



USAID
FROM THE AMERICAN PEOPLE

**MICROENTERPRISE ACCESS TO BANKING SERVICES
PROGRAM PHASE 4 (MABS-4)**

QUARTERLY REPORT

**MICROENTERPRISE ACCESS TO BANKING
SERVICES PROGRAM PHASE 4 (MABS-4)
FIRST QUARTER
MAY 1 – JUNE 30, 2008**

04 September 2008

This publication was produced for review by the United States Agency for International Development. It was prepared by the Microenterprise Access to Banking Services Program.

**MICROENTERPRISE ACCESS TO BANKING SERVICES
PROGRAM PHASE 4 (MABS-4)**

QUARTERLY REPORT

**MICROENTERPRISE ACCESS TO BANKING
SERVICES PROGRAM PHASE 4 (MABS-4)
FIRST QUARTER
MAY 1 – JUNE 30, 2008**

**Contract No. EEM-I-00-07-00008
Rural Bankers Association of the Philippines (RBAP)
Mindanao Economic Development Council (MEDCo)**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Annexes

ANNEX 1.1	SAF APPROVALS
ANNEX 1.2	SAF TRACKER
ANNEX 1.3	REPORTS TRACKER
ANNEX 1.4	MAY - JUNE 2008 HIGHLIGHTS
ANNEX 1.5	PRESS RELEASES: MAY 2008 – JUNE 2008
ANNEX 2.1	PARTICIPANT BANKS' PERFORMANCE
ANNEX 2.2	MICROLOAN PORTFOLIO
ANNEX 2.3	MICROSAVINGS PORTFOLIO

Acronyms Used in this Report

ADB	Asian Development Bank
ARMDEV	Associated Resources for Management and Development Inc.
BAP-CB	Bankers Association of the Philippines - Credit Bureau
BSP	Bangko Sentral ng Pilipinas
CICO	Cash-in/Cash-out
CIBI	Credit and Background Investigation
EAGLE	Efficiency, Asset Quality, Growth, Liquidity, and Earnings
GXI	G-Xchange, Inc.
KRA	Key Result Area
MABS	Microenterprise Access to Banking Services
MABSTeRS	MABS Technical Resource Specialists
MAP	Micro Agri-loan Product
MATTS	Training and Technical Services
MBB	MicroBanking Bulletin
MCPI	Microfinance Council of the Philippines
MEDCo	Mindanao Economic Development Council
MIAAP	Microinsurance Associates Agency Philippines
MIC	Microinsurance Centre
MICRA	Microfinance Innovation Center for Resources and Alternatives
MIS	Management Information Systems
MIX	Microfinance Information Exchange
MPBS	Mobile Phone Banking Services
MPMS	MABS Performance Monitoring System
MSP	MABS Service Providers
PB	Participating Bank
RBAP	Rural Bankers Association of the Philippines
SAF	Special Activities Fund
SMS	Short Messaging Service
TA	Technical Assistance
TAB	Text-A-BillPayment
TAC	Text-A-Credit
TAD	Text-A-Deposit
TAP	Text-A-Payment
TAR	Text-A-Remittance
TAW	Text-A-Withdrawal
USAID	United States Agency for International Development

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

CONTENTS

Annexes	3
Acronyms Used in this Report	4
EXECUTIVE SUMMARY	1
CONTRACTOR’S REPORT.....	5
<i>a) MABS-4 Oversight</i>	<i>5</i>
<i>b) Expected Results</i>	<i>5</i>
<i>c) Key Result Areas (KRAs)</i>	<i>6</i>
Key Result Area 1: Expansion of banks providing microfinance services.....	6
Key Result Area 2: Assistance to Banks to Extend the Range of Services	10
KRA2.1 Mobile phone banking services expanded in participating banks.....	11
KRA2.2 Microinsurance services offered in participating banks	13
KRA2.3 Microhousing finance services expanded in participating banks.....	15
KRA2.4 Micro agri-loan product rollout.....	17
Key Result Area 3: Sharing of lessons learned with global practitioners.....	22
KRA3.1 Participating banks encouraged and assisted in adhering to MABS best practices.....	22
KRA3.2 Public awareness of RBAP-MABS widespread	23
KRA3.3 Key organizations knowledgeable of MABS accomplishments and lessons learned	24
<i>d. Performance.....</i>	<i>28</i>
<i>e. Administrative Information.....</i>	<i>29</i>

Tables

TABLE 1 MABS-4 KRA1 DATA FOR QUARTER 1 VS TARGETS (QUARTER 1, YEAR1, AND END-OF-PROJECT)	6
TABLE 2 KRA2 DATA FOR QUARTER 1 VS. TARGETS (QUARTER 1, YEAR 1 AND END-OF-PROJECT)	10
TABLE 3 KRA3 TARGETS.....	22
TABLE 4 MABS-4 TARGETS VS JUNE 2008 RESULTS	28
TABLE 5 PROJECT FUND STATUS: MAY 1 – JUNE 30, 2008	29

EXECUTIVE SUMMARY

This document serves as the First Quarterly Report of the Microenterprise Access to Banking Services Program's Phase 4 (MABS-4) - covering the period from May 1 through June 30, 2008. It also lays out the workplan for the next quarter.

The MABS Program is a United States Agency for International Development (USAID)-supported program jointly implemented with the Rural Bankers Association of the Philippines (RBAP), with oversight provided by the Office of the President through the Mindanao Economic Development Council (MEDCo). MABS is one of the principal elements of USAID-Philippines' efforts to accelerate economic growth through expanded participation of lower income groups in productive activities. MABS-4 was launched in May 2008.

The Program provides participating rural banks with the *MABS Approach* Training and Technical Services (MATTS) package, a systematic, step-by-step training and technical assistance package followed by rural banks as they develop the full capability to profitably provide loan, deposit, money transfer and other financial services to microentrepreneurs and low-income households. By combining technical training for partner rural banks, education to microentrepreneurs and continuous implementation of new technologies, MABS has succeeded in developing the capacity of rural banks to expand access to banking services throughout the countryside. The Program has helped most of its participating banks (PBs) become major players in the Philippine microfinance sector.

Since 1997, the MABS Program has provided training and technical assistance to 90 rural banks with more than 370 branches to develop microfinance products and services. These PBs have disbursed over 1.6 million loans totaling more than PhP19 billion to more than 522,000 new bank borrowers. These partner banks also manage more than PhP1.8 billion in small savings deposits from approximately 1.4 million micro deposit accounts.

Technologies introduced by MABS - improvements to management information systems and performance monitoring systems — helped banks manage their operations efficiently. Innovative technologies such as mobile phone banking services (MPBS) promise to revolutionize banking not just in the Philippines, but also in the microfinance sector worldwide. MABS helped demonstrate that rural banks can earn profits and benefit society through microfinance.

Despite these achievements, there are still many more Filipino microentrepreneurs without access to financial services. It is estimated that microfinance institutions are reaching only a third of over 4.0 million families who are engaged in micro business activities. A 2002 study placed the potential supply and demand gap of microfinance, nominally, at PhP17.2 billion, where the potential supply from existing microfinance institutions is PhP 8.8 billion against the potential demand at PhP26 billion based on the number of poor families engaged in entrepreneurial activities.

To address this gap and to give more small entrepreneurs access to more financial products, USAID decided to support and implement the fourth phase of the MABS Program. The overall objective of MABS-4 is to substantially increase the level of banking services being provided to the microenterprise sector, and to lower socio-economic groups in general, by the rural banks and other banks in the Philippines.

During MABS-4 (May 1, 2008 to March 1, 2013), at least 550 rural and other banks and bank branches will initiate or substantially expand the level of services they are providing to the microenterprise sector. Other objectives of MABS-4 are:

- *Continue expanding access to microfinance.* MABS will support the expansion of MABS participating banks to a cumulative total of 550 branches, to increase the cumulative number of new micro borrowers by more than 375,000 during the period of the extension to bring the 15-year total of new borrowers reached to more than 800,000, and to increase the amount of loans disbursed by more than US\$500 million to bring the total 15-year cumulative amount of micro loans disbursed to over US\$800 million. MABS will focus on providing technical assistance and support to existing MABS PBs to help them grow and open branches.
- *Increase agricultural lending.* MABS will work with additional rural banks to conduct market research to enhance the micro agri-loan product (MAP) and expand micro agri-lending to an additional 65 bank branches and reach at least 30,000 additional small farmers.
- *Introduce housing microfinance.* With the rapid population growth in the Philippines, the demand for housing continues to rise. According to the Asian Development Bank (ADB), there is a very large unmet need in the area of housing finance, particularly in rural areas. MABS will initially work with a small group of rural banks to develop and pilot various micro-housing products and if this proves successful, will roll out these services to at least 50 rural bank branches reaching at least 5,000 new clients.
- *Expand the use of new technologies.* The MABS Program and participating rural banks offer mobile phone banking services and are the acknowledged leaders in the field of mobile phone banking for microfinance. The innovative partnership that RBAP-MABS, developed with Globe Telecom's subsidiary G-Xchange (GXI), is a success story that has been widely documented in both the local and international media. The MABS initiative and pilot in mobile phone banking and mobile commerce services has just scratched the surface of possibilities and there is still more to be done to promote and institutionalize these services for hundreds and thousand of rural bank clients across the country. Major activities that MABS will undertake to accelerate the expansion of MPBS, which will reach more than 500,000 bank clients and customers through 500 rural bank branches during MABS-4 include: enhancing existing mobile phone banking services for rural banks and develop new products, assisting in promoting and marketing the services locally and nationally, supporting the adoption of appropriate regulatory framework for

electronic banking, developing partnerships with international remittance and e-payment firms, and assisting in developing interface software between short messaging services (SMS)-based electronic-money transactions and the back-end system of rural banks to allow for greater efficiency.

- *Develop micro-insurance products*. The estimated market for micro-insurance in the Philippines is enormous, with most potential clients operating as microentrepreneurs in the large informal sector. In partnership with local insurance companies, MABS will work with 125 rural banks to reach at least a third of rural bank clients and ensure that there is improved access to insurance options which rural banks will be able to offer.
- *Improved Access to Credit Bureaus*. As more and more institutions engage in microfinance, the need for a comprehensive, accessible, and accurate credit information sharing has become clear. With the anticipation of the passage of the Credit Information System Act expected to be passed by the Philippine Congress soon, MABS will work with rural banks, the Bangko Sentral ng Pilipinas (BSP), and private credit bureaus to ensure that rural banks will be able to participate and access credit bureaus over the coming years.
- *Communications and other activities*. MABS will continue using appropriate communications and marketing tools to ensure that there is widespread public awareness of the activities and achievements of the Program and that knowledge tolls developed by MABS, best practices, and lesson learned are shared with key organizations in the local and global microfinance industry and practitioners.

During the 1st Quarter of Phase 4, the MABS team focused on planning and completing preparatory work for the Program's major initiatives. The technical staff completed a three-day planning meeting to draft the workplan for Years 1 (May 1, 2008 to September 30, 2008) and 2 (October 1, 2008 to September 30, 2009), which identified strategies for achieving key results as well as the specific activities and initiatives to be undertaken

As the team was laying out the groundwork for Phase 4's major activities, the lessons and accomplishments of the Program's first three phases were highlighted in local and international media and during several international conferences and workshops.

Local and international service and business organizations continued to draw lessons and learn from the rollout of the trailblazing mobile phone banking services developed by MABS. In the May and June, presentations highlighting the MPBS were featured in two international conferences.

Cantilan Bank President Lt. Gen. William Hotchkiss III (Ret.) made a presentation at the Asia Pacific Conference and Exhibition (APCONEX) on Financial Transformation held in Jakarta, Indonesia on May 7-9. For four years now, financial and banking industry leaders across the Asia-Pacific region have gathered for the APCONEX. For 2008, the conference's theme was "*Towards a Less Cash Society*" and sessions focused on

breakthrough technologies and services that have digitized cash distribution and transactions. Gen. Hotchkiss shared that Cantilan Bank's decision to offer mobile phone banking services was focused on improving efficiency through reduced transaction and collection costs. Through MPBS, the Cantilan Bank was also able to reach the un-banked in remote and "hard-to-reach" areas – which characterize much of its service area. Cantilan Bank is one of the five MABS PBs rolling out the new MPBS.

At the 2nd Annual Mobile Financial Services Summit held in Singapore on June 4-6, MABS Chief of Party John Owens shared the experiences of the MABS-developed MPBS rollout and reviewed various mobile banking business models and lessons learned from the rural bank mobile phone banking initiative. The 2nd Annual Mobile Financial Services Summit gathered together leading players in the financial and mobile banking services, telecommunications and network operators, regulators, and solution providers for updates on the success and potential market-wide commercialization of mobile banking initiatives.

As of June 2008, more than 60,000 rural bank clients have registered to use the mobile phone banking services. Three-hundred thirty (330) rural bank units are offering MPBS.

Ms. Teresa Ganzon, Managing Director of MABS PB Bangko Kabayan, was one of the featured speakers of the 2008 Global Summit of Women held in Hanoi, Vietnam on June 5-7. Ms. Ganzon's presentation focused on the bank's microfinance operations – its alignment with the bank's core values of sharing and community building and the contribution of their microfinance products and services to the creation of jobs and generation of livelihood opportunities in the community. Since becoming a MABS PB in 2001, Bangko Kabayan's microloan portfolio has grown from US\$ 114,000 to US\$2.25 million as of December 2007. The number of active microloan clients has increased from 931 to more than 9,000 clients.

The Global Summit of Women, informally called the "Davos for Women," is an annual gathering of women business, professional, and government leaders from around the world for exchanging best practices in advancing women's economic status worldwide. Past summits in Berlin, Germany (2007), Cairo, Egypt (2006), Mexico City (2005), Seoul, Korea (2004) and Marrakech, Morocco (2003) spurred the formation of regional and international networks, and inspired numerous successful business initiatives. The 2008 Global Summit of Women explored two of the major forces that will impact the 21st century global marketplace – Women and the Asia-Pacific economies. Conference sessions focused on what women can do to access markets and what they can learn from the women business leaders from the region.

MABS was also invited to present during a seminar sponsored by Tritium Knowledge Center Publishing for organizations planning to establish and manage microfinance and microlending operations. MABS Deputy Chief of Party Meliza Agabin gave a presentation outlining the *MABS Approach* to Microfinance.

CONTRACTOR'S REPORT

a) MABS-4 Oversight

MABS-4 receives overall program guidance from a Steering Committee, composed of a representative from the Office of the President (MEDCo Chairman), the Chairman of the Rural Bankers Research and Development Foundation Inc. (RBRDFI), a USAID representative, and the RBAP President. This committee identifies focal areas for program coverage and formulates and agrees on major policies that guide the MABS Program.

The Program receives guidance and support on implementation matters from a Management Committee. The Management Committee is composed of a representative of MEDCo, who chairs the Committee and the USAID Project Officer responsible for the MABS-4 Program. In his/her capacity as Chairman of the Management Committee, the MEDCo representative convenes meetings of the committee at least quarterly. The agenda of the meetings shall continue to focus on program implementation issues.

MABS-4 covers the period from May 1, 2008 to March 1, 2013.

b) Expected Results

MABS-4 activities and initiatives are directed towards achieving the following key results:

1. Key result area (KRA) 1: Expansion of banks providing microfinance services
 - a. Number of bank and bank branches expanded
 - b. Number of microborrowers expanded
 - c. Number of microloans expanded
 - d. Expansion in the number of microdepositors
 - e. Support to credit bureau expansion and enhancements to MIS
2. KRA 2: Assistance to banks to extend the range of services
 - a. Mobile phone banking services expanded in participating banks
 - b. Microinsurance services offered in participating banks
 - c. Microhousing finance services expanded in participating banks
 - d. Micro agri-loan product rollout
3. KRA 3: Sharing of lessons learned with global practitioners
 - a. Participating banks encouraged and assisted in adhering to MABS best practices
 - b. Public awareness of RBAP-MABS Program widespread
 - c. Key organizations knowledgeable of MABS accomplishments and lessons learned

c) Key Result Areas (KRAs)

Key Result Area 1: Expansion of banks providing microfinance services

Table 1 MABS-4 KRA1 Data for Quarter 1 vs Targets (Quarter 1, Year1, and End-of-Project)

Performance Indicators	Baseline Data from MABS-3 (As of April 2008)	June 2008 Data	Quarter 3 Target (May 2008 – June 2008)	June 2008 Result as % of Quarterly Target	Year 1 Target (May 2008 – Sept 2008)	MABS-4 End of Project Targets (March 2013)
1. Over 200 additional bank branches	320*	New: 7	3	233%	10	200 additional bank branches
		Cumulative: 327	323	101%	330	
2. 375,000 new micro-borrowers	499,604	New: 23,025	10,000	232%	30,000	375,000 new micro-borrowers
		Cumulative: 522,629	510,000	102%	530,000	
3. PhP20 billion in micro-loans disbursed	PhP18.27 billion (B)	New: PhP1.02 B	750M	140%	PhP1.7 B	PhP20 billion in micro-loans disbursed (over US\$500 million)
		Cumulative: PhP19.29 B	PhP19.02 B	101%	PhP19.97 B	
4. 1,700,000 Outstanding Micro-Deposit Accounts **	1,339,435	1,349,786	1,370,000	98%	1,390,000	1,700,000

* These figures include active MABS participating bank branches

** While the performance indicator for deposits was not listed in the USAID contract, it was included here for the purposes of tracking the progress of banks to expand micro deposit services.

MABS will work with new and existing rural banks to provide technical assistance and training to at least 200 additional banks branches to expand microfinance services. The cumulative number of new micro-borrowers reached by PBs will reach to 375,000 during the period to bring the 15-year total of new micro-borrowers reached to more than 800,000. The overall increase in microloans disbursed over the next five years is expected to exceed US\$500 million and will bring the total 15-year cumulative amount of micro loans disbursed to over US\$800 million. MABS will focus on providing technical assistance and support to existing MABS PBs to help them grow and open branches.

MABS PBs are also expected to manage more than 1.3 million micro deposit accounts by the end of Year 1 and 1.7 million accounts by 2013.

To achieve these key results, MABS will aggressively market MATTS to new and existing rural banks through the combined efforts of the MABS technical staff and accredited MABS Service Providers (MSPs). MABS will also continue to provide microfinance training and technical services to existing rural banks that have plans of establishing new branches and other banking offices.

To ensure adherence to the *MABS Approach* and standards, PBs' microenterprise operations will be closely monitored and analyzed. PBs will also be provided with periodic feedback and coaching on how to maintain and/or expand their services.

MABS will also ensure that banks are conducting annual planning sessions, which should include focus on microfinance lending operations, and that they are regularly improving the effective supervision and management of their microfinance operations. The team will also see to it that banks establish their own training programs and are continuously providing basic microfinance courses for newly-hired and existing account officers - with an emphasis on proper client selection using intensive character and background investigation (CIBI) and cash flow lending analysis, as well as effective sales skills. Training courses for existing and new MABS Technical Resource Specialists (MABSTeRS) to serve as in-house trainers on the MATTS will also be regularly conducted.

During Phase 4, MABS will use the distance learning platform to train additional bank staff and to complement classroom training. As MABS expands its services to additional rural banks, providing quality, classroom training on microfinance best practices to the more than 1,500 account officers, supervisors, and branch managers of PBs has become a challenge. Classroom training entails substantial travel and lodging costs and disrupts employees' set work schedules.

MABS developed an online distance-learning program as an alternative to onsite training. The course provides intensive training on the core elements of the *MABS Approach* through lectures, exercises, and quizzes. Chat rooms are provided for course participants to communicate real-time with facilitators and peers.

The distance-learning program was piloted in 2006 and launched in 2007. The distance-learning site, www.moodle.rbapmabs.org, contains four courses: *Introduction to Distance learning*, *MABS Microfinance Basics*, *Delinquency and Remedial Management*, and *Middle Management Training: Effective Supervision*. This web-based distance-learning course will reduce the costs of training bank staff and scale up the delivery of training to the continuously increasing number of microfinance staff that need to be trained and re-trained. Aside from reduced training costs and scaled-up training, the distance learning course deliver an integrated learning package to the banks – as the primary learners (account officers) complete the online modules, their supervisors and managers can also actively participate as learning partners. MABS will work with the Rural Bankers Research and Development Foundation Inc. (RBRDFI) and the MSPs to manage the

online courses. MABS will also, from time to time, supplement onsite and classroom training with the distance learning courses.

One of the major objectives of MABS-4 is to provide support to credit bureau access and suggesting corresponding enhancements to PBs' management information systems (MIS) to allow them to comply with reporting requirements.

The establishment of a credit bureau will greatly help rural banks to evaluate, monitor and reduce the costs of credit risk analysis through accessing credit histories of prospective clients. Based on recent press releases, there is optimism that the "*Credit Information System Act*" will be approved by the Philippine Congress within the year. Since this will be a new requirement for rural banks, they will need assistance in improving their systems to properly gather and submit credit history information of their clients.

MABS will collaborate with BSP and other private credit bureaus to determine the generic/standard reporting structure to ensure that the reports generated by the rural banks will be acceptable to both the national credit bureau and private credit bureaus.

Accomplishments for the First Quarter:

Task One: Provide advisory services to banks with plans of expanding microfinance services. MABS provided assistance to GM Bank, Inc. on the EAGLE assessment tool. The bank requested for assistance on how to properly track their expenses, particularly, on the allocation of cost for its corporate office and branch support in the implementation of the individual and group loan products. The bank's staff members were taught how to allocate cost among different products at the branch level, as well as corporate office expenses. They were also provided with a template for faster and more efficient monitoring of the direct expenses for both MF products.

Filipino Savers Bank, an MSP-trained bank, also received a series of coaching and training in preparing their financial projections.

Task Two: Conduct Basic Microfinance Course for the staff of Kauswagan Bank. As part of the Program's commitment to provide training and technical assistance to thrift banks, MABS facilitated a four-day Basic Microfinance Course for 32 staff members of Kauswagan Bank, composed of area managers, branch managers, prospective supervisors, and newly hired account officers. The modules of the MABS Basic Microfinance Course are: financial intermediation, microfinance best practices, client selection – which covers character and background investigation and cashflow analysis, delinquency management, and market research.

Activities to be Completed in the Second Quarter:

Task One: Provide advisory services to new banks with plans of expanding microfinance services. MABS will provide follow-on technical assistance to Filipino Savers Bank and Kauswagan Bank in the 2nd Quarter.

Task Two: Conduct the Middle Management Training Course. The course is intended to strengthen the capabilities of PBs' middle managers in the supervision of account officers and provide them with the knowledge and skills to effectively and efficiently manage the microfinance operations. The course will be offered in Manila (for Luzon and Visayas PBs) and Cagayan de Oro City (for Mindanao PBs) in September. Branch managers, area/branch supervisors, product heads, and internal auditors, and senior account officers who are candidates to become MF supervisors are expected to attend the course.

Key Result Area 2: Assistance to Banks to Extend the Range of Services

Table 2 KRA2 Data for Quarter 1 vs. Targets (Quarter 1, Year 1 and End-of-Project)

Performance Indicators	Baseline Data from MABS-3 (As of April 2008)	June 2008 Data	Quarter 3 Target (May 2008 – June 2008)	June 2008 Result as % of Quarterly Target	Year 1 Target (May 2008 – Sept 2008)	MABS-4 End of Project Targets (March 2013)
1. Number of rural bank clients registered to use mobile phone banking services	60,651	New registered users: 3,410	New: 0	NA	9,349	500,000
		Cumulative: 64,061	Cumulative: 60,651	105.62%	70,000 *	
2. Number of bank branches offering mobile phone banking	330	New: 14	New: 0	NA	10	500
		Cumulative: 344	Cumulative: 330	104.24%	340 **	
3. Total value of monthly mobile phone banking transactions	PhP132 Million	PhP167.6 Million	PhP150 Million	111.7%	PhP155 million	PhP400 million
4. Bank branches offering microinsurance	6	7	7	100%	9	125
5. Active microenterprise clients covered by microinsurance	400	400	400	100%	15,000	150,000
6. Number of bank branches offering micro housing loans	NA	NA	0	NA	4	50
7. Cumulative number of micro housing clients	NA	NA	0	NA	0	5,000
8. Cumulative number of bank branches offering the micro agri-loan product	41	43	43	100%	45	106
9. Cumulative number of new micro agri-loan product clients	9,200	10,066	10,100	99.67%	11,450	30,000

* Figure includes number of clients registered as of April 2008 (60,000) and new clients registered up to September 2008 (10,000)

** Figure includes 330 bank units offering MPBS as of April 2008 (330) and projected additional number of units by September 2008 (10)

KRA2.1 Mobile phone banking services expanded in participating banks

Since 2004, the Program, with support from GXI - a wholly owned subsidiary of Globe Telecom – has been developing and implementing mobile phone banking applications and mobile commerce services for rural banks and their clients. The banks and clients are finding that MPBS offer significant advantages in terms of reduced costs, security and convenience in accessing financial services, and opportunities to expand their business.

For rural banks, mobile phone banking has several advantages since it improves transparency of financial transactions, helps control fraud, and reduces errors associated with cash transactions.

Clients, on the other hand, can now access and manage their financial services needs remotely - receiving loans, making payments and deposits, withdrawing funds from deposit accounts, remitting and receiving money from relatives and friends, and even buying and selling goods using electronic cash and their phones instead of point-of-sale systems. Rural banks can also provide payroll-processing services for small businesses where employees can receive their salaries via their mobile phone wallets.

All of the MABS-developed MPBS have been approved by the BSP. These services include: Text-A-Payment (TAP) for loan payment and collection, Text-A-Remittance (TAR) to cash-in/out remittance locally and abroad, Text-A-Deposit (TAD) for remote deposit mobilization, Text-A-BillPayment (TAB) for remote bills payment, and Text-A-Withdrawal (TAW) to remotely withdraw money from their accounts in the form of electronic money directly from their savings account to their mobile wallet.

To build a sustainable and robust mobile banking ecosystem requires building the “*source*” (where cash could be converted to electronic money) and “*use*” (where electronic money can be used to buy or sell goods and services) components. The commercial viability rests on achieving the desired critical mass of users (both “*source*” and “*use*”) of electronic money in any given community. The rural banks that signed up to partner with GXI understand the business potential of being first to provide mobile banking services to their clients. However, the real value of the mobile banking service can only be achieved when the general public has accepted the technology and makes mobile phone banking and mobile commerce a part of their everyday lives. The development and improvement of the mobile phone banking applications developed by MABS is an important and continuous activity to make MPBS and related mobile commerce opportunities an attractive opportunity for the banks and to new and existing clients.

Accomplishments for the First Quarter:

Task One: Promote MPBS and sign up more users through Globe’s Mobile Phone Banking Marketing Program that runs from May - November, 2008. Six participating banks (PR Bank, 1st Valley Bank, Agri Business Bank, Cantilan Bank, GM Bank and Green Bank) are implementing the program, which aims to generate more MPBS users and transactions. The banks have recruited 549 independent marketing agents, who will

promote MPBS to their clients. After the pilot test of the promotional approach ended in April 2008, these pilot banks decided to keep 2 or 3 mobile phone banking marketers to sustain their promotional activities and expand use of the services. In the month of May, two banks reported registering 2,631 rural bank clients. Since May, the new agents have registered a total of 779 additional mobile phone banking users.

Task Two. Provide technical assistance to PB Bangko Kabayan in drafting its MPBS strategic plan. MABS assisted Bangko Kabayan in developing its mobile phone banking services strategic plan. The bank has been offering MPBS since November 2007, when they hired and trained mobile phone banking marketing specialists for its five pilot MPBS branches. The bank has retained the services of the MPBS supervisor and three of the 16 MPB specialists hired in November and plans to focus on marketing specific mobile phone banking services such as Text-A-Sweldo (which they plan to bundle with their salary loan), Text-A-Payment, Text-A-Bill Pay, Text-A-Deposit and Text-A-Withdrawal. The three specialists have been assigned to handle a cluster of branches.

Task Three: Review and process pending applications of rural banks applying for accreditation as MPBS/GCash partners of RBAP-MABS and Globe. Two banks – Valiant Bank, a 6-branch bank based in the Iloilo Province and Banco Santiago de Libon, also with 6 branches within the Bicol Region – have applied for accreditation to offer GCash services. RBAP and GXI are now processing their applications.

Task Four. Work with Nokia on the sponsorship of printing mobile phone banking booklet/users' manual for rural banks and the rollout of the Nokia phone-financing scheme through the selected rural banks. Nokia, through its distributor and retailers nationwide, will offer the “Own-A-Nokia Phone Loan Program”, which will be channeled through the selected rural banks. Bangko Kabayan and Green Bank will offer the financing program in July and August, respectively.

To support the expansion of MPBS, Nokia sponsored the printing of Mobile Phone Banking Services booklets/users' manual. These booklets describe the features of the MPBS and give users step-by-step instructions for completing transactions. This sponsorship was initiated by MABS; Nokia Philippines partnered with RBAP through MABS Program.

Task Five. Hold initial meetings with local system developers - potential partners for developing the interface program that will automate MPBS transactions. Building on the success of the mobile phone banking services initiative, MABS is planning to expand the services to include semi-automated mobile banking alerts for rural bank clients. The project will initially focus on the Text Reminder System, which will be developed in the next quarter in partnership with a local system developer and in collaboration with Innovation for Poverty Action (IPA), a non-profit organization which will undertake research study on the project. The Text Reminder System will allow bank staff to input collection dates and amounts in a simple text format and automatically send these loan amortization payment reminders via SMS/text messages to a selected list of loan clients. The project aims to test the effectiveness of, not only different types of messages, but

also the timing of these messages and determine the most effective approach for sending reminders. Three organizations have shown interest in undertaking the Text Reminder System Project: Globe Telecom's SME Business Group, MyClick Technologies and M2M Wireless Technology. Three PBs will pilot this project: RB Mabitac, Green Bank and First Macro Bank.

Activities to be Completed in the Second Quarter:

Task One. Continue to promote the mobile phone banking marketing program with Globe and other incentive programs for MPBS rollout banks. The marketing program is an incentives-based initiative for MPBS marketers of rural banks and aims to increase awareness and induce habitual usage of mobile phone banking services and sustain and expand the number of registered clients and users.

Task Two. Develop Text Reminder System that will automate sending of loan reminders to borrowers. The customized system, the SMS Banking Informational System, will be available to pilot rural banks to support the expansion of mobile phone banking services. Initially, the "Text Reminder Module" will be offered to loan borrowers. This pilot will be monitored in collaboration with IPA. The system will serve as an automated tool to remind clients through SMS or Text on amount and due dates of their loan amortization based on parameters set by the bank, MABS and IPA. The study aims to determine clients' response to automated reminder messages, which in turn will yield useful information to improve the bank's repayment and collection effort.

Task Three: Explore renewal of partnership with telecommunications company Smart Communications (Smart) for the expansion of MPBS using Smart Money. Renewed discussions and an updated MOU between RBAP and Smart will be discussed to expand mobile phone banking services to Smart customers.

KRA2.2 Microinsurance services offered in participating banks

With more than one million microenterprise borrowers and depositors and coverage across the nation, MABS participating rural banks are seen as strategically positioned to facilitate greater access to microinsurance services. Microinsurance also provides an opportunity for the banks to expand their range of financial services from which they can generate additional revenues. However, MABS sees it as imperative to promote access to quality insurance products by licensed (and regulated) providers who can effectively secure protection for low-income households. Hence, MABS will be promoting the partner-agent model among the banks similar to the ones that MABS supported with Malayan Insurance Company for their microinsurance product *Todo Asenso*.

In the partner-agent model, rural banks enhance access to microinsurance products for the underserved market minus the significant investment in resources necessary for the effective assessment and management of the risks of the insurance. The primary role of rural banks will be to serve as agents for the insurance company which bears the risk of insuring the clients and is responsible for regulatory compliance.

In year 1, MABS will assess the demand for microinsurance, foremost of which are life and hospitalization (health). Insights on the needs and preferences of existing and new clients, particularly women, will be determined through focus group discussions and localized surveys conducted by MABS and the bank staff.

On the supply side, information will be pooled on various insurers' microinsurance products, including details on the types, products, terms, premiums and requirements. It is expected that this will facilitate the creation of healthy competition among insurers subsequent to which is the development of more affordable and better quality insurance products for our micro clients.

Accomplishments for the First Quarter:

Task One: Disseminate product features template to life and non-life insurance companies. The following companies were provided with templates by June 2008:

Life Insurance Products:

1. Malayan Insurance Todo Asenso
2. Philam COMPADRE
3. CocoLife
4. CARD-Pioneer CAMIA Plan
5. Mercantile

Non-Life Products:

1. PhilHealth KASAPI
2. E-Merge Concepts Alay Kalinga Program

Task Two: Conduct demand research for microinsurance in two banks. Bank officers and microfinance clients of Green Bank and Bangko Kabayan were interviewed. Green Bank continues to self-insure for borrowers ages 65 above while Bangkok Kabayan piloted the Phil Health KASAPI product, but reverted to being an accredited collecting institution since there were problems and costs related to educating new members.

Task Three. Engage two or more insurance companies to pilot micro insurance among participating banks. During the Quarter, insurance companies were oriented on the MABS Program and its micro insurance component; strong interest was established between two industry leaders (Phil am and Malayan).

Activities to be completed in the Second Quarter:

Task One: Conduct market research on supply of micro insurance. MABS will actively pursue the participation of the premiere insurance providers in the country, particularly in the development of the micro insurance product database. Ayala Life Assurance and Sun Life of Canada will be added to the roster of key life micro insurance providers. Meanwhile, relatively new entrant ACE Insurance (Insurance Company of North America) and insurance service provider AA International will be tapped for the

distribution of non-life insurance products. Further enhancements to the initial products of Malayan and PhilAm will also be monitored. Opportunity International's weather-based crop insurance scheme will be reviewed and assessed as well.

Task Two. Conduct rapid appraisal of interest in microinsurance among rural banks.

A remote survey shall be conducted among 46 banks that participated in the Needs Survey conducted in February 2008 under MABS-3. The main purpose of the survey is to verify results on currently available microinsurance services and to extract the number of clients currently covered by these services. MABS will also actively participate or initiate advocacy activities such as the Rural Bank week (late August) to spur effective demand for microinsurance services especially by MABS participating rural banks. Partnership guidelines shall also be drafted by MABS to ensure mutually beneficial relationships be developed between the commercial insurers and rural banks.

Task Three: Draft Memorandum of Understanding to clarify roles and expectations among RBAP, MABS and insurers. MABS shall adopt a consultative approach in the formulation of the MOU to be forged between RBAP and the insurance providers. MABS will emphasize a preference towards direct relationships between RBAP and the commercial insurance than insurance brokers in order to maintain ideal levels of affordability of the microinsurance products. By the end of the 2nd quarter, the MOU draft should have been approved by RBAP and disseminated for review by the insurance providers.

KRA2.3 Microhousing finance services expanded in participating banks

With rapid growth in population in the Philippines, the demand for housing continues to rise. According to the ADB, from 2001-2004, housing need was estimated at 3.6 million units and actual housing provision was just about one-fifth of this total, resulting in a huge unmet demand particularly among the poor and informal sector. Between 2005 and 2010, potential demand is projected to reach 3.76 million units, including housing units for new households of 2.58 million.

Microfinance and housing finance are related by the shared objective of providing access to marginalized groups. Also, since many microenterprises are home-based, microenterprise loans often contribute to home improvements or house construction that also benefits the business. Because of the potential for mutually reinforcing product and service design, it will be beneficial to examine the prospects for providing housing loans using microfinance technologies.

Introducing housing microfinance under MABS -4 will help address the credit demand of microenterprise clients for home improvement purposes and, to a certain extent, the shortage of affordable housing for low income groups. Based on a MABS survey of 210 clients of more than 20 MABS participating banks, close to 40 percent have used part of their loans from the rural bank during the last 12 months for home improvement or repairs. A majority (58%) indicated needing a loan for home repairs and improvement (44%) and for the purchase of a house and/or lot.

MABS will assist rural banks in developing and offering micro housing products to reach 150 clients through at least 10 rural bank branches by the end of September 2009, and more than 50 branches during the life of the project. Major activities during the Second Quarter under this component include the following:

Accomplishments for the First Quarter:

Task One: Enter into a collaborative partnership with the housing microfinance expert from the Microfinance Innovation Center for Resources and Alternatives (MICRA) and Mercy Corps. Through MICRA, Mercy Corps - a United States-based NGO - offered to collaborate in the housing microfinance initiative of MABS by providing a housing microfinance expert and two or three research assistants for the conduct of market research and product development with four (4) pilot banks, and foot the bill for the survey data processing.

The Memorandum of Understanding (MOU) between Mercy Corps/MICRA and MABS was finalized and signed in June 2008. An action plan, with corresponding timeline for the conduct of market research and product development activities, was drawn up to guide the team from MABS and Mercy Corps/MICRA.

Task Two: Conduct rapid appraisal of interest in housing microfinance of PBs and establish priority areas and banks for further market study and pilot testing. Based on a MABS survey in May 2008, 19 participating banks expressed interest to introduce a housing microfinance loan product during the year while 13 other banks signified interest to offer it 2009. Among the 19 banks that are willing to engage in this initiative in 2008, four banks (Green Bank, Cantilan Bank, Bangko Kabayan and GM Bank) were selected as pilot banks based on a set of criteria approved by the MABS ManCom as follows:

- PAR 30 below 10% (preference were given to banks with an average of 5% or lower during the last 3 months).
- Commitment of Board/Top Management to offer the Housing Microfinance Product
- With multiple branches indicating the potential for the expansion rollout of the product.

The senior management orientation/consultation in early June with the four pilot banks confirmed these banks' senior management commitment to introducing and supporting housing microfinance in their respective banks, and their central objectives for wanting to introduce such value adding product to their customers.

Indicating preference to focus on housing improvements/repairs during the first year of implementation, senior management representative from each bank selected two branches as pilot areas; the branches are located in urban/semi-urban communities where economic activities are robust and increasing.

Tasks to be accomplished in the Second Quarter:

Task One: Development of market research tools and conduct of market research .The data gathering and market demand survey tools will be completed in the next Quarter. The market demand survey tool is a standard interview schedule used in face-to-face interviews with respondents. This tool is important in getting the perspective of the market as to their present housing situation, their demand for housing improvement works and demand for housing microfinance credit.

Team from MABS and MICRA will facilitate the conduct of separate market research/surveys for the four pilot banks in July. Bank staff members will be trained to participate in the field interviewing of the respondents. The study will be administered to 120 respondents chosen from a list of (a) microfinance individual loan clients; (b) deposit clients; (c) salary loan clients; and (d) new/prospective clients of the bank.

Task Two: Conduct product development briefing/workshop activities with pilot banks in July-August; design Home Improvement Product and develop brief generic product manual; enhance cashflow form to accommodate housing loan requirements; and train pilot banks and MABS staff for implementation. Market research findings will be discussed with each of the banks and translated into meaningful information towards designing the product features, and a prototype product towards the development of a product manual. The activity will also determine any adjustments that may be needed in their respective MIS, and prepare financial projections.

The generic manual shall be submitted to the Bangko Sentral ng Pilipinas (BSP), for their approval within the 2nd quarter.

Task Three: Pilot test Home Improvement Product. The pilot banks are poised to begin pilot testing of their housing microfinance (HMF) product between August and October. Prior to their pilot testing, MABS will work on improvements and adjustments to the credit evaluation and cashflow form to accommodate housing loan requirements. An important component of this pilot testing is the training of the pilot banks for product implementation to ensure a proper understanding of the new product and the steps for the processing and approving of loans. The pilot banks are expected to start releasing HMF loans between September and October

KRA2.4 Micro agri-loan product rollout

Based on the nationwide survey of farmers by the Philippine Agricultural Policy Council (ACPC, 2004-05 survey), three-fourths of farm households depend on crop farming, one-third on livestock raising, while fishing is an additional income source for almost a fifth. The ACPC survey also showed the multiplicity of income sources for farming households, with more than half (52 percent) of these households having other incomes from non-farm sources. In terms of access to formal loans, the surveys found a higher share of 51 percent of all farm loans from formal sources in 2004-05 compared to 38

percent in 1996-97.¹ While access to formal credit by farmers had improved, the unmet farm credit demand remains large. Excluding the livestock sector, ACPC estimated the unmet credit demand of rice, corn and coconut farmers at about US\$1.47 billion. Reducing the gap in supply and demand faces two major challenges: reducing the risk of lending to farmers and reaching those farmers in areas farther away from town centers.

With so much the labor force dependent on agricultural income, access to financial services in this sector is critical. Rural banks are uniquely positioned to serve this market. By incorporating MABS best practices and adjusting loan features to address the flexible needs of agricultural borrowers, rural banks have become more confident about lending to this sector. More technical assistance, training, and monitoring are needed to increase agricultural lending, and close monitoring will be critical to maintaining portfolio quality.

MABS developed in 2004 an approach to the Micro Agri Credit that essentially utilized the *MABS Approach* in designing and implementing microfinance products. The approach integrates market research, careful product design, pilot testing, and portfolio management. In many ways the MABS-Micro Agri Product approach was different from the traditional agricultural lending. MABS-Micro Agri Loan Product took into account the multiplicity of income from various sources, the ability of farmers to make rationale decisions, and based the provision of credit on the borrower's character and capacity to repay. Determining capacity to repay required an analysis of all farm and non-farm household income. Loan payments were amortized regularly on a weekly, semi-monthly or monthly basis which was aligned with a borrower's cash flow. Borrowers were allowed to pay a partial lump sum to take into account crop or livestock business cycles but the lump sum payment could not exceed 40% of the loan amount. This payment scheme substantially reduced the risks normally associated with the 100% lump sum payment option that banks traditionally used. This new approach to agricultural lending has been quite successful in reaching small farmers while reducing the risk of lending. MABS found that due to the multiple income sources, farmers were willing to pay their loan in frequent installments.

Presently, there are two major challenges in micro agri lending. First: the slow take up of rural banks to offer micro agri loans using the *MABS Approach* for the following reasons: (a) bank's long-standing impression that lending to small farmers remains very risky; (b) the MAP design is similar to the microfinance loan product offered by the banks, and (c) some 26% of the borrowers have used some or all of their loans for farming activities. Another challenge is managing the risk of various calamities (flooding, drought) as well as risks associated with pests and diseases, price, and market risks. The MABS micro agri lending approach addresses some of these challenges because of the inherent risk-mitigating factor associated with the regular amortization payment feature. Banks that implement the *MABS Approach* to micro-agri lending have generally maintained high portfolio quality; and this lesson will be shared and more widely disseminated in order to convince more banks to adopt the *MABS Approach* to micro-agri lending. Also, to differentiate this agricultural lending approach from the microenterprise lending

¹ Supplying 20 percent of loans, traders and millers are the single most important source of credit for farm households, 7 percent of loans come from rural banks.

approach, the banks will be encouraged to offer the 60/40 mode of payment. Banks that are implementing 60/40, or some variations of this ratio (Cantilan Bank, Progressive Bank, GM Bank and RB Talisayan) have so far not reported any problems with loan recovery.

To encourage more banks to offer micro agri lending the strategic approaches are outlined below.

- *Focus on rural banks that have the largest potential market for MAP*

This strategy aims to tap new market segments to increase the client outreach of MAP implementing banks. In addition, specific major crop or agricultural produce will be identified in specific farming localities and such will be subjected to value chain analysis to identify gaps and opportunities for financing. MABS will identify the exact location of small farmers and farmer associations, initially in Mindanao and eventually in other regions of the country that are not affected by typhoons. A market research tool will be refined and market survey activities will be conducted to find out demographics, natural resources, types of agricultural activities, and the capacity of MABS banks in the area. MABS will assist the banks to target the small farmers in their areas and offer MAP. During the first two years of MABS-4, the MABS team will provide additional support to existing participating rural banks that are implementing the MAP and will encourage expansion to more farmers by actively promoting the services offered through existing networks that link to small farmers including larger trading companies and farmer associations.

- *Provide additional technical assistance and training on the MAP*

MABS will target existing MAP implementing banks, particularly the multi-branch banks that continue to commit resources and personnel to MAP. MABS will provide additional technical assistance/training support thru the special activities fund (SAF).

In the first two years of the program, MABS efforts will be directed towards assisting the existing MAP implementing rural banks to rollout the product to other branches while at the same time, encouraging other banks to join the training and implement micro agri loan products.

- *Use technology to expand outreach to small farmers*

This strategy aims to promote mobile phone banking, improve mobile phone banking use, expand coverage to remote agricultural areas, and help the bank and farmers reduce transaction cost.

Using the MABS-designed MPBS, MABS will explore the expansion of MAP payments and disbursements via mobile phone to reach small farmers in rural areas, which will coincide with the expansion of MPBS.

- *Promote knowledge sharing to refine and enhance MAP*

This strategy aims to promote knowledge sharing among stakeholders, support learning to improve the effectiveness and impact of the MAP to rural banks and farmer clients.

MABS will help banks analyze client feedback on the MAP and refine it to meet changing market demand. Using the *MABS Approach* to micro agri-lending, MABS will incorporate lessons learned from client feedback and the experience of banks that have enhanced their MAP services and cascade these lessons learned to other participating banks offering MAP services. Additionally, MABS will continue to participate in initiatives such as the Agricultural Microfinance Research Project, a multisectoral effort that documents innovative agriculture financing schemes.

Accomplishments for the First Quarter:

Task One: Gather data on agricultural commodities from government and private agencies and prepare profiles of different agricultural activities identified per province/region. The data gathered from the Department of Agriculture and the Bureau of Agricultural Statistics is currently being processed, summarized & consolidated per province/region. These data will provide MABS with information on the type of agricultural commodities prevalent in the different regions of the country where the MAP-implementing rural banks are operating. The result of the survey will serve as guide to rural banks in targeting potential group of clients engaged in specific agricultural commodity for possible financing. The profile of different agricultural commodities on the other hand will provide the rural banks' account officers ideas on production cost and risks of a certain agricultural commodity. The profile will help the account officer perform a thorough evaluation of a client's loan application as he becomes familiar with the agricultural commodity the client is engaged in.

Task Two: Gather data from partner rural banks. A survey questionnaire on MAP practices and system procedures was sent to all MAP banks. While the final data is still being tabulated and processed, preliminary results demonstrate that among the 14 banks, 9 offer the regular straight amortization payment while 5 rural banks offer the 60/40 mode or payment or both 60/40 and regular straight amortization modes of payment. Three of the banks that are offering the 60/40 mode of payment are from Mindanao, one from the Visayas, and one from Luzon.

The amount of first loan ranges from a minimum of P3,000 to P5,000. Except for two banks that allow first loans up to a maximum of P150,000, the rest of the banks' maximum amount of first loan ranges between P10,000-P50,000. Four banks impose a maximum amount of repeat loan of up to P50,000 only while for the rest of the banks, repeat loan is up to a maximum of P150,000.

Eight out of 14 banks offer a loan term of up to 1 year, 5 banks up to six months, while one bank offers a loan term of more than 1 year.

Interest rates charged by banks range from 1.5% to 4.0% per month, computed using the flat interest rate method. Of the 14 banks, five are charging 2.5% per month while four are charging 3.0% per month. For 11 of the banks, there is also an upfront service fee that ranges between 2.0% to 4.5% per loan availment. One bank does not charge a service fee while two banks charge a fixed amount. Other charges include documentary stamp, notarial fee and mortgage redemption insurance (MRI).

Task Three: Identify existing MAP PBs that show interest to expand the micro agri product. The survey sent to the MAP banks showed the following 10 existing MAP-implementing rural banks interested to expand their micro agri operations to more branches in the next 5 years:

• Cantilan Bank	-	2 branches
• 1 st Valley Bank	-	12 branches (may include LCDPs)
• Green Bank	-	2 branches
• Victorias Bank	-	1 branch
• Valiant Bank	-	1 branch
• Rural Bank of Sto. Tomas	-	1 branch
• GM Bank	-	3 branches
• Rural Bank of Cotabato	-	1 branch
• Rural Bank of Talisayan	-	2 branches
• Progressive Bank	-	3 branches
• Rural Bank of Digos	-	4 branches
• Siargao Bank	-	1 branch

Focused technical assistance will be provided to larger rural banks that signify their interest to expand their micro agri activity to more branches.

Task Four: Continue to closely monitor the micro agri-loan rollout. As of June 2008, 43 bank units are offering MAP and collectively have 5,562 active borrowers, with an outstanding loan portfolio of more than Php49.5 million. These banks have disbursed more than 19,000 MAP loans totaling more than Php242 million to more than 10,000 new micro agri-loan borrowers.

Activities to be Completed in the Second Quarter:

Task One: Identify banks interested to work with farmer associations within their areas of operation. With MABS' assistance, banks interested to expand their micro agri lending activity, as well as new banks interested to implement the MAP, will be highly encouraged to identify farmer associations within their areas of operation. The members of the farmers association is a segment of the market that the bank can target to expand reach and potentially reduce the cost of search for potential clients in widely dispersed areas. The association will play a role as a source of information during the credit investigation process. Any loan to a farmer-member will be under individual basis. A guideline on how to deal with farmer associations will be drafted by MABS to serve as

guide to rural banks on how to effectively transact business with the identified farmer associations.

Task Two. Review and enhance the Micro Agri-loan Product features and training materials in preparation for the first MAP rollout training under MABS Phase 4. The MAP training materials will be reviewed and enhanced in preparation for the next MAP rollout training. Specifically, a more focused and commodity-specific market research approach will be introduced to the new batch of rural banks interested to implement the MAP. As part of product features enhancement, the MAP savings policy will be reviewed and considered as additional risk-mitigating measure.

Task Three. Participate in multisectoral efforts that document and share innovations in agricultural microfinance. MABS will continue to participate in micro agri-related multisectoral activities to get the latest update on the best practices in micro agri lending. MABS will also continue to encourage rural banks to participate in such activities or join cross-visits to other successful MAP-implementing rural banks.

Key Result Area 3: Sharing of lessons learned with global practitioners

Table 3 KRA3 Targets

Targets
1. 12 news items/articles released by end of Year 1.
2. 60 articles in local and international media by end of project.
3. 4 national roundtables organized and participation in 20 international conferences by the end of the project.

KRA3.1 Participating banks encouraged and assisted in adhering to MABS best practices

MABS will ensure that all participating banks not only adhere to best practices but also, institutionalize these best practices in their operations and in the long term, make modifications and enhancements as suited. To achieve this, MABS will make use of the following:

- *Continuously promote the adoption and observance of the MABS-EAGLE Assessment system as a tool in improving the banks' microfinance operations*

The EAGLE (Efficiency, Asset Quality, Growth, Liability Structure, and Earnings) assessment system is one of the Program's major services that is highly appreciated and anticipated by PBs. Conducted by the MABS staff on a yearly basis, the assessment makes use of 11 indicators for efficiency, asset quality, growth in outreach and portfolio, liability structure, and earnings to determine how the banks are implementing their microfinance services. The results of the EAGLE assessment is issued to the PBs in a

scorecard format and accompanied with a written analysis and recommendations for improvement.

Banks that merit the highest assessment of **AA** are recognized and feted during an awards ceremony coinciding with the holding of the MABS National Roundtable Conference.

Starting this year, MABS intend to release a mid-year (July to June) and annual (January to December) result of the EAGLE assessment system.

- *Increase awareness of participant banks in latest trends and innovations in microfinance through national and regional roundtable conferences*

MABS will continue to hold the yearly National Roundtable Conference for MABS PBs. The National Roundtable serves as a venue for sharing best practices and innovations in microfinance - both local and international - from which PBs could learn. The National Roundtable Conference also serves as a forum for presenting and discussing the annual results and performance status of the microfinance operations of MABS PBs. The conference is normally held in the first or second quarter of the calendar year, with senior and middle management officers and microfinance supervisors of PBs in attendance.

During the National Roundtable, the MABS technical staff will engage the PBs in a one-on-one discussion of the results of EAGLE assessment of their microfinance operations, highlighting its strengths and weaknesses and providing recommendations.

The Regional Roundtable Conferences are similar to the national roundtable conference with a focus on PBs by island grouping (Luzon-Visayas and Mindanao). The Regional Roundtable serves also as a venue for sharing best practices and innovations in microfinance - both local and international - from which the PBs could learn. The Regional Roundtable Conference, normally held in the last quarter of the calendar year, also serves as a forum for presenting and discussing the annual results and performance status of the microfinance operations of the MABS PBs

During the Regional Roundtable, the MABS technical staff will engage the PBs in a one-on-one discussion of the mid-year results of EAGLE assessment of their microfinance operations, highlighting their strengths and weaknesses and providing recommendations.

KRA3.2 Public awareness of RBAP-MABS widespread

MABS carries out a communications program primarily aimed at ensuring continued, wide-scale public awareness of the Program by providing information on the Program's activities and accomplishments. MABS uses and develops communications tools that are designed to effectively address the information needs of specific and previously identified audience groups. These are delivered through the appropriate channels: print media, videos, and the Program's website - www.rbapmabs.org, and the RBAP Mobile Phone Banking website, www.mobilephonebanking.rbap.org

Accomplishments for the First Quarter:

Task One: Write articles and press releases on the Program's work, achievements, and impact and publish in newspapers, magazines, and online media. As of June 2008, four (4) articles on the MABS Program have been carried by major broadsheets.

Task Two: Compete production of the MABS-3 Final Report. The MABS-3 Final Report documents the work and accomplishments of the Program's first three phases, presents how banks have been able to grow their operations through partnership with banks, highlights client success stories, and presents initiatives to be undertaken under MABS-4.

Activities to be Completed in the Second Quarter:

Task One: Write articles and press releases on the Program's work, achievements, and impact and publish in newspapers, magazines, and online media.

Task Two. Distribute the MABS-3 Final Report to Program stakeholders, partners, participating banks, and other organizations.

Task Three. Design MABS-4 promotional and information materials.

Task Four: Re-design www.rbapmabs.org website.

Task Five: Finalize support for and provide updates to RBAP's Mobile Phone Banking website, www.mobilephonebanking.rbap.org.

KRA3.3 Key organizations knowledgeable of MABS accomplishments and lessons learned

The Program will also sustain initiatives to link rural banks with other established local and international institutions whose work primarily focus on microfinance, and who share the common objective of promoting financial transparency and improving microfinance performance monitoring and benchmarking in the Philippines. These institutions include the local Microfinance Council of the Philippines (MCPI), Microfinance Information Exchange (MIX), the Micro Banking Bulletin (MBB), Innovations for Poverty Action (IPA), Microfinance Innovation Center for Resources and Alternatives, Citi Foundation, the World Bank supported Consultative Group to Assist the Poor (CGAP), ACCION, Women's World Banking (WWB), Banking with the Poor Network (BWTP), *MicroSave*, and others. In particular, MABS will continue to compile and submit various reports to them containing detailed information on the performance of banks participating in the MABS Program on an annual basis.

Accomplishments for the First Quarter:

Task One: Establish presence and increase visibility through participation in conferences/other events promoting microfinance and study tours. Cantilan Bank President Lt. Gen, William Hotchkiss III (Ret.) made a presentation at the Asia Pacific

Conference and Exhibition (APCONEX) on Financial Transformation held in Jakarta, Indonesia on May 7-9. For four years now, financial and banking industry leaders across the Asia-Pacific region have gathered for the APCONEX. For 2008, the conference's theme was "*Towards a Less Cash Society*" and sessions focused on breakthrough technologies and services that have digitized cash distribution and transactions. Gen. Hotchkiss shared that Cantilan Bank's decided to offer mobile phone banking services mainly to improve efficiency by reducing transaction and collection costs. This, in turn, allowed the bank to reduce service charges. Through MPBS, the bank was also able to reach the un-banked in remote and "hard-to-reach" areas – which characterize much of its service area. Cantilan Bank is one of the five MABS participating banks (PBs) rolling out the new MPBS.

At the 2nd Annual Mobile Financial Services Summit held in Singapore on June 4-6, MABS Chief of Party John Owens presented the status of the MABS-developed MPBS rollout, discussed the business model and relationship between stakeholders, and shared lessons learned from the rollout. The 2nd Mobile Financial Services Summit gathered together leading players in the financial and mobile banking services, telecommunications and network operators, regulators, and solution providers for updates on the success and potential market-wide commercialization of mobile banking initiatives.

Ms. Teresa Ganzon, Managing Director of MABS PB Bangko Kabayan, was one of the featured speakers of the 2008 Global Summit of Women held in Hanoi, Vietnam on June 5-7. Ms. Ganzon's presentation focused on the bank's microfinance operations – its alignment with the bank's core values of sharing and community building and the contribution of their microfinance products and services to the creation of jobs and generation of livelihood opportunities in the community. Since becoming a MABS PB in 2001, Bangko Kabayan's microloan portfolio has grown from US\$ 114,000 to US\$2.25 million as of December 2007. The number of active microloan clients has increased from 931 to more than 9,000 clients.

The Global Summit of Women, informally called the "Davos for Women," is an annual gathering of women business, professional, and government leaders from around the world for exchanging best practices in advancing women's economic status worldwide. Past summits in Berlin, Germany (2007), Cairo, Egypt (2006), Mexico City (2005), Seoul, Korea (2004) and Marrakech, Morocco (2003) spurred the formation of regional and international networks, and inspired numerous successful business initiatives. The 2008 Global Summit of Women explored two of the major forces that will impact the 21st century global marketplace – Women and the Asia-Pacific economies. Conference sessions focused on what women can do to access markets and what they can learn from the women business leaders from the region.

MABS was also invited to present during a seminar sponsored by Tritium Knowledge Center Publishing for participants and organizations planning to establish and manage microfinance and microlending operations. MABS Deputy Chief of Party Meliza Agabin

gave a presentation outlining the *MABS Approach* to Microfinance – a systematic microfinance technology package that PBs follow in setting up microfinance operations.

Activities to be Completed in the Second Quarter:

Task One: Establish presence and increase visibility through participation in conferences/other events promoting microfinance and study tours. MABS has been invited to present in international conferences for the 2nd Quarter. Joseph Omar Andaya, President of MABS PB Green Bank, will share the bank's experience on mobile phone banking in the Asia Microfinance Forum 2008 to be held in August in Hanoi, Vietnam.

MABS Chief of Party John Owens has been tapped to be moderator of the “*Optimizing the Customer Education/Product Marketing*” session of the M-banking Practitioner's Workshop organized by *MicroSave* and CGAP to be held in August in Nepal. The workshop on practical m-banking experience will focus on comparing and sharing lessons learned on customer value proposition, customer education and product marketing, pilot testing, rolling out and scaling up processes, and pricing and business models.

MABS Deputy Chief of Party Meliza Agabin will present the Program's field experiences in promoting mobile phone banking services for microfinance and for reaching unbanked and underbanked customers in the *Mobile Payments and Near Field Communications (NFC) Conference* to be held in August in Bangkok. The conference will discuss the latest industry developments in mobile payments and NFC or “contactless” payments in Asia.

Several study visits are also lined up for the next Quarter. MABS will share experiences and lessons learned in the development and implementation of successful mobile phone banking services and mobile commerce solutions with a study mission composed of Cambodian and Indonesian regulators. The study group wants to learn from the Philippine experience insights on applying mobile phone banking for banks in Cambodia and for the rural banking industry in Indonesia.

Viettel Telecom, Vietnam's leading telecoms service provider, also arranged for an exposure visit to the Philippines in August. MABS will present its success roadmap in mobile phone banking for microfinance to the Viettel team.

The initiatives of MABS and participating bank Green Bank, will also be shared with representatives from the Afghanistan Ministry of Agriculture, Irrigation, and Livestock.

Technologies and microfinance best practices of the RBAP and MABS will also be showcased in the international exposure visit with key persons from India's National Bank for Agriculture and Rural Development (NABARD), Asia-Pacific Rural and

Agricultural Credit Association – Center for Training and Research in Agricultural Banking (APRACA-CENTRAB), and the Agricultural Credit Policy Council (ACPC).

Cantilan Bank and Green Bank will also share lessons and insights from their MPBS rollout before delegates of the Asian Development Bank-organized conference “Powering Innovations in Microfinance” scheduled in August in Manila.

d. Performance

Table 4 MABS-4 Targets vs June 2008 Results

Performance Indicators	Baseline Data from MABS-3 (As of April 2008)	June 2008 Data	Quarter 3 Target (May 2008 – June 2008)	June 2008 Result as % of Quarterly Target	Year 1 Target (May 2008 – Sept 2008)	MABS-4 End of Project Targets (March 2013)
1. Over 200 additional bank branches	320*	New: 7	3	233%	10	200 additional bank branches
		Cumulative: 327	323	101%	330	
2. 375,000 new micro-borrowers	499,604	New: 23,025	10,000	232%	30,000	375,000 new micro-borrowers
		Cumulative: 522,629	510,000	102%	530,000	
3. PhP20 billion in micro-loans disbursed	PhP18.27 billion (B)	New: PhP1.02 B	750 million (M)	140%	PhP1.7 B	PhP20 B in micro-loans disbursed (over US\$500 M)
		Cumulative: PhP19.29 B	PhP19.02 B	101%	PhP19.97 B	
4. 1,700,000 Outstanding Micro-Deposit Accounts **	1,339,435	1,349,786	1,370,000	98%	1,390,000	1,700,000
5. Number of rural bank clients registered to use mobile phone banking services	60,651	New registered users: 3,410	New: 0	NA	9,349	500,000
		Cumulative: 64,061	Cumulative: 60,651	105%	70,000 *	
6. Number of bank branches offering mobile phone banking	330	New: 14	New: 0	NA	10	500
		Cumulative: 344	Cumulative: 330	104%	340 **	
7. Total value of monthly mobile phone banking transactions	PhP132 M	PhP167.6 M	PhP150 M	111%	PhP155 M	PhP400 M
8. Bank branches offering microinsurance	6	7	7	100%	9	125
9. Active microenterprise clients covered by microinsurance	402	402	402	100%	15,000	150,000

10. Number of bank branches offering micro housing loans	NA	NA	0	NA	4	50
11. Cumulative number of micro housing clients	NA	NA	0	NA	0	5,000
12. Cumulative number of bank branches offering the micro agri-loan product	41	43	43	100%	45	106
13. Cumulative number of new micro agri-loan product clients	9,200	10,066	10,100	99%	11,450	30,000

e. Administrative Information

Table 5 Project Fund Status: May 1 – June 30, 2008

Project Fund Status

As of the Quarter Ended June 30, 2008

Total Estimated Cost	\$	9,673,859.00
1. Expenditures April 1 to June 30, 2008	\$	259,611.00
2. Cumulative Expenditures Through June 30, 2008	\$	259,611.00
3. Fund Balance June 30, 2008	\$	9,414,248.00

Special Activities Fund (SAF) Requests Approved during the Quarter:

Special Activity Fund (SAF) Request No. 001: Global Summit for Women, June 5-7, 2008

Background:

The Global Summit of Women, informally called the "Davos for Women," is an annual gathering of women business, professional, NGO, and government leaders from around the world for three days of exchanging best practices in advancing women's economic status worldwide. Past summits in Berlin, Germany (2007), Cairo, Egypt (2006), Mexico City (2005), Seoul, Korea (2004) and Marrakech, Morocco (2003) spurred the formation of regional and international networks, and inspired numerous successful business initiatives.

The Global Summit of Women is a non-profit organisation headed by an International Planning Committee of women leaders from different parts of the world. After 18 years of operation, the Global Summit of Women has become a reputable international forum that links and assembles prestigious and influential women to petition to Governments about the solution for business problems and gender equality in the global economy.

The 2008 Global Summit of Women explores two of the major forces that will impact the 21st century global marketplace – Women and the Asia-Pacific economies. What women can do to access those markets and what we can learn from the women business leaders from the region will form the frame of this global gathering.

Status/Results:

Ms. Teresa Ganzon, Managing Director of MABS PB Bangko Kabayan, was one of the featured speakers of the 2008 Global Summit of Women held in Hanoi, Vietnam on June 5-7. Ms. Ganzon's presentation focused on the bank's microfinance operations – its alignment with the bank's core values of sharing and community building and the contribution of their microfinance products and services to the creation of jobs and generation of livelihood opportunities in the community. Since becoming a MABS PB in 2001, Bangko Kabayan's microloan portfolio has grown from US\$ 114,000 to US\$2.25 million as of December 2007. The number of active microloan clients has increased from 931 to more than 9,000 clients.

Philippines Microenterprise Access to Banking Services

Chemonics International Inc.

Contract no. EEM-I-00-07-00008-00

Quarter Number 3, June 30, 2008

Special Activities Fund - In USD

SAF	Title	Results	Date Approved	Status	Budgeted Amount	Quarter 3				Expenses To Date Quarter 3	Budget Remaining	Budget Overruns	Cumulative Invoiced
						Invoice 01	Invoice 02	Quarter 3					
						Apr-08	May-08	Jun-08	Total				
	Grant Programs												
1	Global Summit for Women	Attended by Tess Ganson of Bangko Kabayan	5/23/2008	Open	\$ 2,353.52	\$ 821.83			\$ 821.83	\$ 821.83	\$ 1,531.69	\$ -	\$ 821.83
	SUBTOTAL				\$ 2,353.52	\$ -	\$ 821.83	\$ -	\$ 821.83	\$ 821.83	\$ 1,531.69	\$ -	\$ 821.83
													\$ -
	General & Administrative Costs						\$ 41.09		\$ 41.09	\$ 41.09			\$ 41.09
	GRAND TOTAL				\$ 2,353.52	\$ -	\$ 862.92	\$ -	\$ 862.92	\$ 862.92			\$ 862.92

MABS Philippines Home Office Reports Tracker
Contract No. Contract No. EEM-I-00-07-00008

Technical Deliverables	Submitted By	Report Date	Submitted to CDIE	Electronic Files	HO Hard Copy
Work Plans	Submitted By	Report Date	Submitted to CDIE	HO Electronic Files	HO Hard Copy
Years 1 & 2 Work Plan (May 1- Sep 30, 2008 and Oct.1, 2008 - Sep.30, 2009)	Chemonics International	Jun-08		Yes	Yes
Quarterly Progress Reports	Submitted By	Report Date	Submitted to CDIE	HO Electronic Files	HO Hard Copy
Quarterly Performance Monitoring Report (Third)	Chemonics International	August 1, 2008			

MICROENTERPRISE ACCESS TO BANKING SERVICES PHASE 4 (MABS-4) PROGRAM APRIL - JUNE 2008 HIGHLIGHTS

MABS-4 Launched

The United States Agency for International Development (USAID) has decided to support and expand the MABS Program and launched its fourth phase (MABS-4) - covering the period May 2008 until March 2013 - in May.

Since 1997 and through three phases, MABS has been working with rural banks to assist them to develop the capability to profitably provide financial services to the microenterprise sector. To date, MABS participating rural banks have disbursed over 1.6 million loans totaling more than PhP19 billion to more than 500,000 micro borrowers. These banks also manage more than PhP1.8 billion in small savings deposits from more than 1.3 million microdeposit accounts.

During the new phase of the Program, the MABS team and the accredited MABS Service Providers will continue to provide technical assistance and training utilizing the *MABS Approach* to microfinance - a comprehensive system based on microfinance best practices - to assist more banks expand access to microfinance services through more branches across the countryside. Housing microfinance and microinsurance, both new program initiatives, will also be developed and rolled out during MABS-4. MABS-4 will also continue to expand the micro agri-loan product, which extends microfinance services to small farmers as well as mobile phone banking services, which allow clients of rural banks to complete banking transactions using their mobile phones.

MABS Participating Bank (PB) Highlighted in Indonesia Conference

Cantilan Bank President Lt. Gen. William Hotchkiss III (Ret.) made a presentation at the Asia Pacific Conference and Exhibition (APCONEX) on Financial Transformation held in Jakarta, Indonesia on May 7-9. For four years now, financial and banking industry leaders across the Asia-Pacific region have gathered for the APCONEX. For 2008, the conference's theme was "*Towards a Less Cash Society*" and sessions focused on breakthrough technologies and services that have digitized cash distribution and transactions. Gen. Hotchkiss shared that Cantilan Bank's decided to offer mobile phone banking services (MPBS) mainly to improve efficiency by reducing transaction and collection costs. Through MPBS, the bank was also able to reach the un-banked in remote and "hard-to-reach" areas - which characterize much of its service area. Cantilan Bank is one of the five MABS participating banks (PBs) rolling out the new services.

Mobile Financial Services Summit

At the 2nd Annual Mobile Financial Services Summit held in Singapore on June 4-6, MABS Chief of Party John Owens presented the status of the MABS-developed mobile phone banking services rollout and shared various business model and relationships between stakeholders, and lessons learned from the rollout. The 2nd Mobile Financial Services Summit gathered together leading players in the financial and mobile banking services, telecommunications and network operators, regulators, and solution providers for updates on the success and potential market-wide commercialization of mobile banking initiatives.

As of April 2008, 60,651 rural bank clients have registered to use the mobile phone banking services and more than 330 rural bank units are offering MPBS.



MABS Chief of Party John Owens at the 2nd Annual Mobile Financial Services Summit held in Singapore.

Global Summit of Women

Ms. Teresa Ganzon, Managing Director of MABS PB Bangko Kabayan, was one of the featured speakers of the 2008 Global Summit of Women held in Hanoi, Vietnam on June 5-7. Ms. Ganzon's presentation focused on the bank's microfinance operations - its alignment with the bank's core values of sharing and community building and the contribution of their microfinance products and services to the creation of jobs and generation of livelihood opportunities in the community. Since becoming a MABS PB in 2001, Bangko Kabayan's microloan portfolio has grown from US\$ 114,000 to US\$2.25 million as of December 2007. The number of active microloan clients has increased from 931 to more than 9,000 clients.

The Global Summit of Women, informally called the "Davos for Women," is an annual gathering of women business, professional, and government leaders from around the world for exchanging best practices in advancing women's economic status worldwide. The 2008 Global Summit of Women explored two of the major forces that will impact the 21st century global marketplace - Women and the Asia-Pacific economies. Conference sessions focused on what women can do to access markets and what they can learn from the women business leaders from the region.

Seminar on Setting Up and Managing Effectively a Micro-Finance and Micro-lending Organization

MABS Deputy Chief of Party Meliza Agabin gave a presentation outlining the *MABS Approach* to Microfinance - a systematic microfinance technology package that PBs follow in setting up microfinance operations. The presentation was part of a one-day seminar - held on May 28 - sponsored by Tritium Knowledge Center Publishing for participants and organizations planning to establish and manage microfinance and microlending operations.

**MABS BANKS MICROFINANCE PERFORMANCE REPORT
CONSOLIDATED - BY AREA OF OPERATION (LUZON, VIS
JUNE 2008**

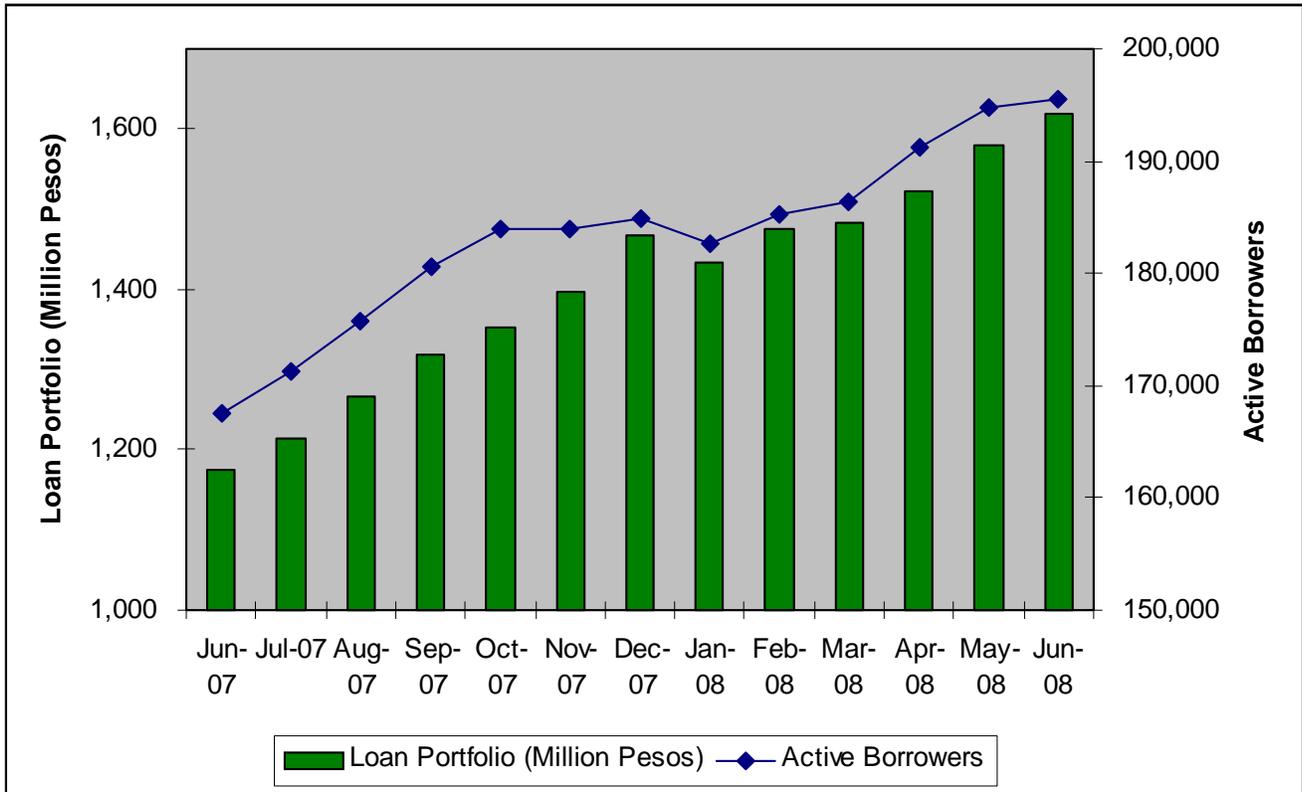
PERFORMANCE DATA	LUZON	VISAYAS	MINDANAO	TOTAL
Number of banks (reporting)	37	10	22	69
Number of participating branches (reporting)	174	43	110	327
Number of banks (trained/on-training)	9	4	8	21
Total number of banks	46	14	30	90
Total number of participating branches	193	47	133	373
Number of active borrowers outstanding	63,914	64,592	66,935	195,441
Number of new borrowers	4,217	3,504	3,641	11,362
Number of repeat loans	7,735	6,834	8,549	23,118
Loan portfolio balance	597,609,968	459,535,292	562,107,879	1,619,253,139
Number of deposit accounts < 15,000	440,918	190,342	718,526	1,349,786
Deposit balance < 15,000	718,327,274	264,910,373	838,368,151	1,821,605,798
Number of microfinance field staff	536	385	411	1,332
Number of microfinance field staff per branch	3	9	4	4
Number of loans disbursed during the month	11,952	10,345	12,183	34,480
Cumulative number of new borrowers	134,665	84,253	303,711	522,629
Cumulative number of loans disbursed	381,113	274,556	944,643	1,600,312
Amount of loans disbursed during the month	192,366,850	145,309,952	176,430,783	514,107,585
Cumulative amount of loans disbursed	6,259,107,247	3,384,178,308	9,653,944,786	19,297,230,341
Portfolio at risk more than 7 days	41,954,178	34,970,996	56,254,290	133,179,464
Portfolio at risk more than 7 days (%)	7.17%	7.61%	10.01%	8.22%
Portfolio at risk more than 30 days	33,428,169	26,806,475	44,061,473	104,296,117
Portfolio at risk more than 30 days (%)	5.71%	5.83%	7.84%	6.44%

MONTHLY INCOME AND EXPENSE	LUZON	VISAYAS	MINDANAO	TOTAL
Financial income				
Interest income on loans	53,811,611	20,496,369	19,361,493	93,669,473
Service charge	7,947,067	2,926,965	8,132,427	19,006,459
Penalty fee on loans	1,687,296	665,795	400,734	2,753,825
Total financial income	63,445,974	24,089,129	27,894,654	115,429,757
Total financial expense	4,005,037	1,274,688	3,507,517	8,787,242
Gross financial margin (spread)	59,440,937	22,814,441	24,387,137	106,642,515
Loan loss provision	2,064,940	4,818,209	1,189,776	8,072,925
Net financial margin	57,375,997	17,996,232	23,197,361	98,569,590
Direct operating expenses				
MFU salaries and benefits	6,559,397	5,227,024	3,339,654	15,126,075
Gross receipts tax	705,976	447,628	1,036,341	2,189,945
Depreciation	337,750	418,300	292,261	1,048,311
Transportation	2,222,689	545,754	225,901	2,994,344
Supplies	370,980	195,698	173,015	739,693
Communication	224,906	107,528	40,101	372,535
Others	3,136,642	3,082,395	504,668	6,723,705
Total direct operating expenses	13,558,340	10,024,327	5,611,941	29,194,608
Training and professional fees	76,917	34,285	(11,735)	99,467
Net income before indirect expenses	43,740,740	7,970,572	17,564,203	69,275,515
Indirect expenses	4,790,648	1,189,954	1,137,293	7,117,895
Net income (loss)	38,950,092	6,780,618	16,426,910	62,157,620

Note 1: PAR amounts and percentages do not include banks that were unable to submit complete reports (RB Bogo, Rang-ay Bank & CARD E

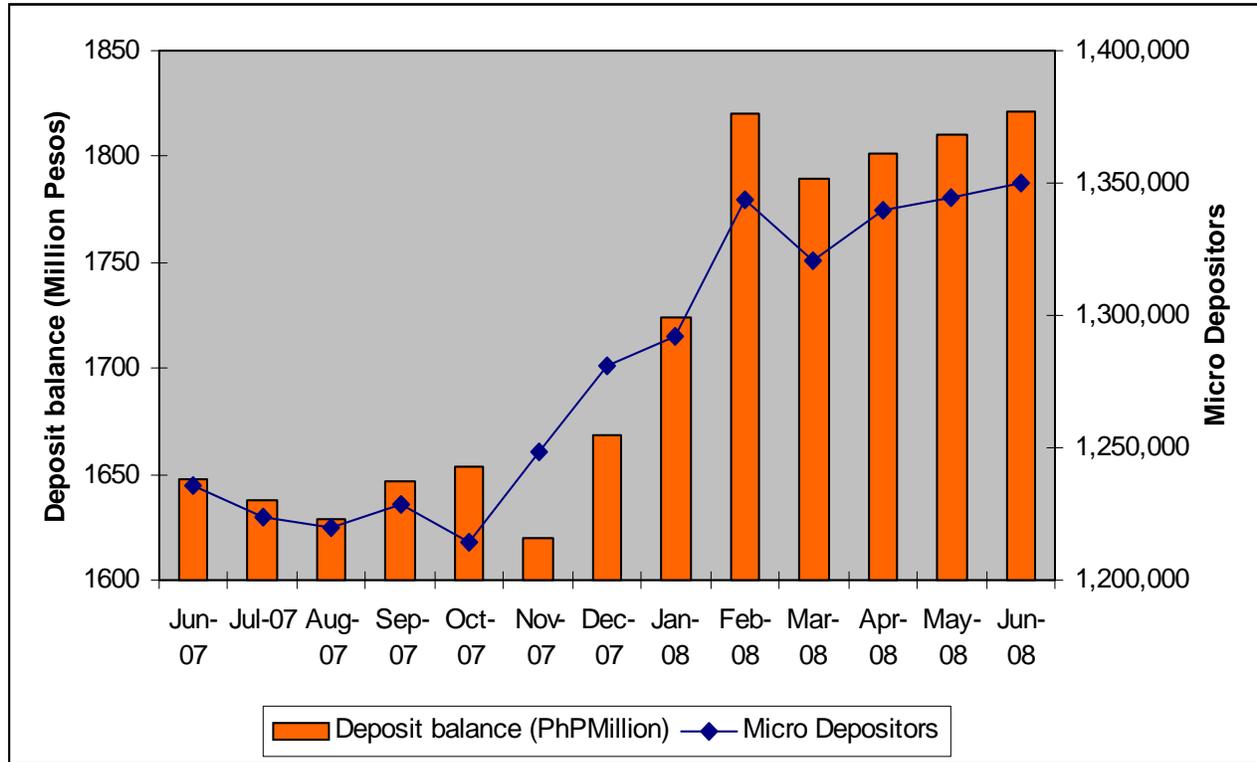
Note 2: Totals for each region follow actual geographic location of branches. Green Bank branches that are located in Luzon and Visayas are counted under Luzon and Visayas Regions, respectively; only its Mindanao branches are counted under Mindanao.

**Microloan Portfolio
MABS Participating Banks
June 2007 – June 2008**



Month/ Year	Loan Portfolio (PhPM)	Active Borrowers
Jun 2007	1,175.37	167,574
Jul 2007	1,213.14	171,255
Aug 2007	1,265.54	175,693
Sept 2007	1,319.27	180,649
Oct 2007	1,351.54	183,944
Nov 2007	1,397.50	183,972
Dec 2007	1,467.77	184,933
Jan 2008	1,434.59	182,663
Feb 2008	1,475.56	185,272
Mar 2008	1,483.49	186,364
Apr 2008	1,444.51	191,058
May 2008	1,579.62	194,784
June 2008	1,619.25	195,441

Micro Deposits*
MABS Participating Banks
 June 2007 – June 2008



Month/ Year	Deposit Balance (PhPM)	Micro Depositors
Jun 2007	1,647.17	1,235,611
Jul 2007	1,637.39	1,223,761
Aug 2007	1,628.36	1,220,133
Sept 2007	1,647.05	1,228,776
Oct 2007	1,653.47	1,214,402
Nov 2007	1,620.20	1,248,102
Dec 2007	1,668.41	1,280,994
Jan 2008	1,724.26	1,291,857
Feb 2008	1,820.41	1,242,053
Mar 2008	1,789.62	1,343,365
Apr 2008	1,801.59	1,339,435
May 2008	1,810.77	1,344,492
June 2008	1,821.61	1,349,786

*Micro deposits are deposits with outstanding balance of PhP15,000 or below. New micro deposits of a given bank refer to the net change in deposits, i.e., the outstanding figures less baseline figures, i.e, the figures before MABS started working with the bank.