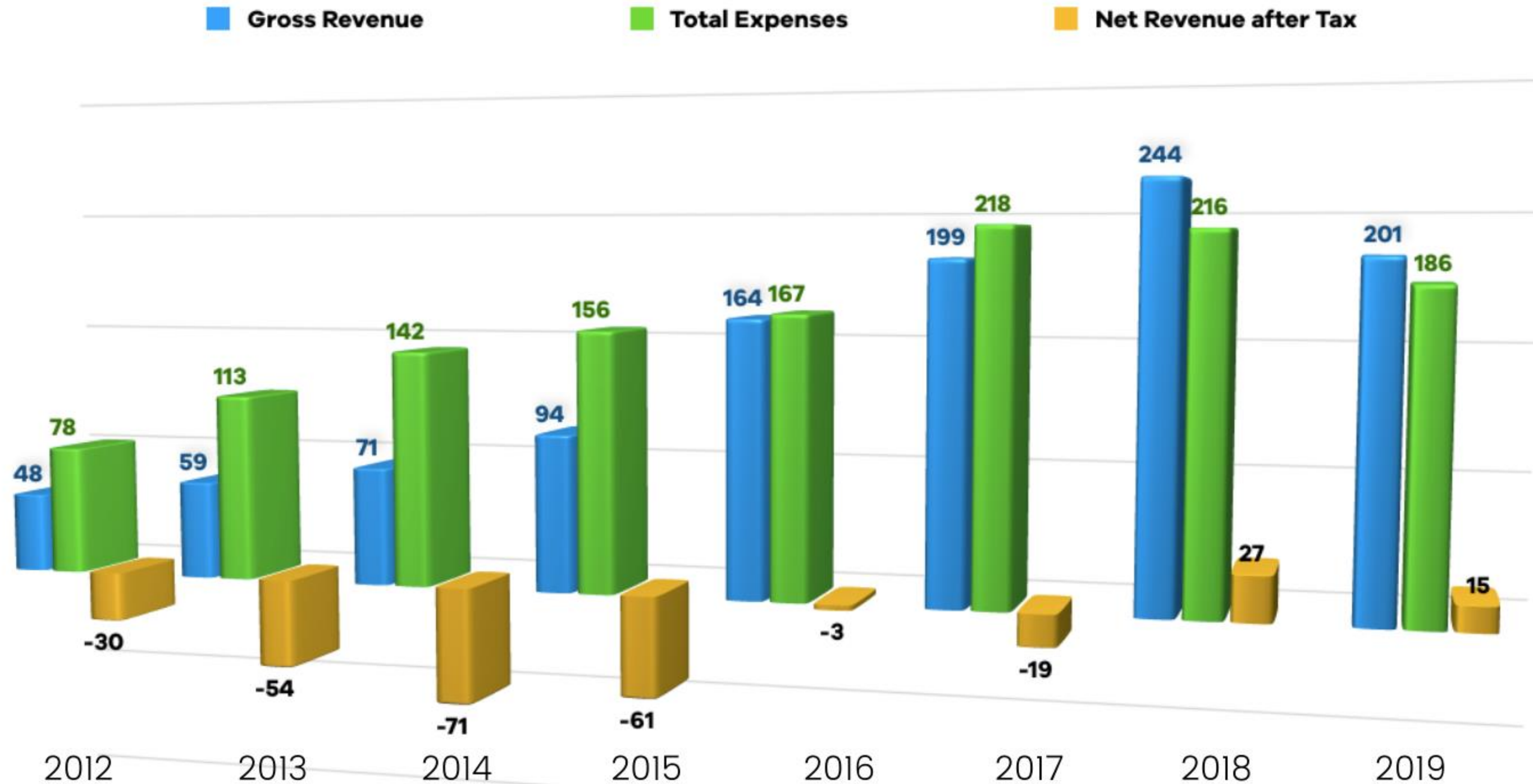


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THE BANK IN NUMBERS

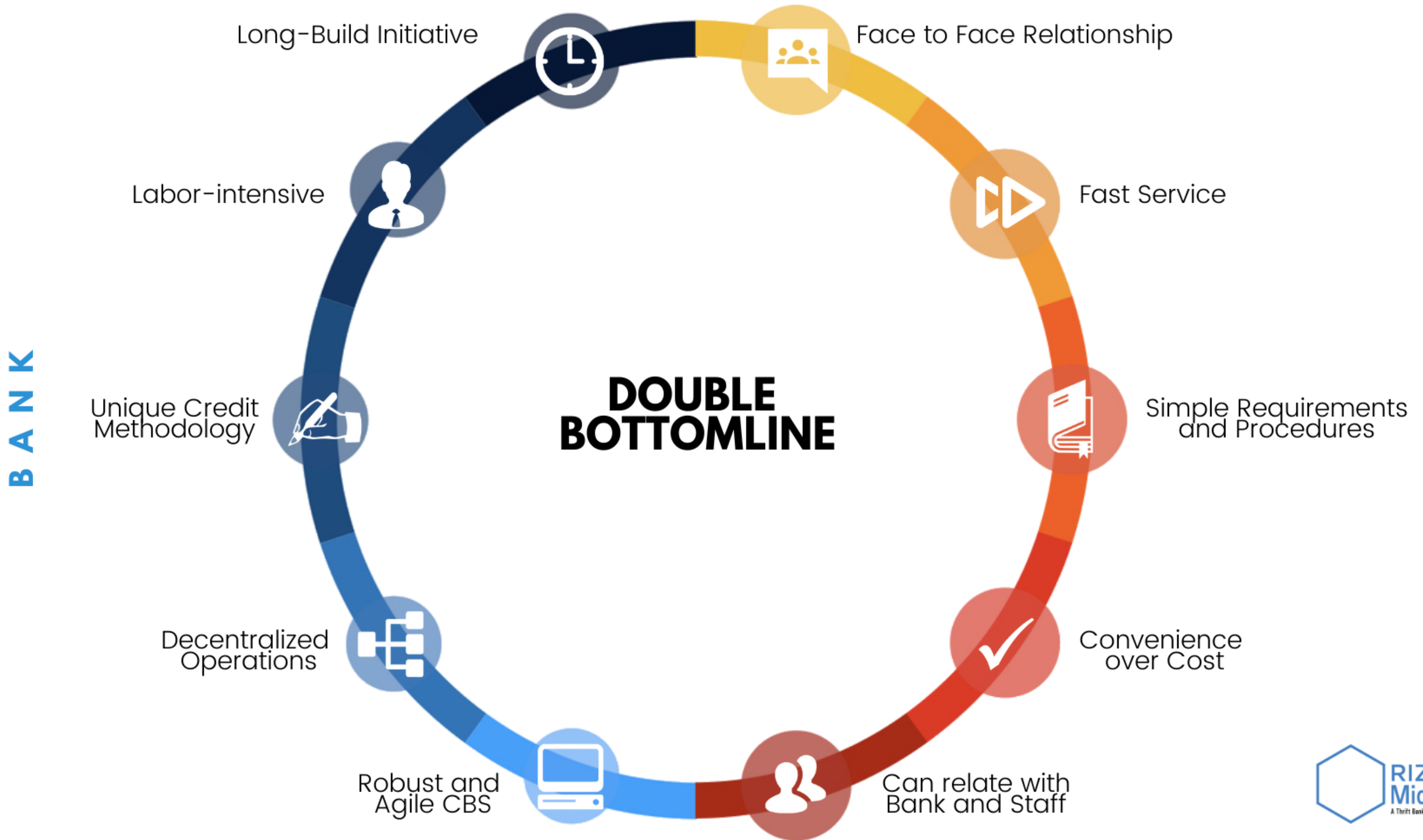
Rizal Microbank

PROFITABILITY



Note: 2019 Figures are only as of September 30, 2019

KEY LESSONS & INSIGHTS



OUR DOUBLE BOTTOMLINE

MICROFINANCE OPERATIONS

- ECONOMIC**
- Growth and Expansion for our Clients
 - Sustainable Operations for the bank

- SOCIAL**
- Better Quality of Life for our Clients
 - Impact-Driven Financing for RMB



BRAND CORE

Financial services within the reach of the common people,
anchored on their hopes and dreams.

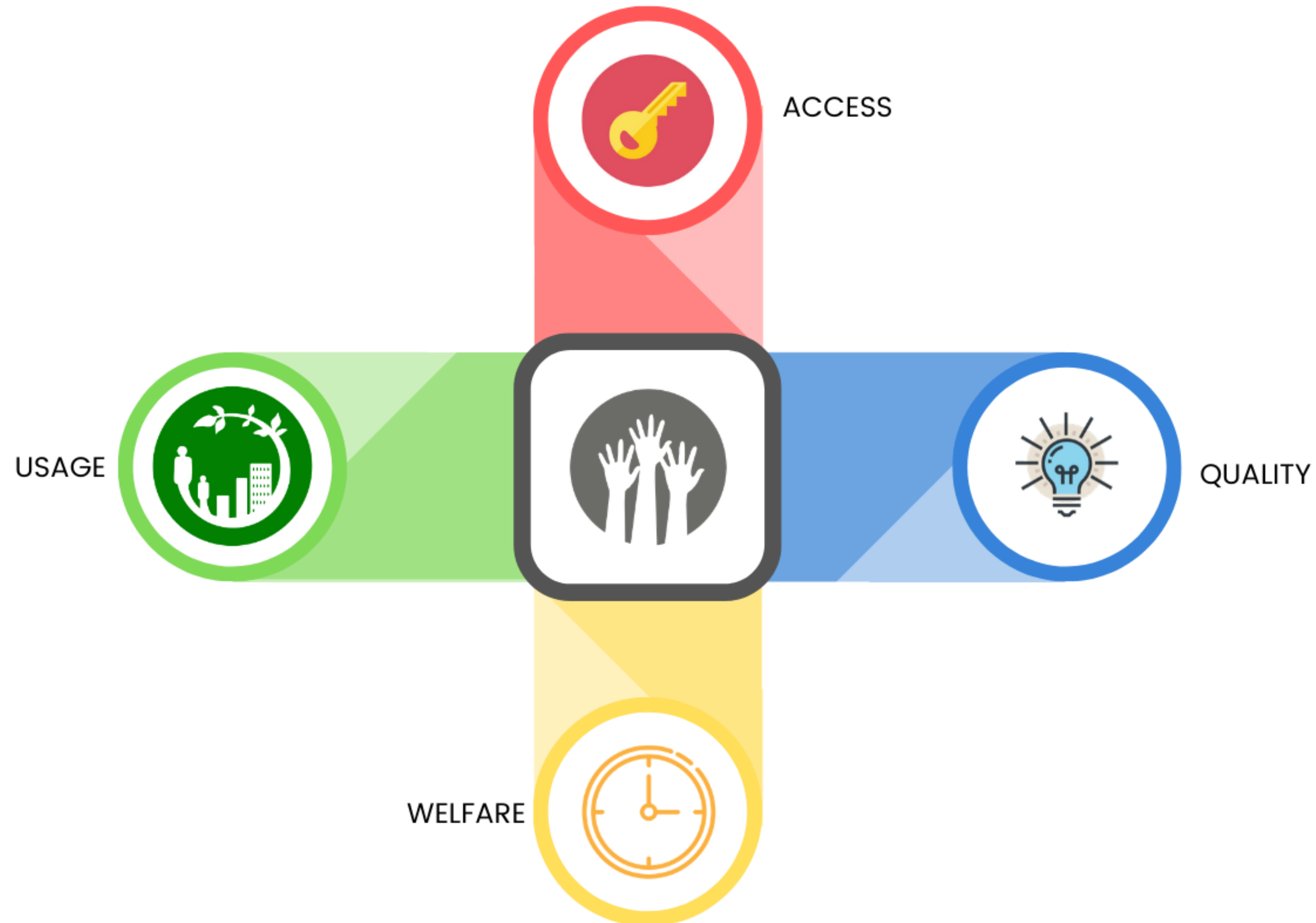
MISSION & VISION

Making financial access work for small people,
producing high impact and sustainable results

FINANCIAL INCLUSION



As defined by the Bangko Sentral ng Pilipinas, financial inclusion is a state wherein there is **effective access to a wide range of financial products and services by all.**





TOTAL ADULT POPULATION
23% have an account
(15.6 Million)



Bank Account



Account with Microfinance NGO



Account with Cooperatives



E-Money Account



Account with NSSLA

2017

11.5%

8.1%

2.9%

1.3%

0.3%

2015

14.1%

1.8%

3.3%

6.5%

0.3%



Socio-Economic Class



Area



Age



Status



Educational Attainment



Locale



Employment Status

ABC: 51
D: 24
E: 14

MMA: 35
Luzon: 19
Visayas: 20
Mindanao: 25

15-19 Y.O.: 3
20-29 Y.O.: 19
30-39 Y.O.: 38
40-49 Y.O.: 26
50-59 Y.O.: 25
60 & ABOVE: 24

Married: 27
Single: 12
Separated: 27
Widow: 24

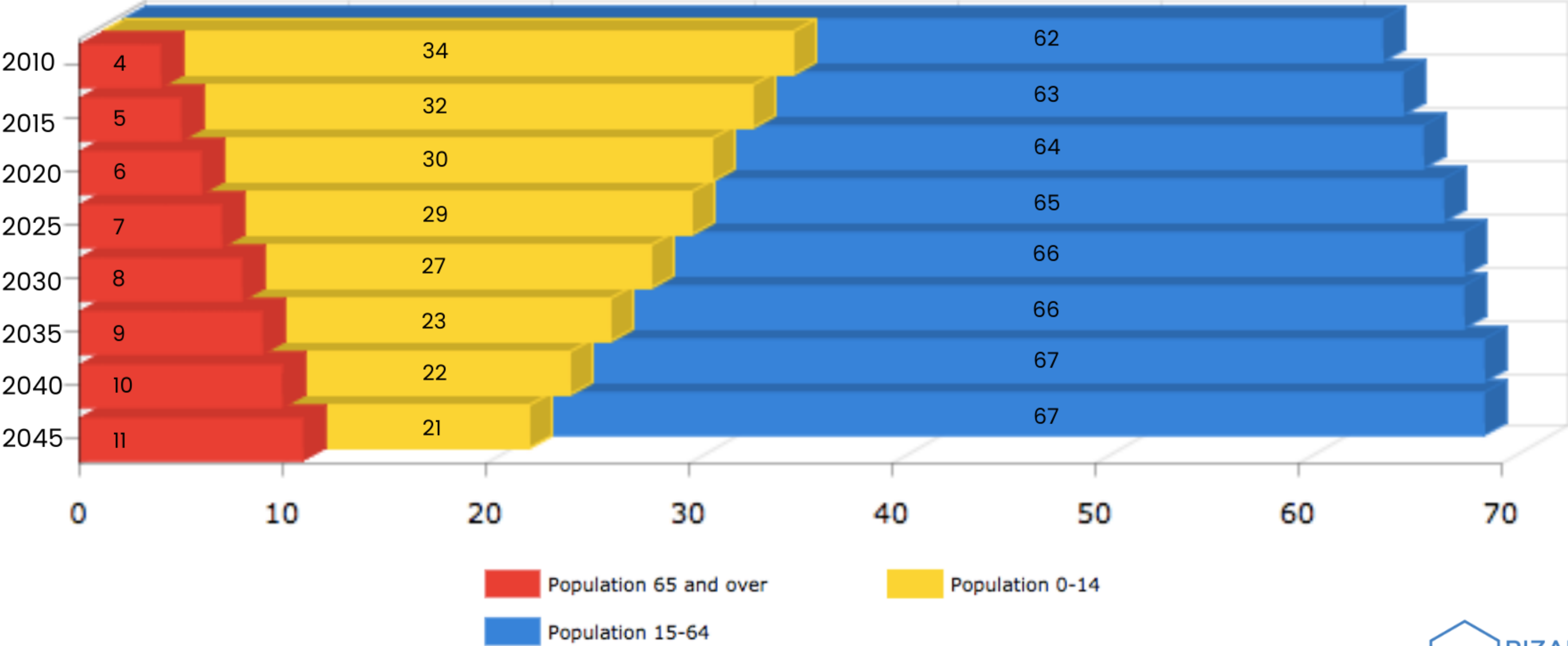
Elementary: 15
High School: 23
Vocational: 32
College: 52

Urban: 25
Rural: 20

Working: 28
Non-Working: 18



The changing age structure in the coming years point to the country's overall dependency ratio as decreasing by 13 percentage points (34 to 21). This condition when coupled with benefits of good health, quality education and decent employment are likely to lead in what is called as **demographic dividend**.



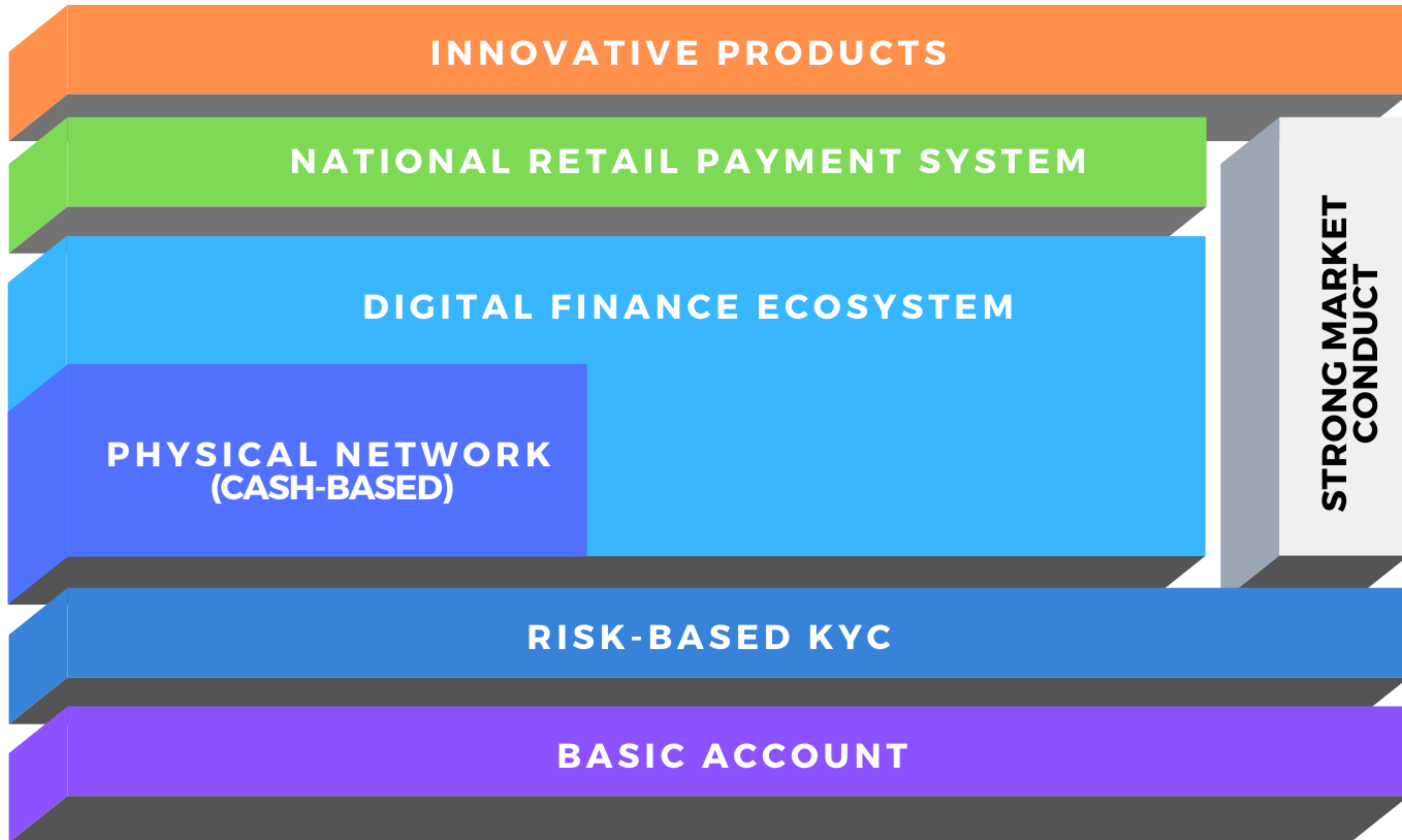
Source: Philippine Statistics Authority, 2010 Census-based Population Projections in collaboration with Inter-Agency Working Group on Philippine Projections



BSP's STRATEGY ON FINANCIAL INCLUSION



THE STRATEGIC VIEW



DIGITAL FINANCIAL INCLUSION



BRANCH-LITE

Cir. 987

Provide financial products and services suited to the needs of the market, especially the unbanked and underserved



BASIC DEPOSIT ACCOUNT

Cir. 992

Enable Filipinos to receive and make payments via electronic device, as well as have a facility for store of value



RISK-BASED KYC

Cir. 950

Implement reduced Know-Your-Customer rules for certain low-risk customers and use technology for face-to-face requirements



CASH AGENTS

Cir. 940

Leverage on digital banking solutions to onboard clients and expand one's market, even in low-income areas considered as niche and unviable



NATIONAL ID SYSTEM

Supports the government's initiative to implement a national ID which can be used for onboarding, especially for who cannot open an account due to the lack of an acceptable ID



VIRTUAL CURRENCY

Cir. 944

Acknowledgment of virtual currency as an instrument for remittance and payment transactions

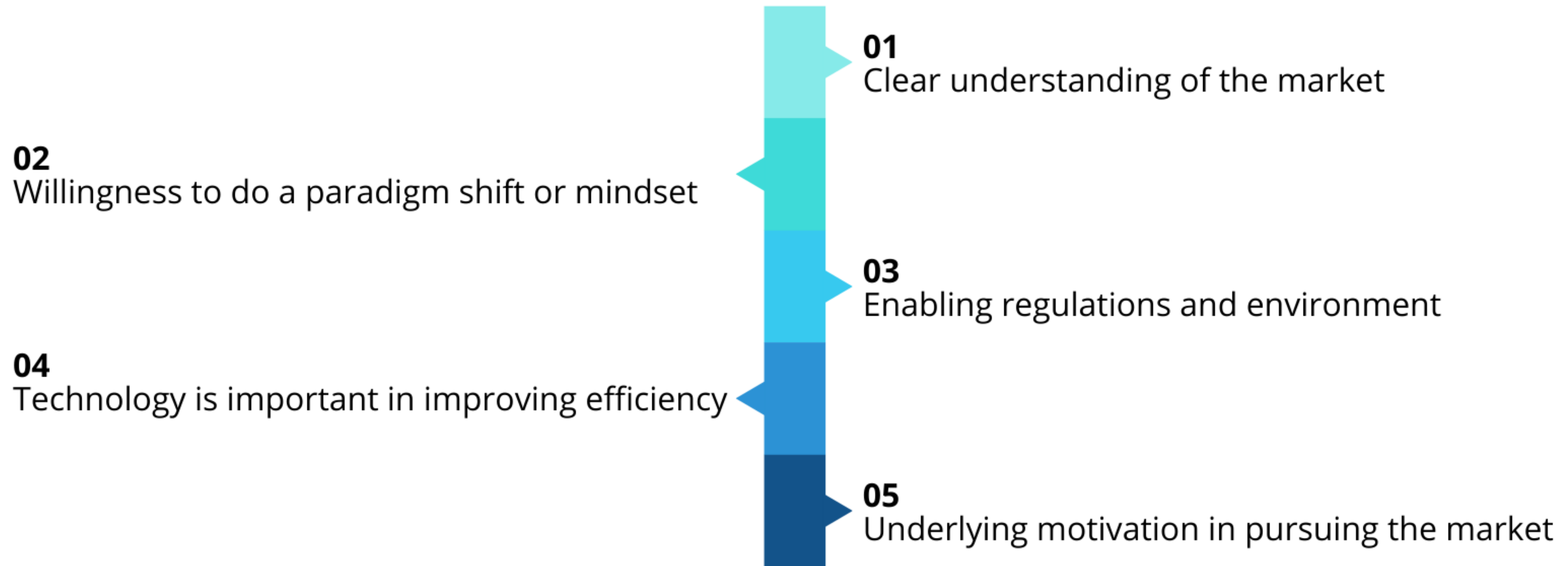


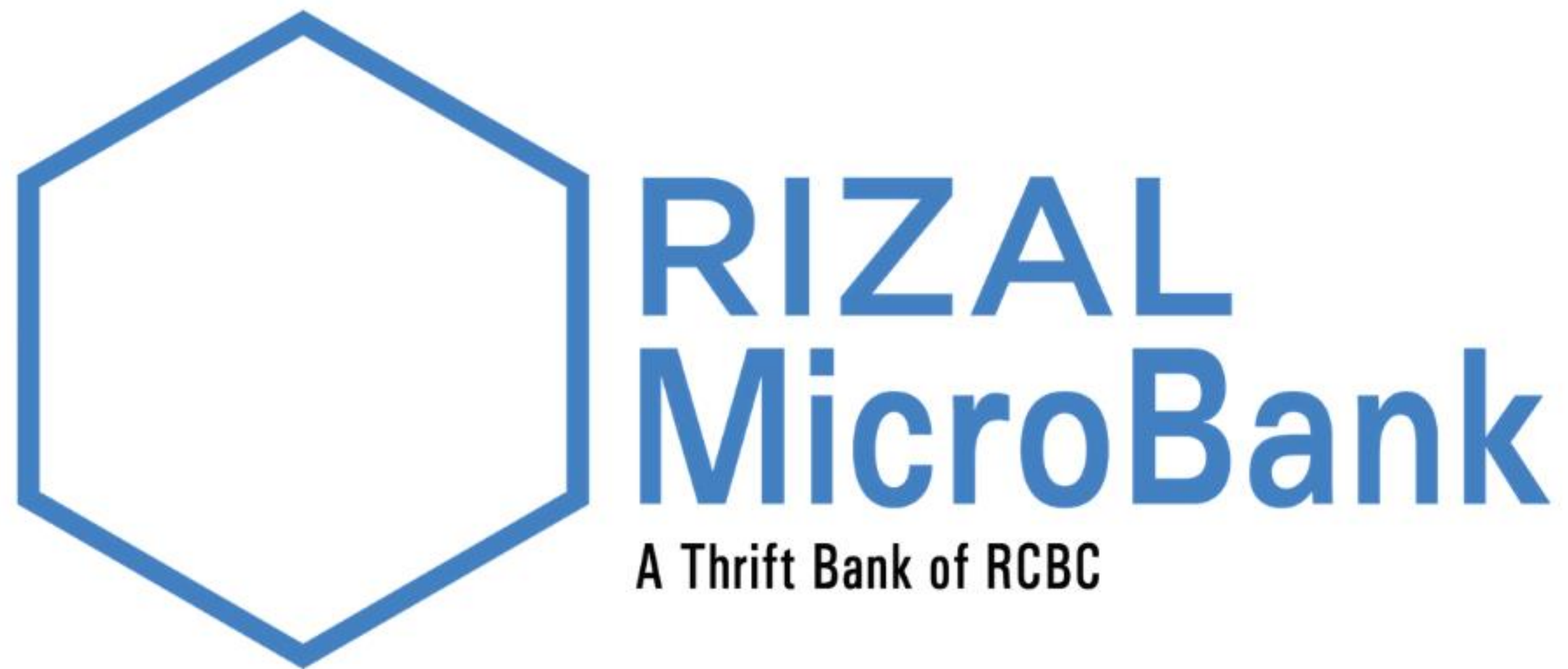
PAWNSHOP & MSB

Cir. 938 and 942

Recognizing the two's role in the provision of basic financial services to the unbanked markets

KEY DRIVERS & FACTORS





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LONG-BUILT INITIATIVE

Average Loan Size **Average Loan Balance**

