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Demand for SME Financing in Three Selected Cities: Batangas, Iloilo, and Cagayan de Oro

Investment Enabling Environment (INVEST) Project

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LIST OF ACRONYMS

AIMPC	Asian Institute of Management Policy Center
BanCom	Bank of Commerce
BBA	Batangas Bankers' Association
BPCII	Batangas Province Chamber of Commerce and Industry, Inc.
BPLD	Business Permits and Licensing Division
BPI	Bank of the Philippine Islands
BPO	Business Process Outsourcing
BSP	Bangko Sentral ng Pilipinas
CALABARZON	Cavite, Laguna, Batangas, Rizal and Quezon
CPDO	City Planning Development Office
CTO	City Treasurer's Office
DCA	Development Credit Authority
DOT	Department of Tourism
DTI	Department of Trade and Industry
INVEST	Investment Enabling Environment Project
LGU	Local Government Unit
MICE	Meetings, Incentives, Conferences, and Exhibition
MIMAROPA	Mindoro, Marinduque, Romblon and Palawan
OFW	Overseas Filipino Workers
RCBC	Rizal Commercial Banking Corporation
SIDC	Socorro Ibaba Development Cooperative
SME	Small and Medium Enterprise
SMEDC	Small and Medium Enterprise Development Council
UCPB	United Coconut Planters' Bank
USAID	United States Agency for International Development

I. INTRODUCTION

Background of the Study

The Investment Enabling Environment Project (INVEST) Project aims to provide technical assistance to selected key cities (i.e. Iloilo, Batangas and Cagayan de Oro) in the country to be able to generate investments and/or assist existing and potential enterprises to raise capital for their businesses. Small and medium enterprises (SMEs) comprise about 90 percent of the enterprises in these cities. In view of this, the SMEs' potential for growth and their role in the cities' development is recognized.

Given that financing is an important consideration in the growth and development of SMEs, this paper provides a cursory review of the demand for financing among SMEs in the three cities. The review provides information on the profile and growth trends of SMEs in each of the cities and gives some anecdotal evidence regarding the specific demand patterns for credit in the key SME sub-sectors.

The study was undertaken to provide inputs to the USAID Mission from the Development Credit Authority (DCA), which is exploring the possibility of setting up a guarantee mechanism for SMEs. A team of three consultants was contracted in mid-February 2012 to gather information on the financial requirements of SMEs.¹ Initial findings were presented to USAID on March 15, 2012.

This report summarizes the salient findings in the three city studies prepared by the team of consultants. The detailed information on the demand for SME financing in each of the three cities can be found in the Annexes.

Methodology

Selected SMEs from the different sectors of SMEs in each of the cities (e.g. food processing, agri-based, construction, crafts enterprises) were interviewed to get an indicative profile and demand for SME financing in each of the cities. Informant interviews were conducted with key officers and staff of the local chambers of commerce and industries and the local branches of selected banks in the cities. Annex D provides the list of SMEs and the other people interviewed in each of the key cities.

Selecting the informants for the study considered the following: (1) the best source for SME data and distribution; (2) mix of respondents (i.e. commercial bank, development bank, rural bank, cooperative); and (3) prominence of the organization. In the selection of SMEs respondents for the study, the provincial offices of the Department of Trade and Industry (DTI) were consulted and were asked to provide appropriate referrals to SMEs in the cities.² The DTI provincial offices in each of the cities were also consulted for the other key informants and for referrals.

¹ The team was composed of Piedad Geron, Jigger Latoza and Joanne delos Santos.

² The names of most of the SME respondents were withheld for confidentiality purposes. Only those that gave permission are included in the list provided in Annex D.

Secondary data and information were gathered from the City Development Planning Office (CPDO), the City Treasurer's Office (CTO) and the provincial office of the DTI in each of the cities.

The source of data and information, especially with regard to the list and number of SMEs in the city, varied across the three cities. For instance, the list and number of enterprises for Cagayan de Oro City were gathered from the DTI provincial office. In Batangas City, information was gathered from the Business Permits and Licensing Division (BPLD) of the City through the CPDO. Additional interviews with key informants from the CTO were also conducted to clarify the business classifications used. In the case of Iloilo City, the list and distribution of enterprises were gathered from the CPDO.

A Caveat

Based on guidance from USAID, the study was aimed at generating a quick overview the financing needs of SMEs based on interviews/perceptions that could be undertaken in about 10 days. It was never intended to be a comprehensive SME study that uses surveys or other more scientific ways of generating information.

The study encountered difficulties in gathering information on SMEs. For instance, while the classification of SMEs according to size uses asset as basis, administrative forms in cities contain information on paid-up capital for new business registrants and gross sales for renewing business firms.³ In view of this, the amount of paid-up capital at the time of registration was used as basis in classifying enterprises into small and medium categories in the three cities. In the case of Batangas, gross sales for business renewals were also considered in classifying the enterprises.

It was also noted that cities use different sector categories in classifying business enterprises.

³ Small enterprises are those with assets valued at more than P3 million but less than P15 million while medium enterprises are those with assets between P15 million to P100 million.

II. SMEs IN THE THREE CITIES: A BRIEF OVERVIEW

General Profile of SMEs

The distribution of enterprises in terms of size is relatively the same in each of the cities. More than 90 percent of the firms can be classified as microenterprises, while small enterprises comprise about 2 to 7 percent (Table 1). Medium enterprises constitute less than 1 percent of the total number of enterprises in both Iloilo and Cagayan de Oro City, while in Batangas City, their share is relatively larger at 2.6 percent.

Table 1. Classification of Enterprises in the Three Cities by Size, 2011

Enterprise Classification	Iloilo City		Batangas City		Cagayan de Oro City	
	No.	%	No.	%	No.	%
Microenterprises	10,858*	94	4,565	90	9,193	97.2
Small	400	3.5	341	6.7	174	1.8
Medium	83	0.7	131	2.6	53	0.6
Large	210*	0.3	34	0.6	35	0.4
TOTAL	11,551		5,071		9,455	

**Consultant's Estimates*

Source of Basic Data: CPDO, CTO of the three cities & DTI Provincial Offices

More than half of SMES in all the three cities are in services, providing both personal and community services, and in trading business, including those in wholesale and retail trade. Services include transport, logistic, hospitals, food eateries, hotels, pension houses, salons and spas, tutorial centers, tailoring, ship handling, security services, printing, photo and video editing, etc. Less than 5 percent of the enterprises in the three cities are engaged in agriculture-based and manufacturing activities.

SME Growth Patterns and Potentials

Interview results from various SMEs and relevant key informants (e.g. banks, city government officials and provincial DTI officers) in the cities indicate that SMEs in the three cities have grown over time. This improved performance of the sector partly mirrors the strategic location of the cities that contributed to the economic impetus and accelerated growth of industries in these areas.

The three cities supported by USAID serve as gateways to other important places in the islands where these are located. Iloilo City serves as gateway to Panay Island where major tourist attractions can be found (e.g., Boracay Island, Guimaras Sub-province) while Cagayan de Oro City serves as gateway to Mindanao. Batangas City, on the other hand, also serves as a gateway to the Mindoro, Marinduque, Romblon and Palawan island cluster (MIMAROPA). With the presence of an international port in Batangas City, it has the potential to be a transshipment center of major agricultural and aquamarine products, as well as cargoes and passengers from the Visayas and Mindanao, and to some extent, commercial cargoes of international origin.

In view of this, all three cities act as major transshipment hubs for tourists and businesses in the neighboring provinces within the islands where these are located. These activities provide the economic base that can stimulate the strong growth potential for logistics, transportation, trading and service enterprises. In particular, enterprises that provide ancillary services (e.g., hotels, travel and tours) to the tourism sector will thrive in these cities. Aside from this, the boom in the construction industry in the three cities provides impetus for growth in enterprises providing supply services to the construction industries (e.g., food cafeteria for workers, hardware business).

Demand for Financing among SMEs

Sources of Funds

Majority of the SMEs interviewed in the three cities used their own funds when they started their businesses. For instance, in the city of Batangas, a number of enterprises use remittances from Overseas Filipino Workers (OFWs) to start a business. Similarly, a study conducted by the Bank of Commerce (BanCom) indicates that most of the enterprises in Iloilo are “conservative” and do not borrow, preferring instead to use their own funds for business operations.

Only a handful of local entrepreneurs secure bank loans to finance business start-ups. This could be partly explained by the fact that most banks are also not keen on lending start-up businesses that do not have any track record in bank borrowing. For enterprises that were able to access bank financing for start-up capital, these were required to put up real estate mortgage as collateral for their loans. In some cases, enterprises with large deposits in banks were also able to get back-to-back loans.⁴ A few SMEs noted, however, that while they were offered loans by banks using their deposits as collateral, they preferred to use their own funds as interest rates on these deposits were low.

Aside from own funds and bank loans, SMEs also avail of supplier’s credit for their working capital, especially those that have good business relationship with their suppliers. This is particularly true for SMEs that are engaged in businesses with very fast cash payments turnover. Supplier’s credit is considered a traditional source of funds for a large number of small businesses in all the three cities. This type of credit is mostly used to finance raw materials for operations, though in very few cases, this was used for the acquisition of equipment needed for expansion of business operations. SMEs are usually able to avail 7 to 30-day supplier’s credit depending on the enterprises’ business relationship with the supplier.

There was also one SME that used credit card as source of working capital. With a good credit track record, the SME was able to get a higher credit limit on his/her credit card, which was used to pay for raw materials and other working capital needs. Upon due date, the SME paid the full credit amount (i.e. a month after the purchase) to avoid paying any finance or interest charges that are usually imposed by credit companies. With the use of credit card, the SME was able to get the amount it needed without going

⁴ Back to back loans are those guaranteed by the borrower’s deposits in a bank. The borrower gives a deed of assignment to the bank to use his/her deposits as guarantee in case of non-payment of loans.

through the arduous task of fulfilling the usual documentary requirements imposed by banks.

SME Loans from Banks: General Terms and Conditions

The following terms and conditions were observed for the few SMEs interviewed that availed of loans from banks:

- The loan amounts availed by SMEs from local financial institutions (i.e., rural banks, cooperatives, etc.) ranged from P150,000 to P2 million w/ loans of relatively higher amounts (more than P10 million) being sourced from commercial banks with branches in the cities, which had to refer the loans to their head offices for approval.
- Loans were mostly provided using approved credit lines, which were renewable annually and used mostly for working capital. Promissory notes had a maximum term of 180 days.
- Term loans were availed of to finance fixed capital (e.g., machineries and plant equipment) and to expand business operations. Term loans had a term of 3-5 years.
- SMEs were usually required to put up collateral, mostly real estate mortgage, for loans greater than P300,000.⁵ Agricultural lands were not acceptable as collateral even for a loan to finance agriculture-based enterprises.
- SME loans fetched market interest rates.

⁵ The Bangko Sentral ng Pilipinas (BSP) amended Circular 694 (2010) recognizing Microfinance Plus as microfinance loans from Php150,001 to P300,000. Loans under the microfinance plus definition can be given without any collateral requirement provided the borrower has a savings account with the bank, has a track record of at least two loan cycles in the P50,000 to P150,000 loan range, has demonstrated success of the business, an increasing credit demand, and increased capacity to pay.

III.

DEMAND FOR SME CREDIT IN THE THREE CITIES: A ROUGH ESTIMATE

Demand for SME Financing by Sub-sector

Demand for SME financing will generally depend on the development drivers in the three cities. The past three years have witnessed rising economic activities and accelerated local economic development that created demand for credit in these areas.

For instance, much of the demand for financing in Iloilo City is expected to come from SMEs that are supportive of the construction boom and the establishment and expansion of business process outsourcing (BPO) centers in the city. Plans for new infrastructure development are also expected to boost the SME sector particularly those with forward and backward linkages to construction and infrastructure development. These enterprises would mostly be in the transport, food, and lodging facilities sub-sectors.

In the case of Cagayan de Oro City, the demand for financing will come from enterprises supporting the transport, logistics and tourism business. Demand for financing in the agri-based and food processing industries might also be significant over time as the City continues as the gateway to Mindanao.

In Batangas City, demand for financing is expected to come from SMEs with forward and backward linkages to the development of the port and industrial areas in the city, according to the Batangas Province Chamber of Commerce and Industry, Inc. (BPCCI). As the livestock and poultry industries continues to grow as a major agribusiness sector in Batangas, SMEs providing support and ancillary services to these industries are also expected to increase demand for financing.

Credit Demand Estimates of SMEs

Table 2 shows a very rough estimate of credit demand among SMEs in the three cities.⁶ These estimates assumed that the average size of loan for small enterprises is P200,000 and P2 million for medium-sized enterprises for the three cities.⁷

⁶ The number of small and medium enterprises for Iloilo was based on estimates provided by the Office of the City Mayor. The number of SMEs for Cagayan de Oro City used the following assumption: 1.84 percent are small enterprises and only 0.56 percent are considered medium enterprises. The estimates for CDO are based on the distribution of SMEs by asset size as classified by the provincial office of the Department of Trade and Industry. The number of SMEs in Batangas was also gathered from the Business Permits and Licensing Division of the City and these include both renewals and new enterprises as of 2011.

⁷ This was based on the results of interviews with owners of small and medium enterprises.

Table 2. Estimated SME Demand for Financing in the Three Cities

Classification	Cagayan de Oro City			Iloilo City			Batangas City		
	Estimated No. of Enterprises	Ave. Size of Loan (in P 000)	Credit Demand Estimate (in P 000)	Estimated No. of Enterprises	Ave. Size of Loan (in P 000)	Credit Demand Estimate (in P 000)	Estimated No. of Enterprises	Ave. Size of Loan (in P 000)	Credit Demand Estimate
Small	174	200	34,800	400	200	80,000	341	200	68,200
Medium	53	2,000	106,000	83	2,000	166,000	131	2,000	262,000
Total	227		140,800	483		246,000	472		332,200

Source: Estimates of consultants

Based on the estimates, it appears that Batangas City would have the highest demand for credit followed by Iloilo City. This is because of the relatively large number of medium-sized enterprises in Batangas compared to Iloilo and Cagayan de Oro cities. The latter has the smallest number of SMEs.

For Iloilo City, it appears that the subsectors with relatively higher credit demand would be **construction (including real estate), tourism-related services, and trading (wholesale and retail)**.⁸ For Cagayan de Oro City, **food processing and the ancillary services to tourism** seem to be the sub-sectors that would likely be in need of financing, while for Batangas City, these sectors are **livestock and its ancillary services (e.g. feeds, transport)**.

⁸ This assessment is informed by interviews with the Chairman of the Iloilo City Trade and Investment Promotions Board, the Chairperson of the Iloilo Provincial SMED Council, the President of the Chamber of Commerce and Industry of Iloilo City, the Chairman of the Iloilo Business Club, the Executive Assistant for Economic Development at the Office of the City Mayor of Iloilo, the Provincial Director of the Department of Trade and Industry, and the former President of the Bankers Association of Iloilo City.

ANNEX A: DEMAND FOR SME FINANCING: BATANGAS CITY⁹

1. General Profile of the SMEs in the City¹⁰

In 2011, there were 5,071 business establishments registered in the city. Of these, 22 percent were new and 78 percent were renewals (Table A.1). Among the new businesses, 2 percent (24 establishments) were considered SMEs or those with capitalization ranging from P3 million to P100 million. Based on gross sales or receipts in 2011, about 88 percent of business renewals can be classified as microenterprises (less than P3 million in gross sales or receipts), 11 percent as SMEs (P3-100 million in gross sales or receipts), and 1 percent as large enterprises (less than P100 million in gross sales or receipts).

Table A.1. Number of Business Enterprises in Batangas City, 2011

Classification	New*	Renewals**	Total
Microenterprises	1,111	3,454	4,565
Small	18	323	341
Medium	6	125	131
Large	2	32	34
TOTAL	1,137	3,934	5,071

**Classification was based on data on capitalization*

*** Classification was based on data on gross sales*

Source: Business Permits and Licensing Division, Batangas City Government

Table A.2 shows the distribution of business establishments by sector in the city.¹¹ It should be noted that while Batangas City is primarily an agricultural area, it is also the education hub and regional growth center in CALABARZON. Hence, many of its establishments support the needs of student and daytime population. Retail activities also include the retailing of farm and agricultural produce.

Based on data from capitalization and gross receipts in 2011, the SME businesses were primarily in trading, services, and water refilling stations. Trading activities include the trading of hardware and construction supplies, computer hardware, medical supplies, office supplies and equipment. Of the 176 trading establishments registered, 136 belonged to the SME sector. The establishments under the services category include tutorial centers, tailoring, ship handling, security services, printing, photo and video editing, barbershops and beauty salons.

⁹ This study was prepared by Joanne delos Santos.

¹⁰ The methodology used in preparing the study is described in the Attachment.

¹¹ Estimates only. Raw data and list of businesses (with classification) for Table B.1 was provided by the BPLD of Batangas City. The classification of said businesses was based on *The Batangas City Revenue Code 2009*, pp. 50-64. The Consultant did the distribution of businesses.

**Table A.2. Distribution of Business Establishments*
Batangas City, 2011**

Establishment	% Distribution
Retailers and stores (sari-sari, grocery, supermarket)	32
Services	17
Real estate lessors	9
Eatery, <i>carinderia</i> , canteen, restaurants, and other food outlets	7
Clinics (medical, optical, dental, specialty) and hospitals	4
Trading	3
Computer shops	3
Hardware and construction supplies	3
Water refilling station	1
Lodging house, pension houses, hotels, motels	1
Fish casa/poultry/piggery	1
Others	15
Banks, bank branches, credit cooperatives, and other financial service institutions	3
Schools	1
TOTAL	100

*Total number of establishments is 5,071.

Source: Consultant's Estimates

2. SME Growth Patterns and Growth Potentials by Sub-Sector

In the last 6 years, the number of registered establishments more than doubled from 2,267 establishments in 2006 to 5,701 in 2011. According to the BPLD, growth in number of registrations can be attributed to the construction of major infrastructure and establishment of large enterprises in the City. For instance, several power plants and the Shoe Mart mall were built in the city in 2004. It was also around this time that the port was developed.

Representatives from the Batangas Bankers' Association (BBA) and the Batangas Province Chamber of Commerce and Industry (BPCCI) project that growth sectors in the next 2 to 5 years are services and trading. With the development of the port and industrial areas and a sustained interest in real estate, growth in construction is also anticipated.

From the cooperatives' perspective, agribusiness, livestock production, and feedmills, albeit among microenterprises, are potential growth areas. Further, the General Manager of Sorosoro Ibaba Development Cooperative shared that the cooperative has plans of putting up schools and lying-in clinics in selected communities where the borrowers of the cooperative are residing. This is expected to also create a demand for SMEs supportive of the demand of the clients using these establishments (e.g. pharmacy, food eateries and retail trade stores).

With the presence of the port in Batangas City, it serves as a gateway to MIMAROPA and the Visayas and Mindanao area especially in the transport of major agricultural products from the Southern Luzon area. In view of this, enterprises engaged in the

ancillary and support services related to the Batangas port operations are expected to have strong growth potentials.

3. Demand for Financing among SMEs

3.1 Sources of Funds

A general observation shared by the respondents of the study is that entrepreneurs in the city rely on personal wealth (or savings) as major source of financing for their enterprises. Owners of enterprises will not start a business, or make inquiries with banks and financial institutions, unless they have money for initial capitalization.

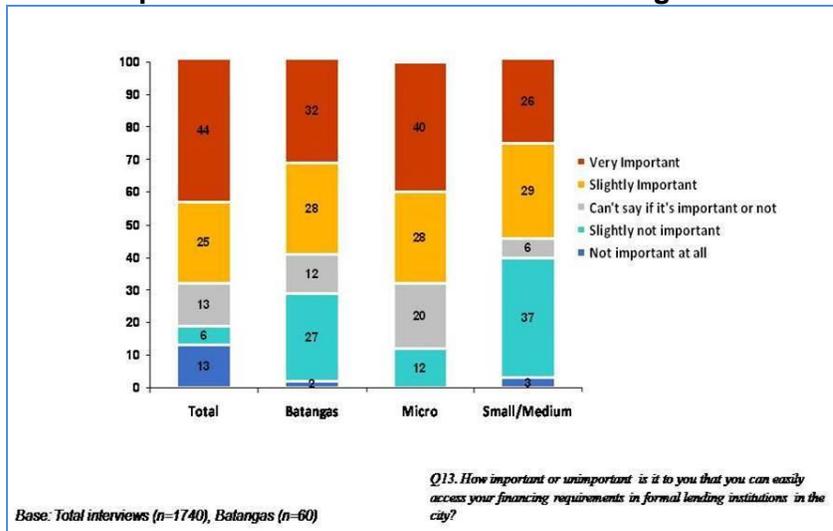
DTI-Batangas office noted that the majority of the inquiries received about business prospects were from businessmen with some capital on hand and a business in mind. Many of these inquiries usually come from families of OFWs who have enough savings to start a small business.¹² This is supported by the observation of the BBA that the level of deposits in the city is high compared to other areas in the country.

Further, a survey of 60 entrepreneurs in Batangas City in the last quarter of 2009 by the Asian Institute of Management Policy Center (AIMPC) showed that the value attached by *Batangueno* businessmen to access to financing from the formal sector was lower than the national average (Figure A.1).¹³ One in three small to medium enterprises said that access to finance from formal financial institutions is not very important.

¹² The provincial Chamber of Commerce and Industry cited that the large number of OFWS coming from the city provide liquidity and a seemingly “oversupply of money” in the city. This also results in growing trend in real estate investments.

¹³ The survey was part of the Philippine Cities Competitiveness Ranking Project conducted by the AIM Policy Center. The 2009 round covered 29 cities outside Metro Manila including the cities of Batangas, Cagayan de Oro, and Iloilo. A survey of 30 MSMEs per city was a component of the project. All respondents were owners, owner-managers, or managers of businesses of at least P 150,000 and in operation for at least 2 years. In Batangas City, 72% the MSMEs interviewed were in operation for 10 years or less.

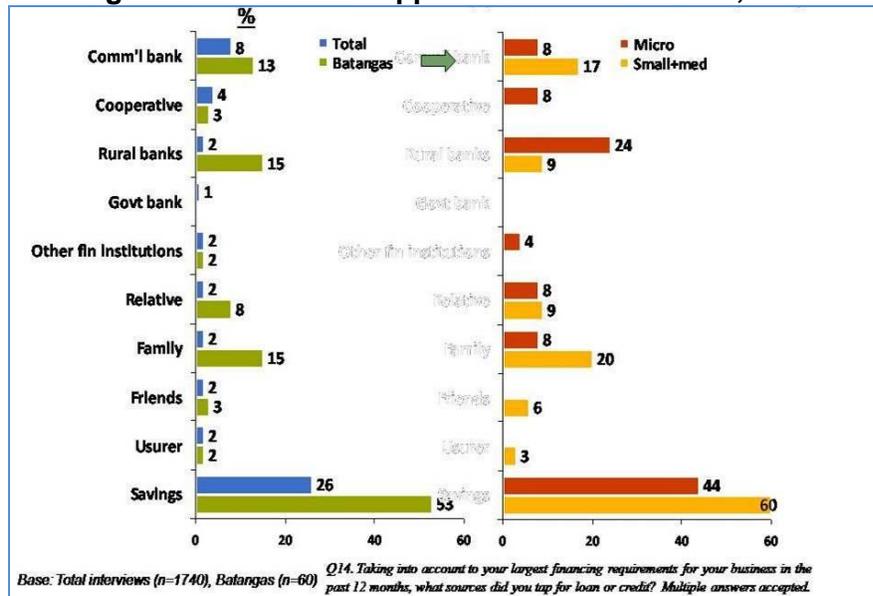
Figure A. 1. Importance of Access to Formal Lending Institutions, 2009



Source: AIM Policy Center, Philippine Cities Competitiveness Ranking Project

The foregoing supports the claim that “family” and “savings,” especially among small to medium entrepreneurs (Figure A.2) are the major source of financing.

Figure A.2. Sources Tapped for Loans or Credit, 2009



Source: AIM Policy Center, Philippine Cities Competitiveness Ranking Project

Despite the relatively low importance given to bank financing, the percentage of *Batanguenos* accessing funds from commercial banks, cooperatives, and other financial institutions is higher than the national average. Bank and cooperative loans were mostly accessed by micro-entrepreneurs. SMEs used their own funds (i.e., savings) and/or borrowed from family members or relatives for financial support.

Rural banks seem to be a preferred source of funds for SMEs in Batangas City compared to other types of financial institutions.¹⁴

3.2 SME Loans from Banks: General Terms and Conditions

The following terms and conditions of SME loans from banks were noted:

- Loans taken from the banks were used for working capital to buy raw materials and finance operating costs. Some were also used to finance fixed capital and equipment to be used in the business.
- Loan amounts availed from banks ranged from P1 to 5 million.
- Annual interest rates on loans ranged from 6 to 12 percent.
- The term of the loan depended on the loan purpose: (1) 7 to 14 days (one week, 2 weeks) for borrowers engaged in trading; (2) 30/60/90 days (revolving credit lines) among borrowers with commercial establishments; and (3) long term loans of up to 10 years for fixed asset investment, mostly in real estate.

4. Demand for Financing in the Other Sectors

According to the CPDO, there are already a number of private sector-initiated construction activities going on in the city particularly in the manufacturing and real estate industries. A hospital is also being constructed, which is expected to spur growth in medical and allied services. The city government also has projects in the pipeline: (1) the construction of the sports complex (est. at P40 million); (2) development of the grand terminal (estimated at P30 million); (3) dredging of river systems (estimated at P50 million); and (4) low-cost housing for employees (estimated at P30 million).

5. Indicative Supply of SME Credit: Selected Banks' Perspective

Data on loans extended by banks in Region 4-A (CALABARZON) from 2007 to 2010 indicate that except for 2009, less than half of the loans in the region came from universal and commercial banks (40- 48 %). Rural and cooperative banks provided about 30 to 43 percent while the rest came from thrift banks.

¹⁴ However, further study may be needed for a good comparison in this area, as presence of rural banks may not be as prevalent in other cities.

4.1 Existing Bank Loan Portfolio for SMEs

There were four institutions interviewed for this study. These banks include: (1) Rizal Commercial Banking Corporation (RCBC) whose manager is also the President of the BBA; (2) Planter's Bank, which positions itself as an SME bank; (3) Bangko Kabayan, the largest rural bank in the city; and (4) the Sorosoro Ibaba Development Cooperative (SIDC) which is the largest cooperative in the city in terms of membership.

In 2011, the loan portfolio of the Rizal Banking Commercial Corporation (RCBC) for Batangas city was estimated at P150 million, of which actual availment amounted to around P80-90 million, which is double the amount in 2010. The bank's SME borrowers were mostly engaged in trading, distribution and contracting. Loans were used mainly for operating expenses. RCBC had no term-loan borrowers in 2010.

Meanwhile, the total loan portfolio of Planter's Bank was around P33.6 billion, of which 90 percent went to SME lending in 2011. Actual availment from Batangas City was P125 million, mostly coming from borrowers engaged in providing various types of services, feedmill enterprises, trading, and OFWs.

Bangko Kabayan recorded about 2000 SME borrowers in 2011 out of 11,000 borrowers. The average annual growth of its SME loan portfolio is about 10 percent. The average loan size of SMEs was about P2million.

The Sorosoro Ibaba Development Cooperative (SIDC), which is the largest cooperative in the city with a total membership of 16,000, of which about 80-90 percent are from the City. SIDC's borrowers are mostly microenterprises engaged in livestock and agribusiness. In 2011, SIDC released a total of P453M in loans. Loan releases in the last 5 years, which were mostly used for production, have been growing at an average of 15-20 percent annually.

Table A.3 summarizes the general terms and conditions offered by the banks and cooperatives interviewed.

Table A.3. SME Portfolio of Banks, Batangas City

Specific Feature	RCBC	Planter's Bank	Bangko Kabayan	SIDC
SME Portfolio	P150M Batangas City	P33B Total Philippines	-	-
SME loans in 2011	P80-90 M (from businesses below 5M asset size)	P 125 M	About P4B (2000 SME borrowers x P2M ave size of SME loan)	P 453M
Trend in last 5 years	100% increase from previous year	increasing	10% growth annually; drastic increase in the last 3 years	15-20% growth annually
Nature of	Trading,	Services,	Trading,	Livestock

Specific Feature	RCBC	Planter's Bank	Bangko Kabayan	SIDC
business of SMEs	distributors, contractors	feedmills, trading, OFWs	hardware, commercial establishments	and agribusiness
Average size of loan	P 5M	P 2-3M per account	P 2M	P 50K
Interest rates	6-9% p.a.	Min of 6% p.a.	12-21% p.a.	Short term: 12-17% p.a. Long term: 12%
Usual purpose	Operating costs	Additional working capital, raw materials	Additional working capital, fixed asset investment (real estate)	Production usually + providential

4.2 Banks' Perspectives on SME Lending

According to the BBA, each bank in the city has its own definition of SMEs. In RCBC, for example, a business with an asset size lower than P5M is classified as an SME. Bangko Kabayan, on the other hand, defines SMEs as enterprises with asset size amounting to at least P 300,000.

With the *Batanguenos'* general tendency to use savings to fund their financial requirements, the banks interviewed indicated the need to be proactive in marketing their loan products. A popular approach among banks in the city is to offer credit lines to SME depositors. Lower rates compared to regular interest rates of commercial banks, which ranges from 7 to 10 percent per annum in the city, may also be granted to preferred clients, according to Mr. Ebor, the President of the Batangas Bankers' Association. To solicit bank clients, some banks form partnerships with the city officials and the DTI where banks seek opportunities to present their lending facilities to SMEs during LGU or DTI-organized SME seminars or workshops.

Attachment: Methodology

Data for this study were gathered from interviews of key persons in the financial sector in Batangas City, the city government, the provincial business organizations, and the provincial office of the DTI.

Selecting the informants for the study considered the following: a) the best source for SME distribution, b) mix of respondents from financial institutions (i.e. commercial bank, development bank, rural bank, cooperative), and c) prominence of the respondent in the organization and institution it is associated with.

Data on SME distribution was based on the city government's list of registered businesses.¹⁵ Key informant institutions were pre-selected from the 2010 List of Business Establishments¹⁶ in the city and the DTI provincial office was approached for validation of the list of institutions to be interviewed and for referrals. SME informants were selected from the List of Business Registration Renewals for 2011,¹⁷ which was made available at a later date.

The main criteria used in selecting SME informants were: a) gross sales or receipts¹⁸ in 2011 amounting to P3M to less than P100M, b) have taken out loans or are current loan borrowers from banks, c) in the *poblacion* (city center) and immediate surrounding area.¹⁹ However, the incidence of encountering qualified and available respondents at the time of data gathering was low. Of about 60 establishments approached, only three qualified per the criteria and available for interview. Twenty-three key SME respondents were interviewed. Upon interviewing, only 3 claimed to have a capitalization of P2M or less. Twenty respondents claimed to not have any existing loan. The owners of the rest of the initial 60 establishments approached were not available at the time of the interview; hence were not considered respondents in the study.

Secondary data was obtained from the BPLD of Batangas City through the CPDO, with additional interview with the CTO for clarification regarding business classifications in Batangas City.

¹⁵ The study was constrained by the lack of readily available city-level data on SMEs. Several sources were asked on possible distribution of enterprises in the city: The Batangas Province Chamber of Commerce and Industry, Batangas Bankers Association, the provincial office of the DTI, and the LGU. No estimates were obtained from sources except the LGU. According to the DTI provincial office, the latest data on SME that could provide indication on sectoral distribution was 2009 data on business name registration which included nature of business. This data has not been updated to include information on whether the business is currently operating or not. The revised form in 2011 no longer captured nature of business.

¹⁶ The 2010 List of Establishment was the most updated list at the time of the interview (Feb 23, 2012).

¹⁷ The raw data/listing of the list of establishments for 2011 included all establishments that have registered and renewed business licenses in 2011. Counts provided in this report are a product of the researcher's own data analysis and may vary with the City's official count when it releases its 2011 List of Business Establishments.

¹⁸ "Gross sales or receipts" include the total amount of money or its equivalent representing the contract price, compensation or service fee, including the amount charged or materials supplied with the services and deposits or advance payments actually or constructively received during the quarter for the services performed or to be performed by another person excluding discounts if determinable at the time of sales, sales return, excise tax and Value Added Tax (VAT). The Batangas City Revenue Code 2009. For lack of asset size data on business renewals, for which the SME categorization is based on, gross sales or receipts were used.

¹⁹ Rizal, D. Sillang. Evangelista, P.Burgos, MH Del Pilar, Kumintang Ibaba, Pallocan West, Cuta Sts.

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2. Department of Finance-Bureau of Local Government Finance. Statement of Income and Expenditures, 2001-2009, Available online at <http://www.blgf.gov.ph>.

ANNEX B: DEMAND FOR SME FINANCING: ILOILO CITY ²⁰

1. General Profile of SMEs

The total number of registered business establishments in Iloilo City increased by 5.9 percent from 10,869 in 2010 to 11,551 in 2011.

Since there are no available data on the asset size of enterprises, data on capitalization at the time of registration was used to estimate the number of small and medium enterprises.²¹ Using this method, SMEs in the city totaled 483 or 4.2 percent of the 11,551 registered businesses in 2011 with the bulk (about 94-95%) belonging to the microenterprises category and less than a percent constituting large enterprises (Table B.1).

Table B.1. Number of Business Enterprises in Iloilo City, 2011

Type of Enterprise	Number of Enterprise	% to Total No. of Business Establishments (11,551)
Small Enterprises	400	3.46
Medium Enterprises	83	0.72
Total	483	4.18

Source: License and Permits, City Mayor's Office

Data on the breakdown of enterprises by sector is only available in 2010. Most of the registered businesses in 2010 (45%) were engaged in trading activities, both wholesale and retail, followed by community, social and personal services with 36.4 percent (Table B.2). Based on the City Government's classification system, there were a relatively small number of enterprises in the agriculture, construction, transportation, communication and storage, and manufacturing sectors.

Table B.2. Number of Registered Businesses by Major Classification, 2010

Major Classification	Number	% Distribution
Agriculture, Fishery and Forestry	16	0.15
Community, Social and Personal Services	3,951	36.35
Construction	74	0.68
Electricity, Gas and Water	153	1.41
Financing, Insurance, Real Estate, and Business Services	1,352	12.44
Manufacturing	286	2.63
Transportation, Communication and Storage	114	1.05
Wholesale and Retail	4,923	45.29
Total	10,869	100

Source: License and Permits, City Mayor's Office (Iloilo City)

²⁰ This study was prepared by Jigger Latoza.

²¹ Small enterprises are those with a capitalization of more than P3 million but not exceeding P15 million while medium enterprises are those capitalization of more than P15 million but not exceeding P100 million.

2. SME Growth Patterns and Potentials

The Iloilo City government has identified the following investment areas with the most potential for growth: (a) manufacturing and processing (e.g. delicacies, furniture, garments, gifts, toys and house wares; (b) export-oriented industries; (c) tourism (theme parks, amenities and facilities to boost domestic tourism); (d) utilities (power generation, water distribution, and transportation support facilities); (e) information and communications technology (IT and IT-enabled services, internet shops); (f) agro-fisheries (agri-based food processing, virgin coconut oil, fruit and vegetable processing); (g) social services (health care, education, low-cost housing, sports and recreation); (h) construction (commercial and industrial buildings); and (i) solid waste disposal. Enterprises in these priority sectors have strong potentials for economic gains.

Key informants²² also identified tourism and construction as sub-sectors with huge growth potential. During the last three years, there has been a boom in private building construction in the city. According to the Small and Medium Enterprise Development Council (SMEDC) in the city, a total of 798 structures were built in 2009, with a total construction cost of almost P 2 billion. In 2012, ten (10) additional hotels and a hospital are expected to rise in the city, suggesting positive developments not only in the construction subsector but in the tourism sub-sector as well.

In tourism, recorded foreign and domestic visitor arrivals in the city totaled 300,951 in 2010, generating more than P5.5 billion in gross receipts. With Iloilo City serving as the major gateway to the Provinces of Aklan (including the famous Boracay Island), Antique, Capiz, Iloilo and the island-province of Guimaras, enterprises in the services sector, more particularly tourism subsector, has vast growth potentials.

The Business Process Outsourcing (BPO) sub-sector and enterprises provided ancillary services to BPOs also show a lot of promise as possible sources of growth. SMEDC further reports that Iloilo City is currently host to ten call centers, operating around 5,000 seats, including multinational companies such as Teletech, Transcom, and Hinduja. The city has been ranked 92nd in the world's Top 100 Cities in the Information Technology- Business Process Outsourcing industry by Tholons, an advisory, investment and research firm based in India.

Considering the on-going improvements in the road networks leading to the international airport and international and domestic seaports, transportation and trading (wholesale and retail), logistics and forwarding services, cargo handling and warehousing are also likely to get a boost.

²² Key informants came from the following: Iloilo Provincial Small and Medium Enterprise Development Council, the Department of Trade and Industry, and the Iloilo City Trade and Investment Promotions Board.

3. Demand for Financing among SMEs

3.1. Sources of Funds

SME key informants have identified the following sources of financing for their businesses: personal and family savings, loans from financial institutions, and, to some extent, supplier's credit.

Most enterprise owners use their personal or family savings to start a business.²³ A significant source of savings in the city is remittance money from Overseas Filipino Workers (OFWs). Iloilo City is one of the top 5 cities with the most number of OFWs.

Some SME owners, however, turn to banks and other financing institutions for their working capital, acquisition of capital assets as well as for expansion. The ten (10) SME respondents in the study expressed a generally positive attitude towards the use of bank financing for their enterprises.²⁴ The asset sizes of the SMEs they represented ranged from P3.25 million (tourism-related; small enterprise) to P85 million (construction; medium enterprise).

Another source of funds of SMEs in the city is supplier's credit. This is common in an old city like Iloilo where a good number of enterprises have thrived on this type of scheme as a result of long-established business relationships.

3.2 SME Loans from Banks: General Terms and Conditions

All of the 10 key SME respondents had availed of loans, mostly from banks, with six being repeat borrowers and two availing of loans from microfinance and lending institutions. The following terms and conditions of SME loans were observed:

- The amount of the loans ranged from P250,000 (tourism; small enterprises) to about P40 million (construction; medium enterprises);
- The term of the loan ranged from three (3) years (tourism enterprises) to 20 years (agribusiness enterprises);
- Interest rates ranged from as low as 6 percent (manufacturing and construction enterprises) to as high as 9 percent (tourism and construction enterprises); and
- Most of the respondents borrowed money for working capital, though others borrowed for "developmental" purposes, capital expenditures, and expansion.

²³ As mentioned during the interview with the officer from the branch office of the Bank of Commerce in the City, a nationwide study on attitudes towards credit conducted by the bank classified Iloilo City as "conservative," compared to the neighboring cities of Bacolod and Cebu. This indicates that Iloilo City residents are generally not inclined to borrow money; hence, there are a few takers of bank loans in the city.

²⁴ These respondents belonged to the following sectors: agribusiness and agro-processing (1 respondent), tourism (3 respondents), manufacturing (3 respondents), and construction (3 respondents).

4. Demand for Financing in the other Sectors

Aside from SME demand for financing, recent developments in the construction sub-sector (e.g. development of residential subdivisions, construction of condominiums, townhouses, apartments, pension houses, hotels, health care service centers, and entertainment complexes) indicate potential demand for financing, in general. Of particular significance is Megaworld Corporation's commitment to invest P1.5 billion for the development of the 54-hectare old Iloilo Airport in Mandurriao District, which it earlier acquired for P1.2 billion, into a "live-work-play-learn" multi-use complex. The project is expected to be completed in 2015.

The continuing expansion of the operations of BPO or contact centers will result in the growth of ancillary services (e.g., housing, lodging facilities, restaurants, utilities, training institutions) and possibly generating an increased demand for financing from these enterprises.

The City Government has in its pipeline major infrastructure development projects that would need financing in the next 2 to 3 years. These include the modernization of the Parola Ferry Station (for Iloilo-Guimaras-Iloilo boat trips) with an eco-park and flea market facility, the establishment of the Aldeguer Street Market, the *Calle Real* Pedestrianization Project, and the Central Market Redevelopment Project, among others. There is also a plan to modernize the international seaport located in the City, and to work for the accommodation of international flights into the Iloilo Airport in Cabatuan. These investments would need financing.

5. Indicative Supply of SME Credit: Selected Banks' Perspective

About 60 to 63 percent of the loans availed of in Region 6 for the period 2007 to 2010 were extended by universal and commercial banks while thrift banks and rural banks/cooperatives provided 20-25 and 14-19 percent, respectively.

The number of banks and bank branches or extension offices in Iloilo City has been increasing over the years. From only 91 in 2010, there were 105 banks and bank branches by the end of 2011.

5.1. Existing Bank Loan Portfolio for SMEs

The seven banks interviewed for the study provided loans to SMEs in varying amounts.²⁵ SME loans from businesses in the city are usually approved and aggregated either at the regional or national level and loan portfolios are usually allocated at the region or national levels. For instance, the Bank of the Philippine Islands (BPI) reported a P1.5 billion loan portfolio for Panay Island (which covers Iloilo City, the Province of Iloilo, and the Provinces of Aklan, Antique and Capiz) in 2011. Sixty percent of this amount or P900 billion was allocated for SMEs.

²⁵ These banks are: the Bank of Commerce, Maybank, United Coconut Planters Bank, Bank of Philippine Islands, Philippine Savings Bank, Iloilo City Development Bank, and Rural Bank of San Enrique (Iloilo), Inc.

The United Coconut Planters Bank (UCPB), meanwhile, increased its loan portfolio nationwide from P 42.3 billion in 2011 to P 47 billion in 2012. Eight percent of this amount or P3.8 billion is for SMEs.

The local Iloilo City Development Bank, which was recently acquired by Producers Savings Bank, has a P5.5 billion total loan portfolio nationwide for its 84 branches. Ninety percent of this amount, or about P5 billion, is allocated for SMEs.

The Rural Bank of San Enrique (Iloilo), Inc. has a total loan portfolio of P90 million, where 15 percent or P13.5 million, is for small enterprises. The rest is made available to microenterprises, more specifically to the “missing middle”, or micro enterprises that are in the process of graduating to small enterprises.

Maybank reported that about 20 percent of its total portfolio is for SMEs. Bank of Commerce and Philippine Savings Bank also reported that they have an SME loan portfolio although neither the specific amount nor the proportion of SME loans to total loans were disclosed.

5.2. Banks' Perspectives on SME lending

Key informants from the banks noted a significant increase in the number of borrowers during the last few years. Except for the Bank of the Philippine Islands (BPI), the local banks have a bigger portfolio on SMEs compared to commercial and universal banks with branches in the city. The following were observed on the SME loans granted by the seven banks interviewed:

- The amount of loans released to SMEs can be as low as P 100,000 (Rural Bank of San Enrique (Iloilo), Inc.) to as high as P 80 million (UCPB).
- Local branches of commercial banks were only given authority to approve smaller-sized loans, e.g., P 3 million and below. Larger loans were approved at the Head offices, which are mostly located in Manila.
- Interest rates on SME loans provided by universal and commercial banks ranged from 6- 12 percent. Development banks in the city imposed higher interest rates (i.e., 16% per annum on loans). The sample rural bank charged the highest rate on loans at 19 percent.
- Maturity of loans ranged from as short as 30 days (for revolving credit) to as long as 20 years for term loans.
- Repayment terms varied depending on the banks, the kind of loan, the amount of loan, risk assessment, repayment terms, among other considerations.

ANNEX C: DEMAND FOR SME FINANCING: CAGAYAN DE ORO CITY²⁶

1. General Profile of the SMEs

According to the DTI Provincial Office, there were 9,454 establishments in Cagayan de Oro city in 2010, of which about 97.2 percent were considered microenterprises, 2.4 percent were small and medium enterprises and only 0.3 percent were classified as large enterprises (Table C.1).²⁷

Table C.1. Number of Business Enterprises in Cagayan de Oro City, 2010

Type of Enterprise	Number of Enterprises	% to Total No. of Business Establishments (9,454)
Small Enterprises	174	1.84
Medium Enterprises	53	0.56
Total	227	2.40

Source: DTI Provincial Office

More than half of the SMEs (52.5 %) were engaged in the service industry and about 40 percent were in the trading business. Hence, almost 92.9 percent of the micro, small and medium enterprises in the city belonged to trading and services sub-sectors (refer to Table C.2). The activities under these two major sectors include food eateries, transport, hotel, retail and wholesale trade, medical and dental clinics, among others. Less than 5 percent of the SMEs were in the agriculture-based sector.

Table C.2. Number and Type of Business Enterprises

Type of Enterprise	No. of Enterprises	% Distribution
All Enterprises	9,420	100.0
Agri-based	421	4.5
Manufacturing	222	2.4
Chemical-based	11	0.1
Consumer's manufactures	70	0.7
Energy	2	0.0
Farm and forest based	28	0.3
Metals	38	0.4
Mining and Metallurgical	27	0.3
Others	46	0.5
Services	4,948	52.5
Trading	3,810	40.4
Others	19	0.2

Source: DTI Provincial Office, Cagayan de Oro City

²⁶ This study was prepared by Piedad Geron.

²⁷ Classification of enterprises was based on paid-in capitalization at the time the business was registered.

2. SME Growth Patterns and Growth Potentials by Sub-Sector

The number of SMEs engaged in the trading and services sector has been increasing over the years. Trading enterprises include those into wholesale and retail trade while those in the services sub-sector include food eateries, hotels, pension houses, transport, logistics, travel and tours, medical enterprises, etc.

Branded as the gateway to Mindanao, Cagayan de Oro City serves as a transshipment hub for most of the provinces in Mindanao. As one enterprise owner says, "Cagayan is near or equidistant to almost all the other key cities in Mindanao." This explains why enterprises engaged in logistics, trading and services have been increasing and growing during the last few years.

Rich with many natural resources and a number of tourist attractions, Cagayan de Oro's has strong potentials for tourism as a growth driver. As of December 2010, there were more than 400,000 tourist arrivals in the City. Considered as a gateway to Mindanao, it also serves as the hub or jump-off point to other tourist destinations in Mindanao. In view of this, the Department of Tourism (DOT) has identified and is promoting the city as a "Meetings, Incentives, Conferences and Exhibition" (MICE) destination area.

As the tourism industry grows and as the city is promoted as a logistics hub and a MICE destination area in Mindanao, it is believed that SMEs providing ancillary products and services shall likewise be developed. This will then create increased opportunities for growth and expansion for enterprises engaged in the provision of ancillary products and services (i.e. transport, hotels, travel and tours, food products for "*pasalubong*", etc).

3. Demand for Financing among SMEs

3.1. Sources of funds

SMEs in Cagayan de Oro City use varied sources of funds for their operations. The following pattern was observed among the SMEs interviewed:

- Most of the SMEs used their own funds at the start of their operations. Those who were able to avail of bank financing at the start of operations offered real estate mortgage (i.e. lands located in the city) as collateral.
- A number of SMEs preferred using their own funds to finance working capital since interest rates on bank deposits were very low.
- SMEs borrow from financial institutions for expansion and for acquisition of fixed capital such as equipment and facilities to improve operational efficiency.
- Those that have been operating for a number of years availed of supplier's credit to finance their raw materials and in some cases even for acquisition of equipment and facilities. Supplier's credit was preferred over bank loans by most SMEs inasmuch as this does not have any interest nor requires collateral and tedious loan documentation. Supplier's credit, however, was only made available after several years of good business relationship with suppliers

- One SME reported the use of credit card in financing its working capital needs.

3.2. SME Loans from Banks: General Terms and Conditions

All of the SMEs interviewed have at one time borrowed from the bank for their operations. Bank loans were mostly used for business expansion. A few, however, do not have any loan at the moment inasmuch as revenues from their operations are already sufficient for their working capital.

Following are the general terms and conditions of the loans availed of by the SMEs from banks:

- Bank loans were mostly used to finance SME's working capital or acquisition of fixed assets (e.g., plant, equipment and facilities).
- Loans for working capital ranged from P300,000 to P2 million while loans for fixed asset acquisition range from P2 million to P5 million. There is one SME, however that is currently proposing for a P45 million loan for the establishment of a new meat processing plant. The SME is negotiating for a term loan of 5 years for this project.
- Loans for working capital was usually availed through a credit line that was renewable annually while loans for fixed asset acquisition were usually availed as term loans with maturity of 3 to 5 years. Promissory notes for credit line had a maximum term of 180 days renewable upon due date.
- Annual interest rate of bank loans ranged from 8 to 11 percent at present.
- SMEs were required to put up a collateral for bank loans beyond P 300,000.²⁸ Banks usually required real estate mortgage as collateral for the SME's loan. Agricultural lands were not acceptable as collateral.

4. Demand for SME financing: by Sub-Sector

As indicated earlier, SMEs need financing for working capital and for the acquisition of fixed assets for expansion of business operations. This type of demand for financing is common among agriculture-based and food processing enterprises.

Demand for credit by SMEs into exports, however, was mostly used to purchase raw materials and to cover labor costs. Since purchase orders are delivered within a given

²⁸ To address the increasing credit requirements of growing microenterprises or those who have "graduated" from the traditional microfinance loans of up to P 150,000, the Bangko Sentral ng Pilipinas has recently amended *Circular 694 (2010) recognizing Microfinance Plus as microfinance loans from P 150,001 – P 300,000*. Under the amended circular, borrowers are required to have a savings account, a track record of at least two loan cycles in the P 50,000- 150,000 range demonstrating success of the business, an increasing credit demand and subsequent increased capacity to pay.

time period, (e.g., 6 months), most of the loans availed of by the exporters were thru credit lines with a maximum term of 6 months for the promissory note. Loan amount varied from P500,000 to P1 million. Term loans were usually used when buying new equipment or facility for expansion of business.

Loans of SMEs in the construction business were used to finance the guarantee or performance bonds usually required of contractors. This is usually about 10 percent of the total project cost.

All sub-sectors relied on supplier's credit, which usually had 30 to 90-day term, depending on the kind of business relationship between the SME and the supplier. For valued clients, some suppliers were willing to extend a six-month credit term. In fact, two SMEs were able to avail of a one-year term for the purchase of an equipment and/or facility.

5. Indicative Supply of SME Credit: Selected Banks' Perspective

Data from the Bangko Sentral ng Pilipinas (BSP) showed that about 60 to 68 percent of total bank loans in Region 10 were extended by universal and commercial banks while about 28-34 percent were provided by thrift, rural and cooperative banks for the period 2007 to 2010.

Data from the CPDO of Cagayan de Oro City indicated that there were 57 banks and 107 bank branches in the city as of December 2011.

To determine the bank's perspective on lending to SMEs, local banks (rural banks and cooperative banks) were interviewed.²⁹ The banks interviewed indicated the following:

- About 8 to 10 percent of their total loan portfolio was for small and medium enterprises. A larger proportion was allocated for microenterprises (about 20-40 %).
- Activities of SMEs that were being financed by banks included: agri-based enterprises such as hog and poultry, food vending, food eatery, internet café, trading of agricultural products. Some banks also finance the construction of small pension inns but this is classified as real estate loans in their books.
- Loans to SMEs were provided either through a credit line with maximum term for promissory note of 6 months and/or term loan with maturity ranging from 3 to 5 years. Credit lines are renewable every year.
- Average size of loans for credit line ranges from P 200,000 to P 1 million while size of loans for term loans range from more than P 1 million to P 3 million, the latter being provided by relatively large (in terms of net worth) local banks. Banks with smaller capitalization were not able to lend relatively large amount of loans due to limitations imposed by the single borrower limit requirements.

²⁹ While commercial banks in Cagayan de Oro City also lends to SMEs, no representative from any of the commercial bank was available for interview during the conduct of the study.

- Loans availed using credit line were used to finance the working and operating capital of SMEs while term loans were tapped to finance acquisition of equipment and facilities for business operations.
- None of the banks interviewed financed start-up businesses. All of the banks required that enterprises should be operating the business for at least 2 or 3 years.
- One big constraint for local banks to lend to SMEs was their limited funds and the constraints brought about by their single borrower limit.

References

www.bsp.gov.ph

www.oro chamber.org

ANNEX D: LIST OF KEY INFORMANTS AND RESPONDENTS

Iloilo City

No.	Name	Designation	Organization
1	Mr. Joemarie Agriam	President	Chamber of Commerce and Industry of Iloilo
2	Mr. Francis Cruz	Executive Assistant for Economic Development/ Investment Promotions	Office of the City Mayor, Iloilo City
3	Mr. Juan Jose Jamora	Chairman	Iloilo Business Club
4	Mr. Philip Lataquin	Former President	Iloilo Bankers Association
5	Mr. Wilhelm Malones	Provincial Director for Iloilo	Department of Trade and Industry (DTI)
6	Mr. Herminio Maravilla	Former Chairman	Iloilo Business Club
7	Ms. Valerie Maravilla	Chairperson	Iloilo Provincial Small and Medium Enterprise Development Council
8	Mr. Felix Tiu	Chairman	Iloilo Trade and Investment Promotions Board
9	Mr. Philip Lataquin	Senior Manager	Bank of the Philippine Islands, J.M. Basa (Iloilo-Main) Branch, Iloilo City
10	Ms. Tisha Dahay	Branch Manager	Bank of Commerce, Iloilo-Iznart Branch, Iloilo City
11	Mr. Nonito Baldeviso	Assistant Vice President/Branch Head	Iloilo City Development Bank, Valeria Street, Iloilo City
12	Ms. Hanjilie Uy,	Marketing Manager	Maybank, Mabini-Ledesma Street, Iloilo City
13	Mr. Christian Aquino	Manager	PS Bank, Iloilo-Iznart Branch, Iloilo City
14	Mr. Arturo Muyco	President	Rural Bank of San Enrique(Iloilo), Inc., Bonifacio Drive, Iloilo City
15	Mr. Noel Gerapusco	Assistant Vice President	United Coconut Planters Bank, Jaro, Iloilo City

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Batangas City

No.	Name	Designation	Organization
1	Engr. Januario Godoy	City Planning and Development Coordinator	City Government of Batangas
2	Ms. Ditas Rivera	Business Permits and Licensing Division	City Government of Batangas
3	Mr. Alex Gonda	City Planning and Development Coordinator	City Government of Batangas
4	Ms. Cora Gonzalez	AVP	Planters Bank
5	Mr. Nonoy Eborá	Manager, and President	RCBC, and Batangas Bankers Association
6	Mr. Zernan Zaballa	Loan Manager	Bangko Kabayan (Head Office)
7	Ms. Lea Jareño	Branch Manager	Bangko Kabayan
8	Mr. Rico Geron	General Manager	SIDC
9	Mr. Faustino Caedo	President	Batangas Province Chamber of Commerce and Industry
10	Ms. Medz Cajanding		Batangas Province Chamber of Commerce and Industry
11	Ms. Marissa Argente		DTI Batangas Provincial Office
12	Ms. Nerie Lucasia	Faculty	DLSU Lipa

Cagayan de Oro City

No.	Name	Designation	Organization
1	Mr. Eden Japitana	Regional Head	Land Bank of the Philippines
2	Ma. Teresa "Ghaye" Alegrio	President	CDO Chamber of Commerce and Industry Foundation and Oro Chamber Business Development Centre
3	Ms. Stella Teliño	Compliance Officer	Coop Bank of Misamis Oriental
4	Ms. Milagros P. Ortigas	President	Xavier Tibod Bank
5	Mr. Fruto M. Teodorico	President	South Bank
6	Ms. Mercedes "Litlit" Mejia	General Manager	Slers Industries, Incorporated
7	Mr. Neil Rafisura	General Manager	Salay Handmade Paper Industries, Inc
8	Director Eliza A. Pabillore	Provincial Director	Department of Trade and Industry
9	Dr. Hector San Juan	Owner	Helms Farm
10	Atty. Antonio Zoilo Velez	Owner	RC NARC
11	Ms. Lolita "Luchi" Cabanlet	President	Cagayan de Oro Handmade Paper
12	Mr. EfrenUy	Owner	Universal Hardware
13	Mr. Jordan Tiu	Owner	Jejors Construction
14	Ms. Imelda Alone	City Planning and Development Office	City Government of Cagayan de Oro