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QUARTERLY REPORT

**MICROENTERPRISE ACCESS TO BANKING
SERVICES (MABS) PROGRAM
THIRTY-NINTH QUARTER
JULY 1 – SEPTEMBER 30, 2007**

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JULY 1 – SEPTEMBER 30, 2007**

**Contract No.492-C-00-98-00008-00
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.

CONTENTS

| | |
|--|-----------|
| ANNEXES | IV |
| ACRONYMS USED IN THIS REPORT | V |
| EXECUTIVE SUMMARY | 1 |
| CONTRACTOR’S REPORT | 5 |
| a) MABS Oversight | 5 |
| b) Expected Results | 5 |
| c) Current Core Activities: MABS Activities | 6 |
| 1. Bank Strengthening & Outreach | 6 |
| 2. Full Development of Various Anti-Backsliding & Microfinance Promotion Institutions | 8 |
| 3. Bank Management Software & Related Peripheral Technologies | 9 |
| 4. Development of Rural Finance Products | 11 |
| 5. Support & Other Activities | 12 |
| 6. Program Management | 15 |
| d) Performance | 16 |
| e) Administrative Information | 18 |

TABLES

| | |
|---|----|
| TABLE 1: MABS PHASE 3 TARGETS VS. SEPTEMBER 2007 RESULTS | 16 |
| TABLE 2: PROJECT FUND STATUS: JULY 1 – SEPTEMBER 30, 2007 | 18 |

Annexes

| | |
|--------------------|---|
| ANNEX 1.1 | SAF APPROVALS |
| ANNEX 1.2 | SAF TRACKER |
| ANNEX 1.3 | REPORTS TRACKER |
| ANNEX 1.4 A | JULY 2007 HIGHLIGHTS |
| ANNEX 1.4 B | AUGUST 2007 HIGHLIGHTS |
| ANNEX 1.4 C | SEPTEMBER 2007 HIGHLIGHTS |
| ANNEX 1.5 | PRESS RELEASES: JULY 2007 – SEPTEMBER 2007 |
| ANNEX 2.1 | PARTICIPANT BANKS' PERFORMANCE |
| ANNEX 2.2 | MICROLOAN PORTFOLIO |
| ANNEX 2.3 | MICROSAVINGS PORTFOLIO |

Acronyms Used in this Report

| | |
|----------|--|
| ARMDEV | Associated Resources for Management and Development Inc. |
| AO | Account Officer |
| BSP | Bangko Sentral ng Pilipinas |
| CIBI | Character/Background Investigation |
| EAGLE | Efficiency, Asset Quality, Growth, Liquidity, and Earnings |
| LC | Learning Center |
| LCDP | Loan Collection and Disbursements Points |
| MABS | Microenterprise Access to Banking Services |
| MABSTeRS | MABS Technical Resource Specialists |
| MAP | Micro Agri-Loan Product |
| MATTS | <i>MABS Approach</i> Training and Technical Services |
| MEDCo | Mindanao Economic Development Council |
| MIS | Management Information System |
| MPMS | MABS Performance Monitoring System |
| MSP | MABS Service Providers |
| PB | Participating Bank |
| PDA | Personal Digital Assistant |
| RB2000 | Rural Banker 2000 |
| RBAP | Rural Bankers Association of the Philippines |
| RBRDFI | Rural Bankers Research and Development Foundation Inc |
| SAF | Special Activities Fund |
| SMS | Short Messaging Service |
| USAID | United States Agency for International Development |

Executive Summary

This document serves as the Microenterprise Access to Banking Services (MABS) Program's Thirty-ninth Quarterly Performance Monitoring Report, covering the period from July 1 through September 30, 2007. It also lays out the workplan for the next quarter.

The MABS Program is a United States Agency for International Development (USAID)-financed program implemented by the Rural Bankers Association of the Philippines (RBAP) with oversight provided by the Mindanao Economic Development Council (MEDCo) under the Office of the President. The Program is one of the principal elements of USAID/Philippines' efforts to accelerate the economic transformation of the country, particularly Mindanao, through expanded participation of lower-income groups in productive activities. MABS is directed at bringing about a sizable expansion of banking services—both loans and savings—to microenterprises and other groups at lower socio-economic levels by assisting rural banks in the Philippines develop the capability to profitably provide these microfinance services. 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 and deposit services to microenterprises. MABS initially worked with banks in Mindanao but has since expanded technical support to Luzon and Visayas rural banks.

From the Program's inception until 2003, the Program's technical staff provided training and technical assistance. In 2003, MABS launched the MABS Service Provider (MSP) Program to accelerate the installation of MATTS and to ensure the sustainability of the Program's services. MSPs— private organizations – were trained by MABS and accredited by RBAP to offer MATTS to interested rural banks. There are two MSPs – Associated Resources for Management and Development (ARMDEV) and Punla sa Tao Foundation – providing MATTS to interested rural banks. As of the end of the 39th Quarter, the MSPs have trained 145 additional bank branches.

Until January 2008, MABS will focus on expanding the number of microenterprises served by participating banks (PBs), expanding support to thrift banks, developing and pilot-testing a new micro agri-loan product (MAP) that will serve agriculture-based microenterprises, and developing and introducing microbanking technologies and innovations.

To give small farmers and owners of agriculture-based microenterprises access to financial services, MABS developed a micro agri-loan product. After successfully pilot testing the product in 2004 and 2005, MABS is rolling the MAP out to other interested participating rural banks. As of end-September 2007, 35 participating bank units are offering the MAP; these banks have disbursed more than 12,100 MAP loans totaling more than PhP134 million to more than 4,400 new micro agri-loan borrowers. The MAP participating banks collectively have 3,776 active borrowers, with an outstanding loan portfolio of more than PhP32 million. The portfolio-at-risk ratio over 30 days is 2.14%.

Innovations, such as the personal digital assistant (PDA)-based loan collection and mobile phone banking applications, were also explored and developed. MABS, RBAP, and GXchange (GXI), the mobile commerce subsidiary of leading telecommunications company Globe Telecom, started developing mobile phone banking applications in 2004. Using Globe's electronic money platform – GCash - the applications turn mobile phones into virtual wallets, allowing subscribers to transfer money through short-messaging services (SMS). The new applications give clients of participating rural banks more convenient, affordable, and secure modes of repaying microloans, making deposits and withdrawals, paying for bills and purchases of goods and services, and sending money. The new services also give rural banks and partner-merchants fee-based income opportunities and gains in efficiency and productivity.

During the Quarter, MABS continued the rollout of the new mobile phone banking services, carefully noting the challenges encountered and features and processes that need enhancements. Twenty-six rural bankers from 10 member banks of the Southern Bicol Federation of Rural Banks completed a two-day training/workshop on the features and processes of the new services. Participants were given a walk-through and demonstration on mobile phone banking and GCash basics – registration procedures, person-to-person money transfers, and internal process procedures and guidelines on contingency plans, risk management and security policy manuals for electronic banking services.

Thirty-nine rural banks with more than 350 branches are already offering the following MABS-designed mobile phone banking applications: the microloan repayment service Text-A-Payment (TAP); the deposit service Text-A-Deposit (TAD); the payroll service Text-A-Sweldo (TAS), the bills payment service Text-A-BillPay (TAB), and Text-A-Withdrawal (TAW). MABS is currently working on the procedures for a new service called Text-A-Credit (TAC), which will allow rural banks to release microloans up to PHP40,000 (US\$888) through SMS to the mobile wallets of their clients.

The innovative use of mobile phones and mobile wallets to expand financial services to more microentrepreneurs and previously un-banked individuals has caught the attention and interest of development organizations the world over. During the Quarter, MABS presented the results of and insights and learning from the mobile phone banking services rollout in three major conferences – the 3rd African Microfinance Conference held in Kampala, Uganda; the World Bank and VISA International-sponsored “*Next Generation Access to Finance: Gaining Scale and Reducing Costs with Technology and Credit Scoring*” Conference held in Washington; and the 2007 RBAP Special General Membership Meeting.

The 39th Quarter was characterized by the completion of the groundwork for the rollout of launch of new tools in the 40th Quarter.

MABS undertook preparatory work for the full rollout of the distance-learning modules for MABS' main training courses in the next Quarter. The Web-based distance learning program 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. The storyboard and instructional design for the online courses were finalized during Quarter. MABS will select and train a course administrator in the next Quarter and finalize the instructor's manual, prior to rolling out the courses.

The MATTS DVD Toolkit will be completed and distributed in the next Quarter. The toolkit is a complete archive of training modules, templates & tools for implementation, instructional videos and documentaries, and program management materials.

Work on the enhanced MABS Performance Monitoring System version 4.0 (MPMS 4.0) was completed during the Quarter. Staff of PBs will be trained on the features and use of MPMS 4.0 in the next Quarter. MPMS 4.0 is an improved version of the MABS-developed database system that tracks the performance of microfinance products. MPMS 4.0 has significant enhancements for retrieving needed microfinance data by generating customized summaries and performing various types of analyses useful in decision-making. The new version also has better graphical interface, enhanced toolbars, updated security features, multiple user level for bank and branch and account officer and MFU officers, and a migration program which allows seamless transfer of data from old versions to the new version. MPMS 4.0 also includes a report that automatically computes 10 out of 13 ratios used in computing a bank's rating under the EAGLE - MABS-designed rating system that measures performance based on earnings, asset quality, growth, liability structure, and efficiency.

During the Quarter, MABS trained the staff of nine additional branches of seven PBs that will be offering the MAP. To prepare for the rollout, 23 MFU staff from the seven PBs completed a training course/workshop on the product's features, design and development process, and procedures. They were oriented on the MAP's features, loan terms, conditions, and procedures, including: client selection, cashflow analysis, and character and background investigation. They were also oriented on the micro agri-loan product forms' format and processing. A session was allotted for conducting cashflow analysis and preparing forms for the MABS-designed 60/40 payment scheme, which is currently being pilot-tested. Under the scheme, at least 60% of the loan will be regularly amortized and the remaining 40% (maximum amount) can be paid in lump sum at the time of the crop harvest. To reduce the banks' risk, the lump sum amount will not be more than 40% of the total loan payments.

MABS continued to offer its standard training and anti-backsliding courses during the Quarter. Twenty-five MFU staff from seven Visayas PBs completed a two-day loan delinquency management training course/workshop. Through lectures, exercises, and workshops, course facilitators presented a systematic approach to managing delinquency – starting with a comprehensive understanding of its nature and identification of its causes.

Thrift bank Kauswagan Bank also completed two MATTS modules during the Quarter: the Senior Management Orientation and Market Research modules. MSP Punla sa Tao will deliver the complete MATTS package in the next Quarter.

As of the end of September 2007, the Program's participating bank units have disbursed a cumulative total of more than PhP15.1 billion (approximately US\$292 million) totaling more than 1,248,000 microloans to more than 435,000 new microborrowers. In 2007, more than 299,000 microloans totaling approximately PhP3.6 billion (US\$78 million) have been disbursed. From January 1998 up to September 2007, the number of microdeposit accounts increased by 421,000 and now stands at more than 1.2 million accounts. The overall microdeposit balance has increased over this same time period by more than PhP718 million and now stands at more than PhP 1.6 billion (more than \$34 million). As of September 2007, MABS PBs' loan portfolio balance totaled more than PhP1.3 billion (over US\$27 million) comprising more than 180,000 active borrowers. The project targets for the new deposit accounts, active borrowers, and cumulative new borrowers have been exceeded. MABS has now provided direct support to 90 banks with 354 rural banking units.

Contractor's Report

a) MABS Oversight

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

MABS receives guidance and support on implementation matters from a Management Committee. This committee is composed of the Executive Director of MEDCo and the USAID Cognizant Technical Officer (CTO). The Management Committee approves all expenditures from the MABS Special Activities Fund (SAF), which is used to implement activities such as conducting special studies and training, providing commodity and technical support and incentive schemes, and procuring services of organizations or individuals needed to carry out specialized tasks.

The MABS Program was launched in April 1998 and has been extended to February 2008.

b) Expected Results

The objectives and targets of the MABS Program are:

1. Expansion of the average number of borrowers of participating bank units from the present 400 to a new average of 800.
2. All participating bank units initiating lending will have an average of 800 microborrowers after 24 months of operation of the *MABS Approach* to Microfinance.
3. A minimum of 350 rural banks and bank branches from throughout the Philippines will receive MABS assistance.
4. These banks will altogether expand their portfolios to reach a total of at least 160,000 active borrowers and reach 350,000 cumulative new borrowers.
5. Enroll at least 400,000 new microdepositors among all participating banks.

6. At least eight of the 18 rural banks which have at least nine branches will be enrolled into the MABS Program and will be offering the *MABS Approach* to Microfinance in the majority of their branches.
7. One or more of the larger thrift banks will be enrolled into the MABS Program and will be offering the *MABS Approach* to Microfinance in a majority of their branches.
8. MABS Service Providers will have the capability of offering MATTS to at least 70 to 80 banks per year.
9. RB2000 will be copyright-protected and will be procured and installed by at least 150 bank units.
10. A micro agri-loan product will be developed and tested. If it appears to be a viable product, it will be disseminated to and offered by at least 50-100 rural bank units.

c) Current Core Activities: MABS Activities

The Program's activities and objectives for the third phase (October 2004 to February 2008) are focused on six main areas:

1. Bank Strengthening & Outreach
2. Full Development of Various Anti-Backsliding & Microfinance Promotion Institutions
3. Bank Management Software & Related Peripheral Technologies
4. Development of Rural Finance Products
5. Support & Other Activities
6. Program Management

Below are highlights of the tasks accomplished under each core component in the Thirty-ninth Quarter (July 1 – September 30, 2007) and tasks planned for the Fortieth Quarter (October 1 – December 31, 2007).

1. Bank Strengthening & Outreach

Activities and initiatives under this component aim to significantly expand the number of microenterprise clients being served by each PB unit by modifying the orientation and training of existing and new PBs, implementing special programs for banks with extensive branch networks, and expanding the *MABS Approach* to thrift banks.

MABS is working with PBs in reviewing, identifying and modifying bank policies, products, and procedures focusing on increased productivity. Among the recommendations are: shifting loan payment schedules from daily to weekly, implementing a performance-based incentives program for account officers, increasing loan ceilings, and revising mandatory savings policies. Scaling-up of targets and

marketing programs are now an integral part of MABS' training and technical support. Orientation and training of new banks (by the MSPs) reflect these modifications. MABS is also supporting special initiatives and focused technical support to banks that have extensive branch networks of nine or more branches.

Until 2004, the *MABS Approach* to microfinance had been exclusively installed in rural banks. This was based on the assessment that only rural banks had the cost and overhead structure low enough to allow for the profitable provision of microfinance services. Over the past years, however, some of the larger thrift banks have implemented cost-cutting measures, giving them the potential to offer microfinance services at a profit. This development gives thrift banks a very significant, albeit potential, role in assuring availability of reasonably priced financial services to microenterprises, given that there are some 93 thrift banks in the Philippines, with a total of about 1,200 branches. Recognizing this, the *MABS Approach* to microfinance has been offered and is now being implemented in a second thrift bank, Kauswagan Bank.

Tasks completed in the Thirty-ninth Quarter:

Task One. Provide technical assistance for the enhancement of existing and the development of PBs' new microfinance loan products. MABS provided technical assistance to Banco Santiago de Libon, GM Bank, Rural Bank of San Enrique, and Progressive Bank during the 39th Quarter.

Task Two. Conduct Hardcore Delinquency Management Training for the mid-level staff of Visayas PBs Twenty-five microfinance unit (MFU) staff from seven Visayas PBs completed a two-day loan delinquency management training course/workshop. Course facilitators presented a systematic approach to managing delinquency – starting with a comprehensive understanding of its nature and identification of its causes. To illustrate



Loan delinquency management course participants try out different loan collection strategies by playing borrowers and account officers during the course's role-playing exercise.

the impact of delinquency on a bank's income, participants were asked to compute income lost due to delinquency. The importance of knowing the causes and the extent of the delinquency problem before coming up with the appropriate delinquency management measures was also emphasized. Participants were also given profiles of the delinquent loan borrowers and the loan collection approaches most effective for each borrower type. To supplement the lecture, a role playing exercise capped off the module.

The following delinquency management measures were also presented: remedial management through legal options and debt recovery and setting up of remedial management units. Guidelines for writing off loans and setting up remedial management units - specialized units created to manage the collection and recovery of all written off or hardened accounts – were presented and discussed.

Task Three. Monitor the progress of the technical assistance being provided by MSPs to the latest thrift bank to adopt the MABS Approach – Kauswagan Bank. Kauswagan Bank’s senior management completed the Senior Management Orientation and the Market Research Module during the Quarter.

Tasks to be completed in the Thirty-ninth Quarter:

Task One. Conduct strategic planning and operations reviews for banks that plan to expand.

Task Two. Provide technical assistance for the enhancement of existing and the development of PBs’ new microfinance loan products.

Task Three. Monitor the progress of the technical assistance being provided by MSPs to the latest thrift bank to adopt the MABS Approach – Kauswagan Bank.

2. Full Development of Various Anti-Backsliding & Microfinance Promotion Institutions

MABS will continue to develop and implement the microfinance promotion institutions and measures that were established during the second phase. These programs and institutions were established to ensure continuity and sustainability in the provision of profitable microfinance services for both new and existing participating banks.

MABS will closely monitor the performance of PBs to ensure strict adherence to the *MABS Approach* through collecting monthly performance monitoring reports and periodically conducting roundtables, forums, and refresher courses. Practitioner experiences, developments, updates, and trends will continue to be discussed and shared during these events. MABS will work to achieve a status of full viability and maturity for the microfinance support institutions established during the second phase of the MABS program. These include the MABS Compliance Certification, EAGLE rating, access to credit sharing (Credit Bureau), Learning Centers, MABS Technical Resource Specialists, and MABS Service Providers.

Tasks completed in the Thirty-ninth Quarter:

Task One. Complete the instructional design and course content of the Distance Learning courses. The instructional design of the MABS Distance Learning Courses was completed and uploaded during the Quarter. The course will be rolled out in the 40th Quarter.

Task Two. Complete and distribute DVD compilation of MABS materials and program management files. The MATTS DVD Toolkit will be completed and distributed in the next Quarter. The toolkit is a complete archive of training modules, templates & tools for implementation, instructional videos and documentaries, and program management materials.

Tasks to be completed in the Fortieth Quarter:

Task One. Conduct Senior Management Regional Roundtable Conferences. MABS will organize two regional roundtable conferences – one for Luzon and Visayas PBs and another for Mindanao-based PBs- in the next Quarter. The conference will present tools, techniques, and organizations that can help PBs build sustainable microfinance programs.

Task Two. Rollout four distance learning courses and train DL course administrators.

3. Bank Management Software & Related Peripheral Technologies

MABS developed the Rural Banker 2000 (RB2000), a banking software package that is comprehensive, flexible, user friendly, scalable, and affordable to the majority of small, medium, and large rural banks. The latest-developed version of RB2000 meets all the requirements for data collection and reporting of traditional banking and microfinance operations. It has also been certified by the Bangko Sentral ng Pilipinas as compliant with its reporting formats.

During the Program's third phase, MABS will continue to work with the RBAP to monitor the rollout progress of RB2000. The MABS Program will also work closely with the RB2000 Service Providers to ensure that a high level of installation and support services are provided to rural banks, which will guarantee continued expansion and usage of the software. In 2007, MABS will work with the RB2000 service providers to develop an RB2000 website which will include practical, on-line troubleshooting tips to frequently asked questions. To protect the software, MABS will review its license and acquire the appropriate copyright.

MABS will continue to develop and pilot test new technologies that will complement RB2000 (e.g., greater utilization of the PDA technology and the use of mobile phones to handle loan payments via SMS). The rapid rate of technological advancement over the past five years has lowered costs to a level that allows rural banks to invest in technologies that improve efficiency and outreach. MABS will expand the use of the mobile PDA program that enables loan officers to capture data in the field and upload these to the computer, reducing paperwork and man-hours. MABS will also roll out the

electronic disbursement/repayment/collection of loans, deposits, withdrawals, sending of remittances through SMS, and payroll services via mobile phone wallets.

Tasks completed in the Thirty-ninth Quarter:

Task One. Continue to rollout Text-A-Payment, Text-A-Deposit, Text-A-Sweldo, Text-A-Withdrawal, and Cash-in/Cash-out of Globe Telecom's G-Cash for all interested rural banks. As the new mobile phone banking applications are being rolled out in 39 rural banks with over 350 branches, MABS continues to work on improvements to the procedures of these services and is also working closely with GXI in testing and monitoring the use of the internet-based WIRE program to automate the disbursement of salaries using the *Text-A-Sweldo* service.

Task Two. Develop and finalize the Text-A-Credit service. MABS started developing the *Text-A-Credit* (TAC) service, which will allow rural banks to release microloans through GCash of up to Php40,000 (\$888) through the mobile wallets of their clients. MABS will seek the BSP's approval for the service's rollout in the next Quarter.

Task Three. Train staff of Bicol-based rural banks on mobile phone banking applications.



Twenty-six rural bankers from ten member banks of the Southern Bicol Federation of Rural Banks completed a two-day training/workshop on the features and processes of the MABS-developed mobile phone banking applications. RBAP, the MABS team, and a representative from GXI conducted the training/workshop held in Legazpi City. The participants were given a walk-through and

demonstration on mobile phone banking and GCash basics – registration procedures, person-to-person money transfers, and internal process procedures. Participants were also provided with guidelines on contingency plans, risk management and security policy manuals for electronic banking services.

Features and procedures for the MABS-designed mobile phone banking applications, including the microloan repayment service Text-A-Payment (TAP), deposit-taking service Text-A-Deposit (TAD), withdrawal service Text-A-Withdrawal (TAW), bills payment service Text-A-BillPayment (TAB), and payroll servicing Text-A-Sweldo

(TAS) were presented and discussed. Facilitators gave demonstrations and hands-on exercises for each of these services during subsequent workshop sessions.

Task Four. Hire lawyer to finalize copyright and licensing for RB2000. A law firm has already been selected to secure copyright protection for RB2000.

Tasks to be completed in the Fortieth Quarter:

Task One. Work with rollout companies to set up the RB2000 website.

Task Two. Continue to rollout Text-A-Payment, Text-A-Deposit, Text-A-Sweldo, Text-A-Bill Payment, Text-A-Withdrawal, and Cash-in/Cash-out of Globe Telecom's G-Cash for all interested rural.

Task Three. Initiate and train mobile phone banking specialists in selected participating banks. Mobile phone banking services will be rolled out in full-scale in selected PBs during the next Quarter. MABS will orient and teach mobile phone banking specialists on the features and use of the new services, as well as provide technical assistance in marketing and the management of workflow and back-end procedural changes brought about by the mobile phone banking applications.

4. Development of Rural Finance Products

During the third phase of the Program, MABS developed and pilot-tested a new micro agri-loan product. The product's development, introduction, and pilot-testing are similar to that of other microloan products developed under the Program. At the end of Phase 3, at least 50 PB units are expected to offer the micro-agri loan product.

Tasks completed in the Thirty-ninth Quarter:

Task One. Continue to closely monitor the micro agri-loan rollout. As of end-September 2007, 35 participating bank units are offering the MAP; these banks have disbursed more than 12,100 MAP loans totaling more than PhP134 million to more than 4,400 new micro agri-loan borrowers. The MAP participating banks collectively have 3,776 active borrowers, with an outstanding loan portfolio of more than PhP32 million. The portfolio-at-risk ratio over 30 days is 2.14%.

Task Two. Select additional Luzon banks to rollout the MAP and train the staff of these selected banks. Nine additional branches of seven participating banks (PB) will be offering the MABS-designed micro agri-loan product. To prepare for the rollout, 23 MFU staff from the seven PBs completed a training course/workshop on the product's features, design and development process, and procedures. MABS service provider (MSP) consultants also facilitated the training/workshop held in Valencia City, Bukidnon. The participants were guided through the product development process, with sessions on: market research and conducting a market survey, analysis and interpretation of market survey results, and designing a micro agri-loan product. To prepare for the actual market survey field work, group exercises and role-playing on how to carry out the client

interviews were conducted. The participants then completed fieldwork in three *barangays* in Valencia; they gathered secondary data and conducted household interviews using the MABS-developed survey instrument. The next workshop was allotted for tabulating, processing, analyzing and interpreting the survey results and secondary data.

The participants were oriented on the micro agri-loan product's features, loan terms, conditions, and procedures, including: client selection, cashflow analysis, and character and background investigation. They were also oriented on the micro agri-loan product forms' format and processing. A session was allotted for conducting cashflow analysis and preparing forms for the MABS-designed 60/40 payment scheme. Under the scheme, at least 60% of the loan will be regularly amortized and the remaining 40% (maximum amount) can be paid in lump sum at the time of the crop harvest. To reduce the banks' risk, the lump sum amount will not be more than 40% of the total loan payments. At the close of the workshop, participants drafted a product development and market research action plan for their banks' micro agri-loan product.

Tasks to be completed in the Fortieth Quarter:

Task One. Continue to closely monitor the micro agri-loan rollout.

Task Two: Pilot test the 60/40 mode of payment. MABS will continue to pilot test the 60/40 mode of payment in at least three banks already offering a micro agri-loan product: Cantilan Bank, 1st Valley Bank, and Progressive Bank. The introduction of the 60/40 scheme will allow more farmers to access agricultural credit and repay their loans based on their actual cashflow cycles. The 60/40 scheme responds to some farmers' preference for the partial mode of payment while reducing the risk of lump-sum payments.

5. Support & Other Activities

To support the expansion of the *MABS Approach* to additional rural banks, MABS will continue implementing its communications and performance monitoring and evaluation programs. Additional support activities will be conducted in 2005, such as assisting RBAP in obtaining support from other donors for expansion of the *MABS Approach*, ensuring continued linkages between MABS PBs and other Philippine and international microfinance practitioners, and implementing deposit mobilization programs to enhance micro-deposit mobilization strategies of PBs.

Tasks completed in the Thirty-ninth Quarter:

Task One. Continue to evaluate monthly MFU performance. As of the end of September 2007, the Program's participating bank units have disbursed a cumulative total of more than PhP15.1 billion (approximately US\$292 million) totaling more than 1,248,000 microloans to more than 435,000 new microborrowers. From January 1998 up to September 2007, the number of microdeposit accounts increased by 421,000 and now stands at more than 1.2 million accounts. The overall microdeposit balance has increased over this same time period by more than PhP718 million and now stands at more than

PhP 1.6 billion (more than \$34 million). As of September 2007, MABS PBs' loan portfolio balance totaled more than PhP1.3 billion (over US\$27 million) comprising more than 180,000 active borrowers. The project targets for the new deposit accounts, active borrowers, and cumulative new borrowers have been exceeded. MABS has now provided direct support to 90 banks with 354 rural banking units.

Task Two. Present MABS mobile phone banking rollout at the 3rd African Microfinance Conference. MABS Deputy Chief of Party Meliza H. Agabin attended the 3rd African Microfinance Conference held in Kampala, Uganda on August 20-23, as a conference speaker on the MABS-designed mobile phone banking services in the Philippines. More than 400 participants from microfinance institutions all over Africa, donor agencies, and invited speakers from the international organizations attended the conference. A range of topics were covered in the conference including: policy and regulatory framework in different African states, value chain analysis for agriculture, new approaches and methodologies for reaching those currently unbanked, market segmentation, and application of technologies for improving access to financial services.

Ms. Agabin presented the RBAP-MABS Program's initiative on mobile phone banking for rural banks and their clients before a breakout session attended by more than 200 participants. While mobile phone banking has been tried in a few African countries, such as Kenya, the banking applications that the MABS program has developed using the GCash platform of Globe Telecom appears to be in a relatively advanced stage, and generated a lot of interest among the participants.

Task Three. Present MABS mobile phone banking rollout at the "Next Generation Access to Finance: Gaining Scale and Reducing Costs with Technology and Credit Scoring" Conference. Mobile phone banking services developed by the MABS Program were highlighted at an international technology conference held at the World Bank Headquarters in Washington DC and sponsored by the International Finance Corporation (IFC), the Consultative Group to Assist the Poor (CGAP), and VISA International. The conference on "Next Generation Access to Finance: Gaining Scale and Reducing Costs with Technology and Credit Scoring" featured technologies used by pioneering organizations in the financial services industry - including microfinance organizations - to reduce costs, reach new customers, and scale-up delivery of services.

More than 300 delegates from over 60 countries, composed of representatives from financial institutions including microfinance institutions and commercial banks, global leaders in financial technology and credit information, regulators, and representatives from the donor community, attended the conference held on September 17-19. Conference speakers included industry leaders from around the world who provided in-depth and critical analysis on the use of technology and credit scoring and credit bureaus to increase access to finance. MABS Chief of Party John Owens was among the conference speakers. Mr. Owens presented the MABS Program's mobile phone banking initiative for rural banks and their clients including: *Text-A-Payment*, the microloan repayment service; *Text-a-Sweldo*, a new mobile payroll service; *Text-A-Remittance*, mobile money transfer and remittance services; *Text-A-Bill Pay*, the remote mobile bills

payment service; *Text-A-Deposit*, the mobile deposit-taking service; and *Text-A-Withdrawal*, the remote withdrawal service.

The conference also featured two other speakers from the Philippines: GXI President Rizza Maniego-Eala and BSP Microfinance Unit Officer Pia Roman. Ms. Maniego-Eala outlined how GCash and Globe's capability in the wireless technologies facilitated mobile payments and used rural banks as one of the examples for how this new technology can be used by rural banks to provide banking services to the un-banked while Ms. Roman presented the measures taken by the BSP to regulate and supervise new mobile payment platforms in the Philippines. After the three presentations, the conference participants agreed that the Philippine model for the rollout and development of mobile phone banking services demonstrated the importance of building strategic partnerships and strong business models within a supportive policy and regulatory environment.

Task Four. Present MABS mobile phone banking rollout at the RBAP General Membership Meeting. Close to 400 rural bankers attended the 2007 RBAP Special General Membership Meeting held on September 13-14 at the Manila Hotel. Issues and topics relevant to the rural banking sector were discussed during the meeting, including: updates on the development of new products (remittances, microfinance, and insurance)



MABS Chief of Party John Owens presenting before the 2007 RBAP Special General Membership Meeting.

that rural banks can offer to better serve their clients and increase the rural banking sector's profitability, as well as the offers from suppliers of new banking technologies were presented during the two day event. MABS presented Program updates, ongoing activities, and the status of its mobile phone banking rollout.

During the meeting, RBAP presented a Plaque of Appreciation to the USAID for their support of the MABS Program and partnership with rural banks over the past decade.

Tasks to be completed in the Fortieth Quarter:

Task One. Conduct a series of training/workshops to train staff of PBs on the features and procedures of the enhanced MABS Performance Monitoring System (MPMS).

Task Two. Monitor the results of the 2007 Citigroup Microentrepreneur of the Year Awards.

6. Program Management

Program management takes into account meetings, program evaluations, report submission, visits by Chemonics' Head Office staff, and other activities related to overall program management. For the most part, the tasks illustrated in the workplan calendar are self-explanatory, including submission of the quarterly report and the annual inventory of commodities. Visits by Chemonics' head office staff, including specific scopes of work, will be approved by USAID on a case-to-case basis.

Tasks completed in the Thirty-ninth Quarter:

Task One. Submit the Thirty-eighth Quarterly Performance Monitoring Report covering April 1 – June 30, 2007. Chemonics submitted the Thirty-eighth Quarterly Performance Monitoring Report covering April 1 – June 30, 2007.

Tasks to be completed in the Fortieth Quarter:

Task One. Submit the thirty-ninth Quarterly Performance Monitoring Report covering July 1 – September 30, 2007.

Task Two. Complete program close-out procedures.

d) *Performance*

Table 1: MABS Phase 3 Targets vs. September 2007 Results

| MABS Phase 3 Targets | Results: September 30, 2007 |
|---|--|
| 1. Expansion of the average number of borrowers of the 125 participating MABS bank units (as of February 2004) from 400 to a new average of 800. | MABS PB units (pilot to 6 th rollout banks) have an average of 653 borrowers per bank unit – 82% of the December 2007 target (800). |
| 2. All participating bank units initiating lending during the period of the extension will have an average of 800 micro-borrowers after 24 months of operation of the <i>MABS Approach</i> to Microfinance. | New PB units that started lending during the period of extension have an average of 553 borrowers per bank unit. (Note: Most of the new PB units have been lending for less than six months.) |
| 3. At least 200 additional bank units will begin offering the <i>MABS Approach</i> to microfinance for a total of at least 350 PB units. | Three hundred fifty-four (354) bank units are implementing or starting to implement the <i>MABS Approach</i> to microfinance – 101% of the December 2007 target (350). |
| 4. Total number of micro-borrowers with outstanding loans in all participating bank units will reach at least 160,000 | As of September 30, 2007, the total number of outstanding MF borrowers for the banks/bank branches reporting was 180,649 – 113% of the December 2007 target (160,000). |
| 5. Total number of microenterprise borrowers from participating MABS banks will reach at least 350,000. | As of September 30, 2007, the cumulative number of new borrowers reached by PBs was 435,287 – 124% of the 350,000 December 2007 target. |
| 6. Total number of microdepositors in MABS participating banks will reach at least 400,000 | As September 30, 2007, MABS PBs have served 421,257 new microdepositors – 105% of the 400,000 December 2007 target. |
| 7. At least eight of the eighteen rural banks which have at least nine (9) branches will be enrolled into the MABS Program, and will be offering the <i>MABS Approach</i> to Microfinance in the majority of their branches | <p>9 MABS PBs with at least 9 branches are in the program: Bangko Kabayan, Cantilan Bank, 1st Valley Bank, RB Montevista, First Macro Bank, Green Bank, RB Mallig Plains, PR Bank, and GM Bank. Of these banks, last three above are new (banks that enrolled starting February 2004). MABS will continue providing these banks with bank-specific training and technical assistance in 2007.</p> <p>As of September, middle management course, MABSTeRS, and hardcore delinquency management trainings were provided to Green Bank, 1st Valley Bank and Cantilan Bank. First Macro Bank's operations review was completed in March. Technical assistance on market research and enhancement and modification of existing MF loan products was provided to Bangko Kabayan and GM Bank, respectively.</p> |

| | |
|--|---|
| <p>8. One or more of the larger “thrift banks” will be enrolled into the MABS Program and will be offering <i>MABS Approach</i> microfinance in a majority of its branches</p> | <p>Microenterprise Bank - the thrift bank that joined MABS in 2004 - and parent company PlantersBank merged in June 2006. In 2007, PlantersBank shifted focus from retail to wholesale microlending.</p> <p>MABS completed the institutional assessments of Kauswagan Bank - a thrift bank based in Iloilo - and University Savings Bank, a thrift bank based in Laguna during the first quarter of 2007.</p> <p>Kauswagan Bank has signed an agreement with MSP Punla for the MATTS package. The Senior Management Orientation and Market Research Modules were completed in August.</p> |
| <p>9. MSPs will have capability of offering MABS Approach training to at least 70-80 bank units per year.</p> | <p>The two MSPs are rolling out MATTS and have trained 145 additional banking units as of end-September 2007.</p> |
| <p>10. RB2000 will be copyright protected; RB2000 will be procured by and installed in at least 150 bank units during the period of the extension for a total of 250 bank units by September 2007.</p> | <p>In 2006, 4 additional bank units were using RB2000. The cumulative number of banking units using the software as of September 2007 was 264 bank units, 105% of the December 2007 target (250). MABS has selected a law firm that will handle the application for RB2000 copyright.</p> |
| <p>11. A micro agri-loan product will be developed, tested, and, if it appears to be a viable product, disseminated to and offered by at least 50 rural bank branches</p> | <p>As of end-September 2007, 35 participating bank units are offering the MAP; these banks have disbursed more than 12,100 MAP loans totaling more than PhP134 million to more than 4,400 new micro agri-loan borrowers. The MAP participating banks collectively have 3,776 active borrowers, with an outstanding loan portfolio of more than PhP32 million. The portfolio-at-risk ratio over 30 days is 2.14%.</p> <p>Eight additional banking units offered MAP in 2006; MABS will train 25 additional bank branches to rollout MAP in 2007. 6 additional banks were selected for the 4th MAP rollout (RB Talisayan, RB San Enrique, FAIR Bank, Progressive Bank, RB Gattaran, and RB Pagbilao); staff of these banks were trained on MAP features and procedures in May 2007.</p> <p>Nine additional branches of seven participating banks (PB) were selected for the 5th rollout. To prepare for the rollout, 23 MFU staff from the seven PBs completed a training course/workshop on the product’s features, design and development process, and procedures.</p> |

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

SAF No. 112 – *Rollout Training on MABS Performance Monitoring System Version 4 (MPMS 4.0)*

Objectives:

MABS developed the MPMS in 2002 to facilitate accurate monitoring and evaluation of microfinance operations of PBs. The MPMS is a database system that tracks the performance of PBs and generates reports vital to performance assessment for both the banks' management and the MABS team. Since 2002, MPMS has had a number of upgrades to integrate the requirements for other performance indicators and additional data needed for monitoring.

Several factors brought about the need for an upgrade to the latest version (Version 4):

1. Additional data on Loan Collections and Disbursement Points (LCDPs) need to be added to the system. The emergence of LCDPs also made separate tracking of their performances necessary.
2. Difficulty in training new staff on the use of MPMS because of the lack of a trainers program and manual
3. Additional level of information needs to be integrated in the system to monitor existing product types and make room for new products (e.g. micro agri-loan product)

MPMS version 4.0 ("MPMS 4.0") is designed to be a more comprehensive desktop productivity tool for any rural bank with microfinance operations. Regular monitoring of the performance of the microfinance operations with the use of MPMS 4.0 will significantly help the bank in identifying potential problems and opportunities for growth.

MPMS 4.0 includes significant enhancements for retrieving needed microfinance data, generating customized summaries and performing various types of analyses useful in decision-making, especially for the bank management. It is not only easier and faster to use but also has more power and sophistication suitable to a variety of users, ranging from a bank which has just started its microfinance operations/product to a multi-branch bank offering a number of microfinance products.

Some of the new features included in MPMS 4.0 are listed below:

- **New Report Generation/Selection Interface** – user-friendly data entry screens and intuitive report generator screens which allows users to specify exactly which data to be displayed or printed based on filter options selected.
- **EAGLE information at your fingertips** – Automatic computation of selected indicators used by MABS to evaluate the performance of rural banks on key areas, namely: E – Efficiency; A – Asset quality; G – Growth in portfolio; L – Liability structure; and E – Earnings.
- **Multiple users with override security** – Senior level users, e.g. administrator and bank officer, can control their work and the distribution of work with other users (e.g., branch encoders) through enhanced permissions that control whether critical data can be saved, copied or deleted.

- **Easy Search facility** – the user can search information easily by just specifying bank name, bank code, branch name, etc.
- **Parameterized Product Types** – users can easily group micro-loan products by lending type or methodology (e.g. individual or group), product type (e.g. micro-enterprise or micro-agri), etc.
- **Interactive Time Series Range** – With MPMS 4.0, the user can manually define the beginning and ending months of data to be displayed/printed within the entire database to further put the user of the report in control.

Status/Results:

Development and pilot-testing of MPMS 4.0 were completed in the 39th Quarter. Staff of MABS PBs will be trained on the features and use of the system in the next Quarter.

SAF No. 113 – [Training on Micro-Agri Loan Product Rollout](#)

Objectives:

After 4 successful rollouts, MABS seeks to continue the expansion of the MAP to more banks and bank branches. Pre-qualified PBs with portfolio at risk ratios (PARR) over 30 days at 10% were invited to participate in the rollout.

Nine additional branches of seven PBs (RB Digos, RB Siargao, Bukidnon Cooperative Bank, Green Bank, 1st Valley Bank, Cantilan Bank, and Valiant Bank) will be offering the MABS-designed micro agri-loan product. Staff of these banks need to be trained on the product's features and loan procedures.

Status/Results:

Twenty-three MFU staff from the seven PBs completed a training course/workshop - held from August 28 to 30 in Valencia City, Bukidnon - on the product's features, design and development process, and procedures. The participants were guided through the product development process, with sessions on: market research and conducting a market survey, analysis and interpretation of market survey results, and designing a micro agri-loan product. To prepare for the actual market survey field work, group exercises and role-playing on how to carry out the client interviews were conducted. The participants then completed fieldwork in three *baranggays* in Valencia; they gathered secondary data and conducted household interviews using the MABS-developed survey instrument. The next workshop was allotted for tabulating, processing, analyzing and interpreting the survey results and secondary data.

The participants were oriented on the micro agri-loan product's features, loan terms, conditions, and procedures, including: client selection, cashflow analysis, and character and background investigation. They were also oriented on the micro agri-loan product forms' format and processing. A session was allotted for conducting cashflow analysis and preparing forms for the MABS-designed 60/40 payment scheme. Under the scheme, at least 60% of the loan will be regularly amortized and the remaining 40% (maximum amount) can be paid in lump sum at the time of the crop harvest. To reduce the banks' risk, the lump sum amount will not be more than 40% of the total loan payments.

SAF No. 114 – *Support for the RBAP-MABS Scalable Mobile Phone Banking Solutions for RBs and their clients*

Objectives:

Since late 2004, a handful of rural banks in the Philippines have been testing various mobile phone banking applications that utilize the G-Cash platform, a mobile phone-based payments service. These services now include a variety of banking applications that RBAP-MABS program developed over the past years: Text-A-Payment (for loan repayment), Text-A-Deposit (deposit), Text-A-Remittance (remittances), Text-A-Sweldo (payroll services), Text-A-Bill Payment, Text-A-Withdrawal and Text-A-Credit. The technological initiative was conceptualized and led by the RBAP-MABS program in close collaboration with Globe Telecom's G-XChange (GXI). For the rural banks, the aim of the effort is to reduce the cost of providing microfinance services including loans, deposits, money transfer services, and mobile commerce solutions for their microenterprise clients, and expand their outreach in the more rural areas without incurring huge investments in branches and structures.

Several banks are now beginning to roll out various services using their existing staff. However, two major factors, revealed during the initial phase of the introduction of G-Cash for rural banks, prevent the rapid spread of adoption and access to the technology by the target users: (i) bank staff persons have not been assigned to focus on these services on a fulltime basis, hence, outreach has been limited; and (ii) the limited number of G-Cash cash-in outlets in areas where clients and customers of rural banks are located are lacking or insufficient; hence, clients wanting to convert cash into G-Cash for banking and/or other business transactions could not do so. These findings when addressed effectively will help unleash the full potential of the mobile phone banking technology for rural banks, their clients, and rural communities. To do this, rural banks need to help sustain local "Cash-in" outlets in rural areas; furthermore, rural banks need to support and enable clients/merchants in their areas to take advantage of this new mobile commerce platform to expand their businesses in the same way that larger merchants utilize credit/debit cards to increase their sales. The expanded use of the mobile payment services will also facilitate mobile phone banking in the countryside since increased access to G-Cash will make it easier for clients to send loan payments, make remote deposits, withdraw from their savings remotely, and send small money transfers via their mobile phones to their families in other parts of the Philippines.

The objective of this proposed effort is to support participating rural banks to develop mobile payment "ecosystems" in the communities and other areas they serve so that they can achieve the following end goals:

- Extend access to financial services in rural areas and establish their presence there without incurring the high investments required to set up traditional branches;
- Increase the availability of money transfer and deposit services by enabling rural banks to expand and offer lower cost and more efficient money transfer services;
- Make financial services more accessible and affordable to more people and, thus, promote the inclusion of those population and groups who are presently excluded from available financial services.

During the first phase of this effort, five MABS participant rural banks that have at least 10 branches each will be selected based on a set of criteria¹. Currently six banks meet the criteria: Green Bank, Cantilan Bank, 1st Valley Bank, GM Bank, Bangko Kabayan, and PR Bank. From these six banks, five will be selected based on their agreement to fully support this effort in at least 10 branches of their bank. The selected five banks will be assisted to hire and train mobile phone banking specialists (M-Banking Specialists). These mobile banking specialists will focus on training new and existing clients as well as local merchants and utility cooperatives to register and utilize G-Cash. Two M-Banking Specialists will be assigned to each of 50 branches in a variety of locations where implementation, testing and modeling of various marketing approaches will be tried. The M-Banking specialists will train, register and facilitate transactions for clients. Clients will be encouraged to make and accept payments in G-Cash.

Status/Results:

Six banks - Green Bank, Cantilan Bank, 1st Valley Bank, GM Bank, Bangko Kabayan, and PR Bank – have been selected to rollout mobile phone banking applications. The MABS program, jointly with the participating banks, will implement the first training period in the next Quarter to ensure that the staff members are properly trained and delivering effectively and cost efficiently the required information and skills to as many of the target markets as possible.

[SAF No. 115 – Development and Production of Instructional Videos for MABS Mobile Phone Banking Applications](#)

Objectives:

In 2004, Globe Telecom launched G-Cash, an electronic money facility advertised as able to “turn mobile phones into virtual electronic wallets”. GCash credits can be loaded, transferred to other people’s electronic wallets phone-to-phone, used to pay for goods, services, and bills, and for sending remittances, and encashed or uploaded in around 3,500 authorized cash-in/cash-out outlets nationwide. Three years after its launch, 1.2 million Globe subscribers are using the service.

MABS recognized the potential of the large mobile phone subscriber base, the falling costs of mobile services, and the immense potential applications of electronic money. With electronic money (G-Cash) that can be easily accessed by a large subscriber base – most of which were either existing clients of microfinance institutions or potential clients – a microfinance service delivery innovation through mobile phone became very feasible. In 2004, MABS and Globe (through its mobile commerce subsidiary GXchange or GXI) entered into a partnership to develop mobile phone banking services.

Since then, the MABS-led initiative has developed the following mobile phone banking applications: the microloan repayment service Text-A-Payment (TAP), deposit-taking service Text-A-Deposit (TAD), withdrawal service Text-A-Withdrawal (TAW), bills payment service

¹ The criteria include: 10 or more branches; BSP CAMELS rating of 3 or above for the past year; at least 2,000 active MF borrowers using the MABS Approach to microfinance; commitment to building a mobile commerce ecosystem; willingness to hire and train at least 2 M-Banking marketing agents/specialists in each selected branch and assign two supervisors (one for every 10 M-Banking Specialists); willingness to pay staff allowance and/or salary using the Text-A-Sweldo service, and provide payroll services to local and small and medium enterprises; and market M-banking services to new and existing clients.

Text-A-BillPay (TAB), and payroll servicing Text-A-Sweldo (TAS). These services are currently being rolled out in selected PBs.

Developing informational, instructional, and educational materials is an important component of the mobile phone banking rollout. The MABS-designed mobile phone banking applications and mobile commerce solutions for microenterprise clients of rural banks is a cost-effective technology which is now facilitating access to banking services and providing new opportunities for clients to buy and sell goods. To complement the rollout of these services, we see the need for step-by-step instructional and informational videos to better educate users as these services are rolled out in the countryside. Videos produced by MABS have been very useful and effective tools providing both information and training to banks and staff in the past, as they combine both audio and visuals to achieve illustration, visualization, and demonstration of certain activities.

Instructional videos – showing the uses and benefits of the mobile phone banking applications as well as giving step-by-step instructions for completing transactions – are very useful tools that rural banks can show in their lobbies or in presentations to clients to properly educate and promote these new services. Rural bank staff and the mobile phone banking specialists in the banks can show these videos to groups of clients during orientations at the bank or in presentations using a laptop in public markets to promote and better educate clients.

Eight (8) individual 5-minute (maximum) instructional videos will be developed for the following banking services (Registration process for M-Banking Services, Text-A-Payment, Text-A-Deposit, Text-A-Withdrawal, Text-A-Remittance, Text-A-Pill Payment, Text-A-Sweldo) as well as how clients can use this service to promote their products and services (similar to the way larger businesses promote sales by accepting debit/credit cards) as well as facilitating payments to their suppliers. One overall video (which combines segments from these instructional videos) will be produced to highlight all the services in one video. This video will be played in bank branch lobbies as well as utilized to promote these services to a wider audience (maximum 10-15 minutes).

Status/Results:

MABS requested for proposals from five video production outfits. Alchemy of Vision and Lights, Imacron Video Productions, Advocacy Videos, One Stop Video Productions, and EditBay.

EditBay was the lowest bidder and was selected as the subcontractor for this production. EditBay has worked for MABS in the production of our videos in the past and has done an excellent job.

Production of the instructional videos will be completed in the next Quarter.

Annex 1.2 Special Activities Fund (SAF) Tracker

Philippines Microenterprise Access to Banking Services
 Chemonics International Inc.
 Contract no. 492-C-00-98-00008-00
 Quarter Number 39, September 30, 2007
 Special Activities Fund - In USD

| SAF | Title | Results | Date Approved | Status | Budgeted Amount | Expenses To Date Quarter 38 | Quarter 39 | | | | Expenses To Date Quarter 39 | Budget Remaining | Budget Overruns | Cumulative Invoiced | |
|-----|--|--|---------------|----------|-----------------|-----------------------------|--------------------|--------------------|--------------------|------------------|-----------------------------|------------------|-----------------|---------------------|-----------------|
| | | | | | | | Invoice 116 Jul-07 | Invoice 117 Aug-07 | Invoice 118 Sep-07 | Quarter 39 Total | | | | Invoiced | Remaining |
| | Grant Programs | | | | | | | | | | | | | | \$ 2,629,122.67 |
| 1 | Best Practices Workshop | Attendance was successful. Participating banks came from staff involvement | Apr-98 | Closed | \$ 4,131.00 | \$ 1,545.28 | | | | \$ - | \$ 1,545.28 | \$ 2,585.72 | \$ - | \$ 1,545.28 | \$ 2,627,577.39 |
| 2 | MIS Study | involvement in MIS | Apr-98 | Closed | \$ 805.47 | \$ 283.29 | | | | \$ - | \$ 283.29 | \$ 522.18 | \$ - | \$ 283.29 | \$ 2,627,294.10 |
| 3 | Product Development Workshop | banks and regional Federation presidents were invited. | Jun-98 | Closed | \$ 4,728.72 | \$ 3,208.62 | | | | \$ - | \$ 3,208.62 | \$ 1,520.10 | \$ - | \$ 3,208.62 | \$ 2,624,085.48 |
| 4 | Market Survey, Fixed-Price | MBL conducted a survey of microenterprises in each of the | Jul-98 | Closed | \$ 15,373.81 | \$ 17,162.14 | | | | \$ - | \$ 17,162.14 | \$ (1,788.33) | \$ (1,788.33) | \$ 17,162.14 | \$ 2,606,923.34 |
| 5 | Training Preparation - Boypee Panganiban | Panganiban came down to Davao for | Jul-98 | Closed | \$ 2,155.79 | \$ 1,042.13 | | | | \$ - | \$ 1,042.13 | \$ 1,113.66 | \$ - | \$ 1,042.13 | \$ 2,605,881.21 |
| 6 | RBRDFI Involvement in MIS Development | Participation of RBRDFI in | Jul-98 | Closed | \$ 1,640.00 | \$ 3,188.88 | | | | \$ - | \$ 3,188.88 | \$ (1,548.88) | \$ (1,548.88) | \$ 3,188.88 | \$ 2,602,692.33 |
| 7 | Loan Repayment Workshop | Pendleton's Loan | Aug-98 | Closed | \$ 5,734.76 | \$ 3,978.81 | | | | \$ - | \$ 3,978.81 | \$ 1,755.95 | \$ - | \$ 3,978.81 | \$ 2,598,713.52 |
| 8 | Cash Flow Lending workshop | Panganiban's | Sep-98 | Closed | \$ 25,573.29 | \$ 20,142.07 | | | | \$ - | \$ 20,142.07 | \$ 5,431.22 | \$ - | \$ 20,142.07 | \$ 2,578,571.45 |
| 9 | Case Study of PAICOP | Capeding conducted the case | Sep-98 | Closed | \$ 834.87 | \$ 1,552.35 | | | | \$ - | \$ 1,552.35 | \$ (717.48) | \$ (717.48) | \$ 1,552.35 | \$ 2,577,019.10 |
| 10 | Pilot Bank Agreement | Implemented the Pilot | Oct-98 | Closed | \$ 72,895.87 | \$ 60,064.77 | | | | \$ - | \$ 60,064.77 | \$ 12,831.10 | \$ - | \$ 60,064.77 | \$ 2,516,954.33 |
| 11 | Panganiban Book Publication | Published the | Dec-98 | Closed | \$ 8,461.54 | \$ 7,753.77 | | | | \$ - | \$ 7,753.77 | \$ 707.77 | \$ - | \$ 7,753.77 | \$ 2,509,200.56 |
| 12 | Research Assistant-Roll-out | of Luisa Cadiz, RA | Nov-98 | Closed | \$ 3,010.90 | \$ 6,417.42 | | | | \$ - | \$ 6,417.42 | \$ (3,406.52) | \$ (3,406.52) | \$ 6,417.42 | \$ 2,502,783.14 |
| 13 | Mindanao Fed. RB Meeting | Conference | Dec-98 | Closed | \$ 2,448.11 | \$ 456.33 | | | | \$ - | \$ 456.33 | \$ 1,991.78 | \$ - | \$ 456.33 | \$ 2,502,326.81 |
| 14 | Enhancement of MicroBanker | Banks MIS Enhancement | Dec-98 | Closed | \$ 13,282.07 | \$ 13,976.59 | | | | \$ - | \$ 13,976.59 | \$ (694.52) | \$ (694.52) | \$ 13,976.59 | \$ 2,488,350.22 |
| 15 | RBAP Strategic Planning | the implementation of the | Feb-99 | Closed | \$ 32,996.50 | \$ 25,091.26 | | | | \$ - | \$ 25,091.26 | \$ 7,905.24 | \$ - | \$ 25,091.26 | \$ 2,463,258.96 |
| 16 | NRBSL Exposure Trip | Managers and staff | Feb-99 | Closed | \$ 7,105.41 | \$ 4,854.03 | | | | \$ - | \$ 4,854.03 | \$ 2,251.38 | \$ - | \$ 4,854.03 | \$ 2,458,404.93 |
| 17 | SGV Corporate Finance to RBAP | Canceled | Canceled | Canceled | \$ - | \$ - | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,458,404.93 |
| 18 | Follow-up trip by Druben | implementation of RBAP/RBR | May-99 | Closed | \$ 30,883.58 | \$ 14,476.06 | | | | \$ - | \$ 14,476.06 | \$ 16,407.52 | \$ - | \$ 14,476.06 | \$ 2,443,928.87 |
| 19 | Training Modules with PBs | Bank Training | May-99 | Closed | \$ 2,629.48 | \$ 920.44 | | | | \$ - | \$ 920.44 | \$ 1,709.04 | \$ - | \$ 920.44 | \$ 2,443,008.43 |
| 20 | Orientation Course of Senior Officers of New PBs | Orientation of new PBs | June-99 | Closed | \$ 8,284.27 | \$ 4,907.72 | | | | \$ - | \$ 4,907.72 | \$ 3,376.55 | \$ - | \$ 4,907.72 | \$ 2,438,100.71 |
| 21 | Commodities and Support | and commodities | July-99 | Closed | \$ 178,096.78 | \$ 115,180.72 | | | | \$ - | \$ 115,180.72 | \$ 62,916.06 | \$ - | \$ 115,180.72 | \$ 2,322,919.99 |
| 22 | Training course for MF staff and PBs Supervisors | workshop trainings were | Jul-99 | Closed | \$ 19,211.43 | \$ 14,800.02 | | | | \$ - | \$ 14,800.02 | \$ 4,411.41 | \$ - | \$ 14,800.02 | \$ 2,308,119.97 |
| 23 | ITI subcontract for presentation of finalized plan and full start-up implementation of RBAP/RBRDFI Strategic Development Program | Presentation of finalized | Aug-99 | Closed | \$ 36,543.00 | \$ 34,456.02 | | | | \$ - | \$ 34,456.02 | \$ 2,086.98 | \$ - | \$ 34,456.02 | \$ 2,273,663.95 |
| 24 | Enhancement of PC Banker system for participant bank RB Ozamis | Ozamis PC Banker | Sep-99 | Closed | \$ 5,331.11 | \$ 4,378.55 | | | | \$ - | \$ 4,378.55 | \$ 952.56 | \$ - | \$ 4,378.55 | \$ 2,269,285.40 |

Philippines Microenterprise Access to Banking Services
 Chemonics International Inc.
 Contract no. 492-C-00-98-00008-00
 Quarter Number 39, September 30, 2007
 Special Activities Fund - In USD

| SAF | Title | Results | Date Approved | Status | Budgeted Amount | Expenses To Date Quarter 38 | Quarter 39 | | | | Expenses To Date Quarter 39 | Budget Remaining | Budget Overruns | Cumulative Invoiced | |
|-----|--|-------------------------------------|---------------|----------|-----------------|-----------------------------|--------------------|--------------------|--------------------|------------------|-----------------------------|------------------|-----------------|---------------------|-----------------|
| | | | | | | | Invoice 116 Jul-07 | Invoice 117 Aug-07 | Invoice 118 Sep-07 | Quarter 39 Total | | | | Invoiced | Remaining |
| 25 | Internship training at Enterprise Bank for MFU of Sarangani and Montevista Banks | Internship completed. | Sep-99 | Closed | \$ 530.97 | \$ 528.57 | | | | \$ - | \$ 528.57 | \$ 2.40 | \$ - | \$ 528.57 | \$ 2,268,756.83 |
| 26 | Enhancement of MicroBanker system for participant banks | Microbanker for PBs | Sept-99 | Closed | \$ 24,987.38 | \$ 22,180.00 | | | | \$ - | \$ 22,180.00 | \$ 2,807.38 | \$ - | \$ 22,180.00 | \$ 2,246,576.83 |
| 27 | Workshop on Zero Tolerance on Past Due Loans | Tolerance workshops | Sept-99 | Closed | \$ 7,048.24 | \$ 4,484.07 | | | | \$ - | \$ 4,484.07 | \$ 2,564.17 | \$ - | \$ 4,484.07 | \$ 2,242,092.76 |
| 28 | Canceled | Canceled | Canceled | Canceled | \$ - | \$ - | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,242,092.76 |
| 29 | Enhancement of Loan & Savings Ledger | Enhancement of | Oct-99 | Closed | \$ 5,440.16 | \$ 4,756.67 | | | | \$ - | \$ 4,756.67 | \$ 683.49 | \$ - | \$ 4,756.67 | \$ 2,237,336.09 |
| 30 | Purchase of MBXD95+ | delivered | Nov-99 | Closed | \$ 10,442.84 | \$ 9,398.15 | | | | \$ - | \$ 9,398.15 | \$ 1,044.69 | \$ - | \$ 9,398.15 | \$ 2,227,937.94 |
| 31 | Delinquency Measurement and Control Course | done and completed. | Nov-99 | Closed | \$ 569.75 | \$ 223.32 | | | | \$ - | \$ 223.32 | \$ 346.43 | \$ - | \$ 223.32 | \$ 2,227,714.62 |
| 32 | Canceled | Canceled | Canceled | Canceled | \$ - | \$ - | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,227,714.62 |
| 33 | ST consultancy of Guillermo Bolanos | Completed | Dec-99 | Closed | \$ 22,550.00 | \$ 27,441.91 | | | | \$ - | \$ 27,441.91 | \$ (4,891.91) | \$ (4,891.91) | \$ 27,441.91 | \$ 2,200,272.71 |
| 34 | Use of CLIN2 Funds for MABS expansion | system completed. | Dec-99 | Closed | \$ 1,300,000.00 | \$ 1,292,058.22 | | | | \$ - | \$ 1,292,058.22 | \$ 7,941.78 | \$ - | \$ 1,292,058.22 | \$ 908,214.49 |
| 35 | Canceled | Canceled | Canceled | Canceled | \$ - | \$ - | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 908,214.49 |
| 36 | Orentation for Sr. Officers of new PBs | Orientation of senior | Jan-00 | Closed | \$ 3,596.15 | \$ 1,717.76 | | | | \$ - | \$ 1,717.76 | \$ 1,878.39 | \$ - | \$ 1,717.76 | \$ 906,496.73 |
| 37 | Refresher course MicroBanker loans module | conducted and | Jan-00 | Closed | \$ 1,755.09 | \$ 1,339.96 | | | | \$ - | \$ 1,339.96 | \$ 415.13 | \$ - | \$ 1,339.96 | \$ 905,156.77 |
| 38 | Microfinance staff training course | banks staff training | Jan-00 | Closed | \$ 6,378.00 | \$ 5,061.67 | | | | \$ - | \$ 5,061.67 | \$ 1,316.33 | \$ - | \$ 5,061.67 | \$ 900,095.10 |
| 39 | Pilot Banks Reps. Consultation and Evaluation meeting | Pilot Banks consultatio | Jan-00 | Closed | \$ 150.00 | \$ 135.25 | | | | \$ - | \$ 135.25 | \$ 14.75 | \$ - | \$ 135.25 | \$ 899,959.85 |
| 40 | Purchase of MicroBanker MBXD95+Software for RB Lebak | Bank of Lebak MBXD95+s | Jan-00 | Closed | \$ 900.65 | \$ 793.28 | | | | \$ - | \$ 793.28 | \$ 107.37 | \$ - | \$ 793.28 | \$ 899,166.57 |
| 41 | Commodities and Support | assistance and | Feb-00 | Closed | \$ 105,057.52 | \$ 71,999.58 | | | | \$ - | \$ 71,999.58 | \$ 33,057.94 | \$ - | \$ 71,999.58 | \$ 827,166.99 |
| 42 | Consultation and Evaluation meeting with roll out banks | Rollout banks and evaluation | Feb-00 | Closed | \$ 1,767.61 | \$ 1,487.51 | | | | \$ - | \$ 1,487.51 | \$ 280.10 | \$ - | \$ 1,487.51 | \$ 825,679.48 |
| 43 | Purchase of MicroBanker and related services Oroquieta and Green Banks | Microbanker and related | Mar-00 | Closed | \$ 5,707.20 | \$ 4,168.03 | | | | \$ - | \$ 4,168.03 | \$ 1,539.17 | \$ - | \$ 4,168.03 | \$ 821,511.45 |
| 44 | Consultation and Planning Meeting with the RBAP ExeCom | Excom Consultatio | Mar-00 | Closed | \$ 618.75 | \$ 311.57 | | | | \$ - | \$ 311.57 | \$ 307.18 | \$ - | \$ 311.57 | \$ 821,199.88 |
| 45 | Support for Expansion to Branches | for expansion | Apr-00 | Open | \$ 35,750.00 | \$ 1,226.42 | | | | \$ - | \$ 1,226.42 | \$ 34,523.58 | \$ - | \$ 1,226.42 | \$ 819,973.46 |
| 46 | Workshop on Cashflow Lending | Lending Workshop of Rural | May-00 | Closed | \$ 6,045.61 | \$ 3,654.26 | | | | \$ - | \$ 3,654.26 | \$ 2,391.35 | \$ - | \$ 3,654.26 | \$ 816,319.20 |
| 47 | Enhancement for Hardcode Computer System for RB- Talisayan | Computer System for RB | May-00 | Closed | \$ 4,778.67 | \$ 4,122.73 | | | | \$ - | \$ 4,122.73 | \$ 655.94 | \$ - | \$ 4,122.73 | \$ 812,196.47 |
| 48 | Purchase of Microbanker MBXD95 and Software for CRB Bukidnon | Microbanker MBXD95 + Software | May-00 | Closed | \$ 872.64 | \$ 389.11 | | | | \$ - | \$ 389.11 | \$ 483.53 | \$ - | \$ 389.11 | \$ 811,807.36 |
| 49 | Canceled | Canceled | Canceled | Canceled | \$ - | \$ - | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 811,807.36 |
| 50 | Consultation and Planning Workshop with RBAP and MABS Technical | RBAP and MABS Technical Consultatio | Jun-00 | Closed | \$ 1,561.90 | \$ 1,125.51 | | | | \$ - | \$ 1,125.51 | \$ 436.39 | \$ - | \$ 1,125.51 | \$ 810,681.85 |
| 51 | Big Byte Savings & Loans System for RB of Montevista | Enhancement of Big ByteShopp | Jan-00 | Closed | \$ 5,136.79 | \$ 4,113.04 | | | | \$ - | \$ 4,113.04 | \$ 1,023.75 | \$ - | \$ 4,113.04 | \$ 806,568.81 |
| 52 | SEEP/APPEND Financial Ratio Analysis Course | Technical staff attended | Aug-00 | Closed | \$ 537.78 | \$ 243.52 | | | | \$ - | \$ 243.52 | \$ 294.26 | \$ - | \$ 243.52 | \$ 806,325.29 |
| 53 | MABS Phase out Consultative Meeting | Banks President, Gen. Manager | Sept-00 | Closed | \$ 220.00 | \$ 204.16 | | | | \$ - | \$ 204.16 | \$ 15.84 | \$ - | \$ 204.16 | \$ 806,121.13 |
| 54 | New RBAP Technical Staff Salaries & Support | Completed. | Nov-00 | Closed | \$ 96,289.86 | \$ 89,292.40 | | | | \$ - | \$ 89,292.40 | \$ 6,997.46 | \$ - | \$ 89,292.40 | \$ 716,828.73 |

Philippines Microenterprise Access to Banking Services
 Chemonics International Inc.
 Contract no. 492-C-00-98-00008-00
 Quarter Number 39, September 30, 2007
 Special Activities Fund - In USD

| SAF | Title | Results | Date Approved | Status | Budgeted Amount | Expenses To Date Quarter 38 | Quarter 39 | | | | Expenses To Date Quarter 39 | Budget Remaining | Budget Overruns | Cumulative Invoiced | |
|-----|---|-------------------------------------|---------------|----------|-----------------|-----------------------------|--------------------|--------------------|--------------------|------------------|-----------------------------|------------------|-----------------|---------------------|---------------|
| | | | | | | | Invoice 116 Jul-07 | Invoice 117 Aug-07 | Invoice 118 Sep-07 | Quarter 39 Total | | | | Invoiced | Remaining |
| 55 | Training course for Sr. Management and MF Staff and Supervisors for Luzon and Visayas Banks | Conducted workshops/trainings in | Apr-01 | Closed | \$ 9,085.71 | \$ 6,754.41 | | | | \$ - | \$ 6,754.41 | \$ 2,331.30 | \$ - | \$ 6,754.41 | \$ 710,074.32 |
| 56 | Impact Evaluation Study | completed. | Jun-01 | Closed | \$ 1,345.05 | \$ 1,426.15 | | | | \$ - | \$ 1,426.15 | \$ (81.10) | \$ (81.10) | \$ 1,426.15 | \$ 708,648.17 |
| 57 | Travel to Hongkong of Ms. Solis & Pineda | by Mrs. Solis and | Aug-01 | Closed | \$ 3,478.16 | \$ 2,052.43 | | | | \$ - | \$ 2,052.43 | \$ 1,425.73 | \$ - | \$ 2,052.43 | \$ 706,595.74 |
| 58 | Credit Reference Bureau Development Support | the pilot testing of the credit | Sep-01 | Closed | \$ 2,480.43 | \$ 1,778.53 | | | | \$ - | \$ 1,778.53 | \$ 701.90 | \$ - | \$ 1,778.53 | \$ 704,817.21 |
| 59 | Training on USAID admin and financial management requirements | MABS staff attended the | Feb-02 | Closed | \$ 717.05 | \$ 721.70 | | | | \$ - | \$ 721.70 | \$ (4.65) | \$ (4.65) | \$ 721.70 | \$ 704,095.51 |
| 60 | Roundtable events for Senior Management | Conducted twice in | Mar-02 | Closed | \$ 4,536.53 | \$ 4,434.02 | | | | \$ - | \$ 4,434.02 | \$ 102.51 | \$ - | \$ 4,434.02 | \$ 699,661.49 |
| 61 | Videos for RBAP-MABS | Produced videos of | Mar-02 | Closed | \$ 4,180.09 | \$ 4,161.02 | | | | \$ - | \$ 4,161.02 | \$ 19.07 | \$ - | \$ 4,161.02 | \$ 695,500.47 |
| 62 | Strategic Planning for New Banks in Mindanao | by Mgt. Staff of RB of Paglas. | Apr-02 | Closed | \$ 4,871.83 | \$ 4,306.32 | | | | \$ - | \$ 4,306.32 | \$ 565.51 | \$ - | \$ 4,306.32 | \$ 691,194.15 |
| 63 | Funds for Three (3) Participant Rural Banks: Commodities and Other Support | Commodities and trainings | Jun-02 | Open | \$ 42,932.44 | \$ 18,120.62 | | | | \$ - | \$ 18,120.62 | \$ 24,811.82 | \$ - | \$ 18,120.62 | \$ 673,073.53 |
| 64 | Funds for Conduct of the MFU Supervisor' Forum | in Dipolog in July | Jul-02 | Closed | \$ 1,768.05 | \$ 844.26 | | | | \$ - | \$ 844.26 | \$ 923.79 | \$ - | \$ 844.26 | \$ 672,229.27 |
| 65 | N/A | Canceled | Canceled | Canceled | \$ - | \$ - | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 672,229.27 |
| 66 | Funds for Participant Rural Bank: Commodities & Other Support | Bank training has | Sep-02 | Open | \$ 8,461.54 | \$ 193.44 | | | | \$ - | \$ 193.44 | \$ 8,268.10 | \$ - | \$ 193.44 | \$ 672,035.83 |
| 67 | Microfinance Supervisors' Forum #2 and #3 Mindanao Partners Banks | conducted in Davao City. | Oct-02 | Closed | \$ 3,115.56 | \$ 2,385.49 | | | | \$ - | \$ 2,385.49 | \$ 730.07 | \$ - | \$ 2,385.49 | \$ 669,650.34 |
| 68 | BSP Participation in the MABS Modular Training Course | Completed. | Oct-02 | Closed | \$ 988.29 | \$ - | | | | \$ - | \$ - | \$ 988.29 | \$ - | \$ - | \$ 669,650.34 |
| 69 | PDA Loan Collection Module Enhancement of the MB System | Testing of the | Jan-03 | Closed | \$ 857.45 | \$ 519.03 | | | | \$ - | \$ 519.03 | \$ 338.42 | \$ - | \$ 519.03 | \$ 669,131.31 |
| 70 | MABS PSP Market Demand Study | Survey done | Feb-03 | Closed | \$ 639.17 | \$ 528.87 | | | | \$ - | \$ 528.87 | \$ 110.30 | \$ - | \$ 528.87 | \$ 668,602.44 |
| 71 | Development/Production of RBAP/MABS Videos | approved and | Feb-03 | Closed | \$ 3,142.36 | \$ 2,480.13 | | | | \$ - | \$ 2,480.13 | \$ 662.23 | \$ - | \$ 2,480.13 | \$ 666,122.31 |
| 72 | Development of MABS Technical Support Providers | Development of | Mar-03 | Closed | \$ 20,564.66 | \$ 17,284.60 | | | \$ (15.09) | \$ (15.09) | \$ 17,269.51 | \$ 3,295.15 | \$ - | \$ 17,269.51 | \$ 648,852.80 |
| 73 | Senior Management Orientation for 6th Roll Out Banks | Done Mar 26-27, 2003. | Mar-03 | Closed | \$ 693.99 | \$ 668.02 | | | | \$ - | \$ 668.02 | \$ 25.97 | \$ - | \$ 668.02 | \$ 648,184.78 |
| 74 | Microfinance Supervisors Forum #4 & #5 | in May 22-23, 2003 in | May-03 | Closed | \$ 2,546.79 | \$ 449.63 | | | | \$ - | \$ 449.63 | \$ 2,097.16 | \$ - | \$ 449.63 | \$ 647,735.15 |
| 75 | Global Summit for Women in Marakech | by a delegate | May-03 | Closed | \$ 2,399.02 | \$ 1,748.70 | | | | \$ - | \$ 1,748.70 | \$ 650.32 | \$ - | \$ 1,748.70 | \$ 645,986.45 |
| 76 | Funds for commodities and other support of three (3) participating banks | Commodities and trainings have been | Jun-03 | Open | \$ 9,409.12 | \$ 3,535.53 | | | | \$ - | \$ 3,535.53 | \$ 5,873.59 | \$ - | \$ 3,535.53 | \$ 642,450.92 |
| 77 | MABS Training Materials for Web Production | Production completed. | Jul-03 | Closed | \$ 6,096.42 | \$ 2,032.54 | | | | \$ - | \$ 2,032.54 | \$ 4,063.88 | \$ - | \$ 2,032.54 | \$ 640,418.38 |
| 78 | Support for BSP Training in MF Examination | training on microfinance | Jul-03 | Closed | \$ 1,392.80 | \$ 992.00 | | | | \$ - | \$ 992.00 | \$ 400.80 | \$ - | \$ 992.00 | \$ 639,426.38 |
| 79 | Video Production for MABS Approach | production completed. | Aug-03 | Closed | \$ 12,056.92 | \$ 10,745.66 | | | | \$ - | \$ 10,745.66 | \$ 1,311.26 | \$ - | \$ 10,745.66 | \$ 628,680.72 |
| 80 | Support for RBAP Cost accounting system | with reports and recommen | Aug-03 | Closed | \$ 1,470.32 | \$ 1,375.00 | | | | \$ - | \$ 1,375.00 | \$ 95.32 | \$ - | \$ 1,375.00 | \$ 627,305.72 |
| 81 | MSP Program Roll Out | conducted in | Oct-03 | Closed | \$ 6,892.12 | \$ 4,218.53 | | | | \$ - | \$ 4,218.53 | \$ 2,673.59 | \$ - | \$ 4,218.53 | \$ 623,087.19 |
| 82 | Microfinance Council Workshop | by RB of Kapatagan | Oct-03 | Closed | \$ 278.63 | \$ 200.28 | | | | \$ - | \$ 200.28 | \$ 78.35 | \$ - | \$ 200.28 | \$ 622,886.91 |
| 83 | 2003 MABS ME Clients Survey | survey done by Ateneo de | Nov-03 | Closed | \$ 3,286.89 | \$ 3,237.43 | | | | \$ - | \$ 3,237.43 | \$ 49.46 | \$ - | \$ 3,237.43 | \$ 619,649.48 |
| 84 | MABS Rollout Support Program for Rural Banks | On-going | Nov-03 | Open | \$ 33,723.02 | \$ 26,838.26 | | \$ 330.91 | \$ 646.56 | \$ 977.47 | \$ 27,815.73 | \$ 5,907.29 | \$ - | \$ 27,815.73 | \$ 591,833.75 |
| 85 | MABS support to train other MABSTeRs | in Manila City in Feb. | Jan-04 | Closed | \$ 1,227.28 | \$ 580.23 | | | | \$ - | \$ 580.23 | \$ 647.05 | \$ - | \$ 580.23 | \$ 591,253.52 |
| 86 | MABS support for 2 other banks in ARMM/CAAM | On-going. Commoditi | Apr-04 | Open | \$ 11,273.93 | \$ 3,095.51 | | | | \$ - | \$ 3,095.51 | \$ 8,178.42 | \$ - | \$ 3,095.51 | \$ 588,158.01 |

Annex 1.2 Special Activities Fund (SAF) Tracker

Philippines Microenterprise Access to Banking Services
 Chemonics International Inc.
 Contract no. 492-C-00-98-00008-00
 Quarter Number 39, September 30, 2007
 Special Activities Fund - In USD

| SAF | Title | Results | Date Approved | Status | Budgeted Amount | Expenses To Date Quarter 38 | Quarter 39 | | | | Expenses To Date Quarter 39 | Budget Remaining | Budget Overruns | Cumulative Invoiced | |
|--|--|--|---------------|----------|------------------------|-----------------------------|--------------------|--------------------|--------------------|---------------------|-----------------------------|----------------------|-----------------------|------------------------|----------------------|
| | | | | | | | Invoice 116 Jul-07 | Invoice 117 Aug-07 | Invoice 118 Sep-07 | Quarter 39 Total | | | | Invoiced | Remaining |
| 87 | RB2000 User Conference | Conducted in March & November production completed, approved | Feb-04 | Open | \$ 4,404.10 | \$ 4,029.31 | | | | \$ - | \$ 4,029.31 | \$ 374.79 | \$ - | \$ 4,029.31 | \$ 584,128.70 |
| 88 | Video Production for EAGLE Awards 2004 | | Feb-04 | Closed | \$ 4,743.66 | \$ 4,394.09 | | | | \$ - | \$ 4,394.09 | \$ 349.57 | \$ - | \$ 4,394.09 | \$ 579,734.61 |
| 89 | National Roundtable and EAGLE Awards | Completed and | Feb-04 | Closed | \$ 3,071.81 | \$ 1,612.03 | | | | \$ - | \$ 1,612.03 | \$ 1,459.78 | \$ - | \$ 1,612.03 | \$ 578,122.58 |
| 90 | Performance Monitoring System Training | Conducted in | Feb-04 | Closed | \$ 2,421.96 | \$ 2,265.16 | | | | \$ - | \$ 2,265.16 | \$ 156.80 | \$ - | \$ 2,265.16 | \$ 575,857.42 |
| 91 | MABS Rollout Support Program for 10 Additional Rural Banks | On-going Trainings conducted | May-04 | Open | \$ 13,494.06 | \$ 9,857.76 | | \$ 323.28 | \$ 323.28 | \$ 10,181.04 | \$ 3,313.02 | \$ - | \$ - | \$ 10,181.04 | \$ 565,676.38 |
| 92 | Micro-Agri Loan Product Training for Pilot Banks | | Sep-04 | Closed | \$ 3,500.18 | \$ 1,349.16 | | | | \$ - | \$ 1,349.16 | \$ 2,151.02 | \$ - | \$ 1,349.16 | \$ 564,327.22 |
| 93 | MABS support for new PBs | On-going trip with staff of participating rural | Oct-04 | Open | \$ 40,178.57 | \$ 8,428.24 | \$ 1,629.37 | \$ 330.91 | \$ 1,616.38 | \$ 3,576.66 | \$ 12,004.90 | \$ 28,173.67 | \$ - | \$ 12,004.90 | \$ 552,322.32 |
| 94 | Support for the Official Trip of Anthony Petalcorin to BRI to Lead the Rural Banks Study Tour | | Oct-04 | Closed | \$ 2,104.11 | \$ 1,747.96 | | | | \$ - | \$ 1,747.96 | \$ 356.15 | \$ - | \$ 1,747.96 | \$ 550,574.36 |
| 95 | Support for the Supervisors Forum | Conducted in Cebu | Jan-05 | Closed | \$ 1,633.93 | \$ 1,302.15 | | | | \$ - | \$ 1,302.15 | \$ 331.78 | \$ - | \$ 1,302.15 | \$ 549,272.21 |
| 96 | Development and production of videos for the 2005 EAGLE Awards | Development and | Feb-05 | Closed | \$ 6,250.00 | \$ 5,827.49 | | | | \$ - | \$ 5,827.49 | \$ 422.51 | \$ - | \$ 5,827.49 | \$ 543,444.72 |
| 97 | Support for the National Roundtable Conference and EAGLE Awards | Conducted in the | Feb-05 | Closed | \$ 7,562.50 | \$ 5,622.97 | | | | \$ - | \$ 5,622.97 | \$ 1,939.53 | \$ - | \$ 5,622.97 | \$ 537,821.75 |
| 98 | Development and production of RBAP documentary video | Development | May-05 | Closed | \$ 645.99 | \$ 645.99 | | | | \$ - | \$ 645.99 | \$ - | \$ - | \$ 645.99 | \$ 537,175.76 |
| 99 | Support to MABS Approach Rollout | On-going MABS rollout | Jul-05 | Open | \$ 27,272.73 | \$ 3,027.25 | | | | \$ - | \$ 3,027.25 | \$ 24,245.48 | \$ - | \$ 3,027.25 | \$ 534,148.51 |
| 100 | Rollout of the Micro Agri Loan Product | | Sep-05 | Closed | \$ 4,200.92 | \$ 4,227.64 | | | | \$ - | \$ 4,227.64 | \$ (26.72) | \$ (26.72) | \$ 4,227.64 | \$ 529,920.87 |
| 101 | Training for the Rollout of RBAP Text-A-Payment for interested and qualified rural banks in Mindanao, Visayas, and Luzon | On-going | Oct-05 | Open | \$ 7,634.86 | \$ 1,800.65 | \$ 52.23 | | | \$ 52.23 | \$ 1,852.88 | \$ 5,781.98 | \$ - | \$ 1,852.88 | \$ 528,067.99 |
| 102 | Funding to conduct 2005 Survey of Borrowers of MABS Participating Banks | contractors have completed | Nov-05 | Closed | \$ 9,478.67 | \$ 9,775.47 | | | | \$ - | \$ 9,775.47 | \$ (296.80) | \$ (296.80) | \$ 9,775.47 | \$ 518,292.52 |
| 103 | Support for the National Roundtable Conference & EAGLE Awards 2006 | EAGLE awards | Feb-06 | Closed | \$ 9,844.68 | \$ 7,000.26 | | | | \$ - | \$ 7,000.26 | \$ 2,844.42 | \$ - | \$ 7,000.26 | \$ 511,292.26 |
| 104 | Training on Micro-Agri Loan product rollout under the Micro-Agri loan product activity | MAP rollout | Feb-06 | Closed | \$ 1,428.43 | \$ 1,537.90 | \$ (278.08) | | | \$ (278.08) | \$ 1,259.82 | \$ 168.61 | \$ - | \$ 1,259.82 | \$ 510,032.44 |
| 105 | Development and production of videos for 2005 EAGLE Awards & MABS Video | completed and videos | Mar-06 | Closed | \$ 8,856.73 | \$ 6,552.52 | | | | \$ - | \$ 6,552.52 | \$ 2,304.21 | \$ - | \$ 6,552.52 | \$ 503,479.92 |
| 106 | Training on Enhanced Account Officers Course for MABSTeRs (Existing and New) | On-going | Jun-06 | Open | \$ 4,095.23 | \$ 3,019.88 | \$ (938.52) | | | \$ (938.52) | \$ 2,081.36 | \$ 2,013.87 | \$ - | \$ 2,081.36 | \$ 501,398.56 |
| 107 | Training/Workshop for Bicol Participating Banks affected by Typhoon Reming | On-going | Dec-06 | Closed | \$ 560.54 | \$ 339.17 | | | | \$ - | \$ 339.17 | \$ 221.37 | \$ - | \$ 339.17 | \$ 501,059.39 |
| 108 | Training on Micro-Agri Product Loan Rollout | On-going | Apr-07 | Open | \$ 2,833.00 | \$ 2,391.59 | | | (203.71) | \$ (203.71) | \$ 2,187.88 | \$ 645.12 | \$ - | \$ 2,187.88 | \$ 498,871.51 |
| 109 | MABS National Round Table and EAGLE Awards Event | On-going | May-07 | Open | \$ 25,785.76 | \$ 21,574.64 | \$ (238.97) | | | \$ (238.97) | \$ 21,335.67 | \$ 4,450.09 | \$ - | \$ 21,335.67 | \$ 477,535.84 |
| 110 | Development and Production of Videos for EAGLE Awards 2007 | On-going | May-07 | Open | \$ 10,813.92 | \$ 4,634.99 | \$ 4,399.30 | | | \$ 4,399.30 | \$ 9,034.29 | \$ 1,779.63 | \$ - | \$ 9,034.29 | \$ 468,501.55 |
| 111 | Canceled | Canceled | Canceled | Canceled | \$ - | \$ - | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 468,501.55 |
| 112 | Rollout Training on MPMS Version 4 | On-going | Aug-07 | Open | \$ 25,285.57 | \$ - | | | 946.36 | \$ 946.36 | \$ 946.36 | \$ 24,339.21 | \$ - | \$ 946.36 | \$ 467,555.19 |
| 113 | Training on Micro-Agri Loan Product Rollout | On-going | Aug-07 | Open | \$ 4,493.03 | \$ - | | \$ 2,739.18 | 202.81 | \$ 2,941.99 | \$ 2,941.99 | \$ 1,551.04 | \$ - | \$ 2,941.99 | \$ 464,613.20 |
| 114 | Support for the RBAP-MABS Scalable Mobile Phone Banking Solutions for RBs and their clients | On-going | Aug-07 | Open | \$ 53,055.37 | \$ - | | | | \$ - | \$ - | \$ 53,055.37 | \$ - | \$ - | \$ 464,613.20 |
| 115 | Development and Production of Instructional Videos for MABS Mobile Phone Banking Applications | On-going | Sep-07 | Open | \$ 8,594.83 | \$ - | | | | \$ - | \$ - | \$ 8,594.83 | \$ - | \$ - | \$ 464,613.20 |
| SUBTOTAL | | | | | \$ 2,631,008.08 | \$ 2,152,966.55 | \$ 4,625.33 | \$ 3,401.00 | \$ 3,516.59 | \$ 11,542.92 | \$ 2,164,509.47 | \$ 466,498.61 | \$ (13,456.91) | \$ 2,164,509.47 | \$ 464,613.20 |
| Prior Period Adjustments on Indirect Fringe and Overhead Due to NICRA Revisions | | | | | | \$ 5,621.35 | \$ - | \$ - | \$ - | \$ - | \$ 5,621.35 | | | \$ 5,621.35 | \$ 458,991.85 |

Philippines Microenterprise Access to Banking Services
 Chemonics International Inc.
 Contract no. 492-C-00-98-00008-00
 Quarter Number 39, September 30, 2007
 Special Activities Fund - In USD

| SAF | Title | Results | Date Approved | Status | Budgeted Amount | Expenses To Date Quarter 38 | Quarter 39 | | | | Expenses To Date Quarter 39 | Budget Remaining | Budget Overruns | Cumulative Invoiced | | |
|-----|---|---------|---------------|--------|-----------------|-----------------------------|------------------------|--------------------|--------------------|--------------------|-----------------------------|------------------------|----------------------|-----------------------|------------------------|----------------------|
| | | | | | | | Invoice 116 Jul-07 | Invoice 117 Aug-07 | Invoice 118 Sep-07 | Quarter 39 Total | | | | Invoiced | Remaining | |
| | General & Administrative Costs | | | | | \$ 96,133.25 | \$ 231.27 | \$ 170.04 | \$ 175.82 | \$ 577.13 | \$ 96,710.38 | | | \$ 96,710.38 | \$ 362,281.47 | |
| | Fee | | | | | \$ 112,503.44 | \$ 242.83 | \$ 178.55 | \$ 184.61 | \$ 605.99 | \$ 113,109.43 | | | \$ 113,109.43 | \$ 249,172.05 | |
| | GRAND TOTAL | | | | | \$ 2,631,008.08 | \$ 2,367,224.59 | \$ 5,099.43 | \$ 3,749.59 | \$ 3,877.02 | \$ 12,726.04 | \$ 2,379,950.62 | \$ 466,498.61 | \$ (13,456.91) | \$ 2,379,950.62 | \$ 249,172.05 |

MABS Philippines Home Office Reports Tracker
Contract No. 492-C-00-98-00008-00

| Technical Deliverables | Submitted By | Report Date | Submitted to CDIE | HO Electronic | HO Hard Copy |
|---|-----------------------------------|--------------------|-------------------|---------------|--------------|
| An Alternative Approach to Rural Financial Intermediation (The Philippine Experience) | Meliza Agabin/Jorge L. Daly | May 1, 1996 | Yes | Yes | |
| Microenterprise Sector Study | Raike Quinones | June 1, 1997 | Yes | No | Yes |
| MIS Assessment of Candidate Pilot Banks | Peter Glibbery & A. Petalcorin | August 1, 1998 | Yes | No | Yes |
| Familiarization with Related USAID Projects: (MABS-M Brief) | Chemonics International | September 1, 1998 | Yes | Yes | |
| Innovations to Increase Access to Microcredit | Gerald Andersen | September 1, 1998 | Yes | Yes | Yes |
| Consultancy Completion Report | Ms. Meliza H. Agabin | September 15, 1998 | Yes | No | Yes |
| Microfinance and the Bank Regulatory Environment | Bill Pendleton | September 25, 1998 | Yes | No | Yes |
| Training Program Report | Bill Pendleton | September 30, 1998 | Yes | No | Yes |
| Completion Report (Seminar on Microfinance Products of Rural Bank of Talisayan) (final draft) | Chemonics International | November 14, 1998 | Yes | No | Yes |
| Cash Flow Lending and Loan Pricing Seminar Report | Andres Panganiban | December 1, 1998 | Yes | No | Yes |
| Mindanao Rural Banks: Funding Sources and Credit Programs for Microenterprises (Final Draft) | Meliza Agabin & Arah Limpao-Osop | December 1, 1998 | Yes | Yes | |
| Panabo Agro-Industrial Cooperative An Integrated Rice Commodity System (A Case Study) | Dehlia Capeding | December 1, 1998 | Yes | No | Yes |
| Rural Banks and Microfinancing | Joseph Y. Lim | December 1, 1998 | Yes | Yes | |
| Microenterprise Survey Report - Digos, Davao Del Sur | Arah Limpao & Raike Quinones | February 1, 1999 | Yes | Yes | |
| Microenterprise Survey Report - Sto. Tomas, Davao Province | Arah Limpao & Raike Quinones | February 1, 1999 | Yes | Yes | |
| Evaluation of the Pilot Phase of MABS-M Program | Virginia Abiad | March 22, 1999 | Yes | Yes | |
| Deposits & Loan Management System Study | Peter Glibbery | April 1, 1999 | Yes | | Yes |
| RBAP Strategic Development Plan 2000-2003 | Laurel Druben | May 1, 1999 | Yes | | Yes |
| Feasibility Study:Expanding MABS' Outreach to Muslim Clients | L.Doerring/R. Quinones/C. Cornejo | April 20, 2001 | Yes | Yes | |
| A Survey of Microenterprise Client of MABS Partner Banks | | | | | |
| Survey Results, Sampling and Data Tables | M. Agabin/C. Cornejo/D.Capeding | September 1, 2001 | Yes | Yes | |
| Service Provider Feasibility Study | | February 1, 2002 | Yes | Yes | |
| Reports on Financial Trends in Mindanao | | May 1, 2002 | Yes | Yes | |
| BSP Inception Report | Carlos Alba | October 1, 2002 | yes | yes | |
| Rural Bank Market Survey | Arah Sadava | October 1, 2002 | Yes | Yes | |

Annex 1.3 Reports Tracker

| Technical Deliverables | Submitted By | Report Date | Submitted to CDIE | HO Electronic | HO Hard Copy |
|---|---|----------------------------------|-------------------|---------------------|--------------|
| BSP Examination and CAMELS Manual for Microfinance Loans | Carlos Alba | February 1, 2003 | Yes | No | Yes |
| MABS Service Provider Program Consultancy Completion Report | Michael Alcorn Ms. C.y. Nunez-Ollero | May 1, 2003 August 3-27, 1998 | Yes Yes | Yes | Yes |
| First Operations Review of NMTK Micro Loan of Enterprise | C. Dicdiquin/B. Bunao/R. Quinones | March 2002 | Yes | Yes | |
| Private Service Provider Installation of MABS Approach | Michael Alcorn | November, 2002 | Yes | Yes | |
| Market Study to Expand Microfinance in MABS Banks | Anita Champion | October, 2003 | Yes | Yes | Yes |
| Consultancy Services to Bangko Sentral NG Pilipinas on Microfinance Supervision | Carlos Alba/International Consulting Consortium | January 1, 2005 | Yes | Yes | Yes |
| Greenbank; Defining Success in Rural Banking and Microfinance Provision | Paul Wendland | July, 2006 | Yes | Yes | Yes |
| Work Plans | Submitted By | Report Date | Submitted to CDIE | HO Electronic Files | HO Hard Copy |
| Year 1 Work Plan (1998) | Chemonics International | Dec-97 | Yes | Yes | |
| Year 2 Work Plan (1999) | Chemonics International | Dec-98 | Yes | Yes | |
| Year 3 Work Plan (2000) | Chemonics International | Dec-99 | Yes | Yes | |
| Year 4 Work Plan (2001) | Chemonics International | Dec-00 | Yes | Yes | |
| Year 5 Work Plan (2002) | Chemonics International | Dec-01 | Yes | | Yes |
| Year 6 Work Plan (2003) | Chemonics International | Dec-02 | Yes | Yes | |
| Year 7 Work Plan (2004) | Chemonics International | Dec-03 | Yes | Yes | |
| Year 8 Work Plan (2005) | Chemonics International | Dec-04 | Yes | Yes | Yes |
| Year 9 Work Plan (2006) | Chemonics International | Dec-05 | Yes | Yes | Yes |
| Year 10 Work Plan (2007) | Chemonics International | Dec-06 | No | Yes | Yes |
| Quarterly Progress Reports | Submitted By | Report Date | Submitted to CDIE | HO Electronic Files | HO Hard Copy |
| Quarterly Performance Monitoring Report (First) | Chemonics International | April 1, 1998 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Second) | Chemonics International | July 1, 1998 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Third) | Chemonics International | October 1, 1998 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Fourth) | Chemonics International | January 1, 1999 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Fifth) | Chemonics International | April 1, 1999 | | Yes | Yes |

Annex 1.3 Reports Tracker

| Quarterly Progress Reports | Submitted By | Report Date | Submitted to CDIE | HO | |
|--|-------------------------|------------------|----------------------|---------------------|-----------------|
| | | | | Electronic Files | HO Hard Copy |
| Quarterly Performance Monitoring Report (Sixth) | Chemomics International | July 1, 1999 | Yes | | Yes |
| Quarterly Performance Monitoring Report (Seventh) | Chemomics International | October 1, 1999 | Yes | | Yes |
| Quarterly Performance Monitoring Report (Eight) | Chemomics International | January 1, 2000 | Yes | | Yes |
| Quarterly Performance Monitoring Report (Ninth) | Chemomics International | April 1, 2000 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Tenth) | Chemomics International | July 1, 2000 | Yes | | Yes |
| Quarterly Performance Monitoring Report (Eleventh) | Chemomics International | October 1, 2000 | Yes | | Yes |
| Quarterly Performance Monitoring Report (Twelfth) | Chemomics International | January 1, 2001 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirteenth) | Chemomics International | April 1, 2001 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Fourteenth) | Chemomics International | July 1, 2001 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Fifteenth) | Chemomics International | November 1, 2001 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Sixteenth) | Chemomics International | February 1, 2002 | Yes | Yes | No |
| Quarterly Performance Monitoring Report (Seventeenth) | Chemomics International | May 1, 2002 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Eighteenth) | Chemomics International | July 1, 2002 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Nineteenth) | Chemomics International | November 1, 2002 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twentieth) | Chemomics International | February 1, 2003 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twenty-first) | Chemomics International | April 1, 2003 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twenty-second) | Chemomics International | July 1, 2003 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twenty-third) | Chemomics International | November 1, 2004 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twenty-fourth) | Chemomics International | January 1, 2004 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twenty-fifth) | Chemomics International | April 1, 2004 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twenty-sixth) | Chemomics International | July 1, 2004 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twenty-seventh) | Chemomics International | November 1, 2004 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twenty-eighth) | Chemomics International | January 1, 2005 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Twenty-ninth) | Chemomics International | April 1, 2005 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirtieth) | Chemomics International | July 1, 2005 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirty-first) | Chemomics International | October 1, 2005 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirty-second) | Chemomics International | January 1, 2006 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirty-third) | Chemomics International | April 1, 2006 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirty-fourth) | Chemomics International | July 1, 2006 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirty-fifth) | Chemomics International | October 1, 2006 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirty-sixth) | Chemomics International | January 1, 2007 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirty-seventh) | Chemomics International | April 1, 2007 | Yes | Yes | Yes |
| Quarterly Performance Monitoring Report (Thirty-eighth) | Chemomics International | July 1, 2007 | Yes | Yes | Yes |

MICROENTERPRISE ACCESS TO BANKING SERVICES (MABS) PROGRAM JULY 2007 HIGHLIGHTS

MABS Launches Website for Mobile Phone Banking Clients of Rural Banks

The MABS Program and the Rural Bankers Association of the Philippines (RBAP), with the support of Globe Telecom mobile commerce subsidiary GXchange (GXI), launched a new mobile phone banking website (www.mobilephonebanking.rbap.org) to provide an online resource of mobile phone banking services and a directory of accredited rural bank outlets and merchants accepting mobile cash payments.



From the website, rural banks and merchants applying for accreditation to offer mobile phone banking and mobile commerce services can download the forms required for accreditation and access instructions and guidelines. Step-by-step instructions and requirements are also available to users of the new mobile phone banking services. The website lists bank branches and merchants that are offering mobile phone banking services and accepting mobile payments, allowing users to easily locate bank branches and merchants nearest their localities.

MABS and RBAP started developing mobile phone banking applications in 2004 to give rural bank clients more convenient, affordable, and secure modes of repaying microloans; sending money; paying for goods, services, and bills; and making deposits and withdrawals. The new mobile phone banking applications give partner banks and merchants fee-based income opportunities. All mobile phone banking applications are short-messaging services (SMS)-based and currently utilize Globe's electronic money platform, GCash.

Southern Bicol Federation of Rural Banks Complete Training on Mobile Phone Banking Applications

Twenty-six rural bankers from ten member banks of the Southern Bicol Federation of Rural Banks completed a two-day training/workshop on the features and processes of the MABS-developed mobile phone banking applications. RBAP, the MABS team, and a representative from GXI conducted the training/workshop held on July 19-20 in Legazpi City. The participants were given a walk-through and demonstration on mobile phone banking and GCash basics – registration procedures,

person-to-person money transfers, and internal process procedures. Participants were also provided with guidelines on contingency plans, risk management and security policy manuals for electronic banking services.

Features and procedures for the MABS-designed mobile phone banking applications, including the microloan repayment service Text-A-Payment (TAP), deposit-taking service Text-A-Deposit (TAD), withdrawal service Text-A-Withdrawal (TAW), bills payment service Text-A-BillPay (TAB), and payroll servicing Text-A-Sweldo (TAS) were presented and discussed. Facilitators gave demonstrations and hands-on exercises for each of these services during subsequent workshop sessions.

TAP, which was launched in 2005, has made loan repayment more convenient for microloan clients and reduced banks' loan collection and transaction costs. TAP has also resulted in productivity gains for banks as account officers (AOs) can now spend more time in the generation of new accounts. TAD, on the other hand, allows clients to send deposits to or receive remittances through their bank account via SMS for fees as low as 1%. The service greatly reduces the costs of remittances and bank transfers, even for those without mobile phones, since fund transfers are made directly to their rural bank deposit accounts.

TAW, which was approved by the Bangko Sentral ng Pilipinas (BSP) in June, allows clients to make withdrawals through SMS and turn their mobile phones into virtual automated teller machines (ATM). With TAB, rural banks can facilitate bills payment for local utility companies (electricity, water and cable television), enterprises, and schools. Customers of these registered enterprises can pay their bills using their mobile phones. The payroll service, TAS, allows rural banks to provide payroll services to their own staff or employees of partner companies, minimizing the risks and costs of handling large amounts of cash and managing payrolls.

Accredited rural banks will also soon be offering the Text-A-Credit (TAC) service, which will allow rural banks to release microloans, up to PHP40,000 (\$888) through the mobile wallets of their clients.



MICROENTERPRISE ACCESS TO BANKING SERVICES (MABS) PROGRAM AUGUST 2007 HIGHLIGHTS

Loan Delinquency Management Training/Workshop for Visayas Participating Banks (PBs)

Twenty-five participants from seven Visayas PBs completed a two-day loan delinquency management training course/workshop held on August 15-16 in Iloilo City. Course facilitators presented a systematic approach to managing delinquency – starting with a comprehensive understanding of its nature and identification of its causes. To illustrate the impact of delinquency on a bank's income, participants were asked to compute income lost due to delinquency.

Course facilitators emphasized the importance of knowing the causes and the extent of the delinquency problem before coming up with the appropriate delinquency management measures. Participants were also given profiles of the delinquent loan borrowers and the loan collection approaches most effective for each borrower type. To supplement the lecture, a role playing exercise capped off the module.



Taking classroom training to the field. Loan delinquency management course participants try out different loan collection strategies by playing borrowers and account officers during the course's role-playing exercise.

The following delinquency management measures were also presented: remedial management through legal options and debt recovery and setting up of remedial management units. Guidelines for writing off loans and setting up remedial management units - specialized units created to manage the collection and recovery of all written off or hardened accounts – were presented and discussed.

Micro Agri-Loan Product (MAP) 5th Rollout Training

Nine additional branches of seven participating banks (PB) will be offering the MABS-designed micro agri-loan product in September 2007. To prepare for the rollout, 23 microfinance unit (MFU) staff from the seven PBs completed a training course/workshop on the product's features, design and development process, and procedures. MABS service provider

(MSP) consultants also facilitated the training/workshop held from August 28 to 30 in Valencia City, Bukidnon. The participants were guided through the product development process, with sessions on: market research and conducting a market survey, analysis and interpretation of market survey results, and designing a micro agri-loan product. To prepare for the actual market survey field work, group exercises and role-playing on how to carry out the client interviews were conducted. The participants then completed fieldwork in three *baranggays* in Valencia; they gathered secondary data and conducted household interviews using the MABS-developed survey instrument. The next workshop was allotted for tabulating, processing, analyzing and interpreting the survey results and secondary data.

The participants were oriented on the micro agri-loan product's features, loan terms, conditions, and procedures, including: client selection, cashflow analysis, and character and background investigation. They were also oriented on the micro agri-loan product forms' format and processing. A session was allotted for conducting cashflow analysis and preparing forms for the MABS-designed 60/40 payment scheme. Under the scheme, at least 60% of the loan will be regularly amortized and the remaining 40% (maximum amount) can be paid in lump sum at the time of the crop harvest. To reduce the banks' risk, the lump sum amount will not be more than 40% of the total loan payments.

At the close of the workshop, participants drafted a product development and market research action plan for their banks' micro agri-loan product.

3rd African Microfinance Conference

MABS Deputy Chief of Party Meliza H. Agabin attended the 3rd African Microfinance Conference held in Kampala, Uganda on August 20-23, as a conference speaker on the MABS-designed mobile phone banking services in the Philippines. More than 400 participants from microfinance institutions all over Africa, donor agencies, and invited speakers from the international organizations attended the conference. A range of topics were covered in the conference including: policy and regulatory framework in different African states, value chain analysis for agriculture, new approaches and methodologies for reaching those currently unbanked, market segmentation, and application of technologies for improving access to financial services.

Ms. Agabin presented the RBAP-MABS Program's initiative on mobile phone banking for rural banks and their clients before a breakout session attended by more than 200 participants. While mobile phone banking has been tried in a few African countries, such as Kenya, the banking applications that the MABS program has developed using the GCash platform of Globe Telecom appears to be in a relatively advanced stage, and generated a lot of interest among the participants.

MICROENTERPRISE ACCESS TO BANKING SERVICES (MABS) PROGRAM SEPTEMBER 2007 HIGHLIGHTS

MABS Approach Now Reaching More than 350 Rural Bank Branches

The MABS Program has reached a new milestone and has now provided technical assistance and training to more than 350 rural bank branches. Since 1997, MABS Participating Banks (PBs) have disbursed more 1.2 million microloans totaling more than PhP14.6 billion (approximately US\$283 million) to more than 425,000 microborrowers. For 2007 alone, MABS PBs are projected to disburse more than 400,000 microloans totaling more than PhP4.6 billion (US\$100 million) to microentrepreneurs all across the Philippines. The number of new microdeposit accounts have increased by more than 417,000 with the banks now managing more than 1.2 million microsavings accounts totaling more than PhP 1.7 billion (approximately US\$34.3 million).

MABS' Mobile Phone Banking Initiative Highlighted at World Bank Conference

Mobile phone banking services developed by the MABS Program were highlighted at an international technology conference held at the World Bank Headquarters in Washington DC and sponsored by the International Finance Corporation (IFC), the Consultative Group to Assist the Poor (CGAP), and VISA International. The conference on "Next Generation Access to Finance: Gaining Scale and Reducing Costs with Technology and Credit Scoring" featured technologies used by pioneering organizations in the financial services industry - including microfinance organizations - to reduce costs, reach new customers, and scale-up delivery of services.

More than 300 delegates from over 60 countries, composed of representatives from financial institutions including microfinance institutions and commercial banks, global leaders in financial technology and credit information, regulators, and representatives from the donor community, attended the conference held on September 17-19. Conference speakers included industry leaders from around the world who provided in-depth and critical analysis on the use of technology and credit scoring and credit bureaus to increase access to finance. MABS Chief of Party John Owens was among the conference speakers. Mr. Owens presented the MABS Program's mobile phone banking initiative for rural banks and their clients including: *Text-A-Payment*, the microloan repayment service; *Text-a-Sweldo*, a new mobile payroll service; *Text-A-Remittance*, mobile money transfer and remittance services; *Text-A-Bill Pay*, the remote mobile bills payment service; *Text-A-Deposit*, the mobile deposit-taking service; and *Text-A-Withdrawal*, the remote withdrawal service. All these new mobile phone banking services utilize Globe Telecom's GCash platform, the mobile money platform which turns mobile phones into "virtual mobile wallets". GCash credits are bought or "cashed-in" (cash to GCash) or cashed-out (GCash to cash) at any of 8,900 authorized cash-in/cash-out outlets and ATMs nationwide. GCash can be converted to call or text credits, transferred to other people's mobile wallets phone-to-phone, used to pay for goods, services, and bills, and for sending remittances.

The conference also featured two other speakers from the Philippines: GXI President Rizza Maniego-Eala and BSP Microfinance Unit Officer Pia Roman. Ms. Maniego-Eala outlined how GCash and Globe's capability in the wireless technologies facilitated mobile payments and used rural banks as one of the examples for how this new technology can be used by rural banks to provide banking services to the un-banked while Ms. Roman presented the measures taken by the BSP to regulate and supervise new mobile payment platforms in the Philippines. After the three presentations, the conference participants agreed that the Philippine model for the rollout and development of mobile phone banking services demonstrated the importance of building strategic partnerships and strong business models within a supportive policy and regulatory environment.

"Mobile phone banking and other emerging applications will revolutionize financial markets in rich and poor countries alike," said Elizabeth Littlefield, CGAP's Chief Executive Officer. "At long last, the cost reductions and increased reach made possible by such technologies should enable us to serve remote areas and poor people viably, offering services we never dreamt possible a decade ago."

Rural Bankers Association of the Philippines (RBAP) General Membership Meeting

Close to 400 rural bankers attended the 2007 RBAP Special General Membership Meeting held on September 13-14 at the Manila Hotel. Issues and topics relevant to the rural banking sector were discussed during the meeting, including: updates on the development of new products (remittances, microfinance, and insurance) that rural banks can offer to better serve their clients and increase the rural banking sector's profitability, as well as the offers from suppliers of new banking technologies were presented during the two day event. MABS presented Program updates, ongoing activities, and the status of its mobile phone banking rollout.



MABS Chief of Party John Owens presenting before the 2007 RBAP Special General Membership Meeting.

During the meeting, RBAP presented a Plaque of Appreciation to the United States Agency for International Development (USAID) for their support of the MABS Program and partnership with rural banks over the past decade.

**MABS BANKS MICROFINANCE PERFORMANCE REPORT
CONSOLIDATED - BY AREA OF OPERATION (LUZON, VISAYAS AND MINDANAO)
SEPTEMBER 2007**

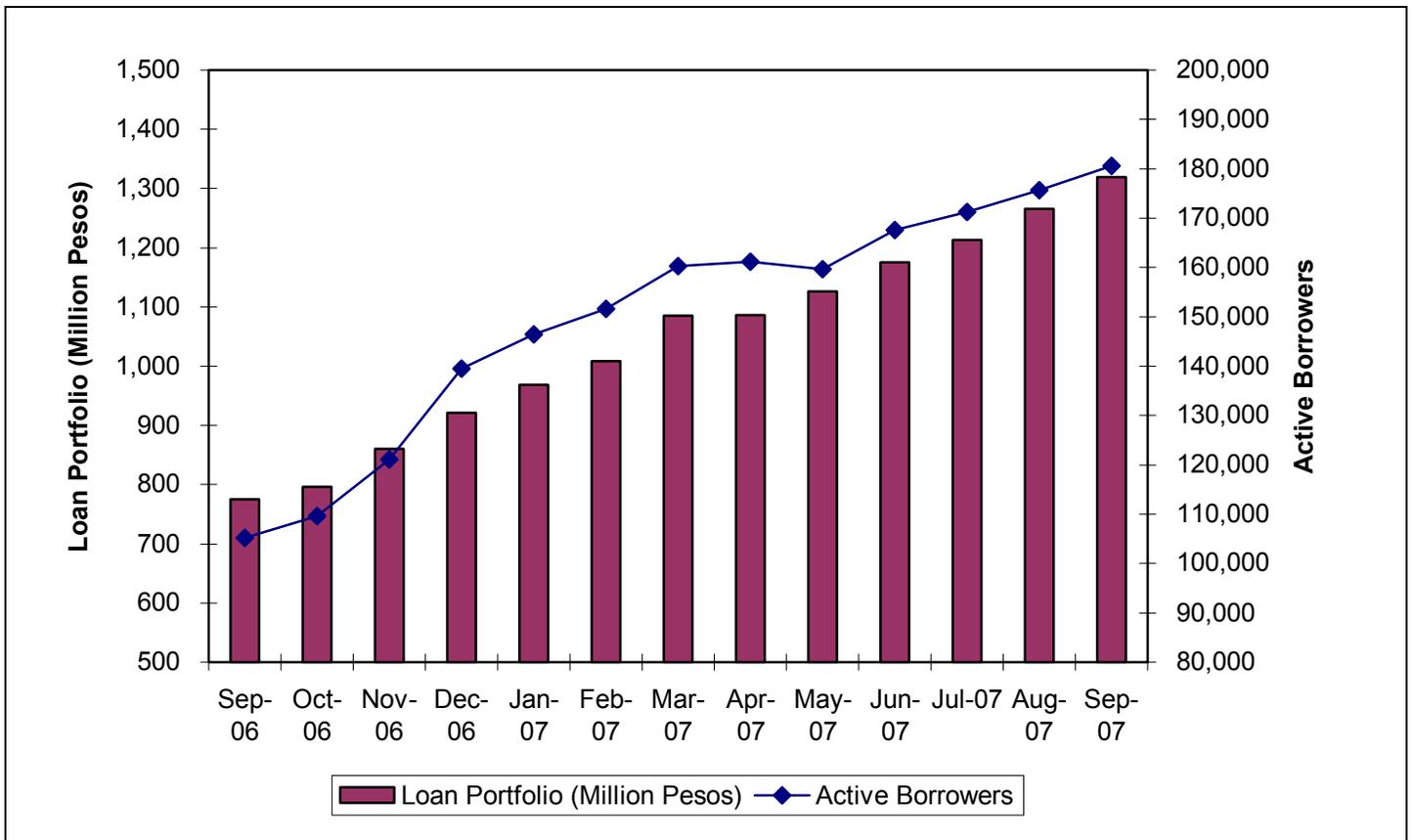
| PERFORMANCE DATA | LUZON | VISAYAS | MINDANAO | TOTAL |
|---|---------------|----------------|-----------------|----------------|
| Number of banks (reporting) | 37 | 10 | 22 | 69 |
| Number of participating branches (reporting) | 161 | 42 | 105 | 308 |
| Number of banks (trained/on-training) | 9 | 4 | 8 | 21 |
| Total number of banks | 46 | 14 | 30 | 90 |
| Total number of participating branches | 180 | 46 | 128 | 354 |
| Number of active borrowers outstanding | 53,171 | 60,915 | 66,563 | 180,649 |
| Number of new borrowers | 4,125 | 3,030 | 4,504 | 11,659 |
| Number of repeat loans | 7,420 | 6,550 | 8,577 | 22,547 |
| Loan portfolio balance | 470,561,123 | 374,242,991 | 474,461,384 | 1,319,265,498 |
| Net change in number of deposit accounts | 39,120 | 77,672 | 304,465 | 421,257 |
| Net change in deposit balance | 146,148,191 | 97,522,874 | 475,174,485 | 718,845,550 |
| Number of microfinance field staff | 459 | 283 | 387 | 1,129 |
| Number of microfinance field staff per branch | 3 | 7 | 4 | 4 |
| Number of loans disbursed during the month | 11,545 | 9,548 | 13,480 | 34,573 |
| Cumulative number of new borrowers | 105,505 | 56,290 | 273,492 | 435,287 |
| Cumulative number of loans disbursed | 282,326 | 185,301 | 781,261 | 1,248,888 |
| Amount of loans disbursed during the month | 165,559,226 | 126,619,900 | 164,320,293 | 456,499,419 |
| Cumulative amount of loans disbursed | 4,613,315,251 | 2,216,326,812 | 8,282,343,857 | 15,111,985,920 |
| Portfolio at risk more than 7 days | 30,098,916 | 16,061,249 | 34,971,755 | 81,131,920 |
| Portfolio at risk more than 7 days (%) | 6.57% | 4.29% | 7.37% | 6.24% |
| Portfolio at risk more than 30 days | 21,397,393 | 7,335,415 | 27,971,006 | 56,703,814 |
| Portfolio at risk more than 30 days (%) | 4.67% | 1.96% | 5.90% | 4.36% |

| MONTHLY INCOME AND EXPENSE | LUZON | VISAYAS | MINDANAO | TOTAL |
|-------------------------------------|--------------|----------------|-----------------|--------------|
| Financial income | | | | |
| Interest income on loans | 25,828,439 | 6,418,775 | 16,607,775 | 48,854,989 |
| Service charge | 5,892,455 | 2,087,745 | 7,954,670 | 15,934,870 |
| Penalty fee on loans | 1,225,836 | 314,776 | 296,553 | 1,837,165 |
| Total financial income | 32,946,730 | 8,821,296 | 24,858,998 | 66,627,024 |
| Total financial expense | 1,655,254 | 551,267 | 2,340,403 | 4,546,924 |
| Gross financial margin (spread) | 31,291,476 | 8,270,029 | 22,518,595 | 62,080,100 |
| Loan loss provision | 547,781 | 425,601 | 879,873 | 1,853,255 |
| Net financial margin | 30,743,695 | 7,844,428 | 21,638,722 | 60,226,845 |
| Direct operating expenses | | | | |
| MFU salaries and benefits | 4,102,720 | 1,122,174 | 2,746,533 | 7,971,427 |
| Gross receipts tax | 623,203 | 299,334 | 1,050,315 | 1,972,852 |
| Depreciation | 188,165 | 52,863 | 195,083 | 436,111 |
| Transportation | 951,343 | 78,534 | 274,043 | 1,303,920 |
| Supplies | 265,283 | 30,942 | 122,290 | 418,515 |
| Communication | 117,417 | 19,069 | 31,995 | 168,481 |
| Others | 910,209 | 60,169 | 354,520 | 1,324,898 |
| Total direct operating expenses | 7,158,340 | 1,663,085 | 4,774,779 | 13,596,204 |
| Training and professional fees | 57,832 | 833 | 3,955 | 62,620 |
| Net income before indirect expenses | 23,527,523 | 6,180,510 | 16,859,988 | 46,568,021 |
| Indirect expenses | 2,828,199 | 384,832 | 921,518 | 4,134,549 |
| Net income (loss) | 20,699,324 | 5,795,678 | 15,938,470 | 42,433,472 |

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

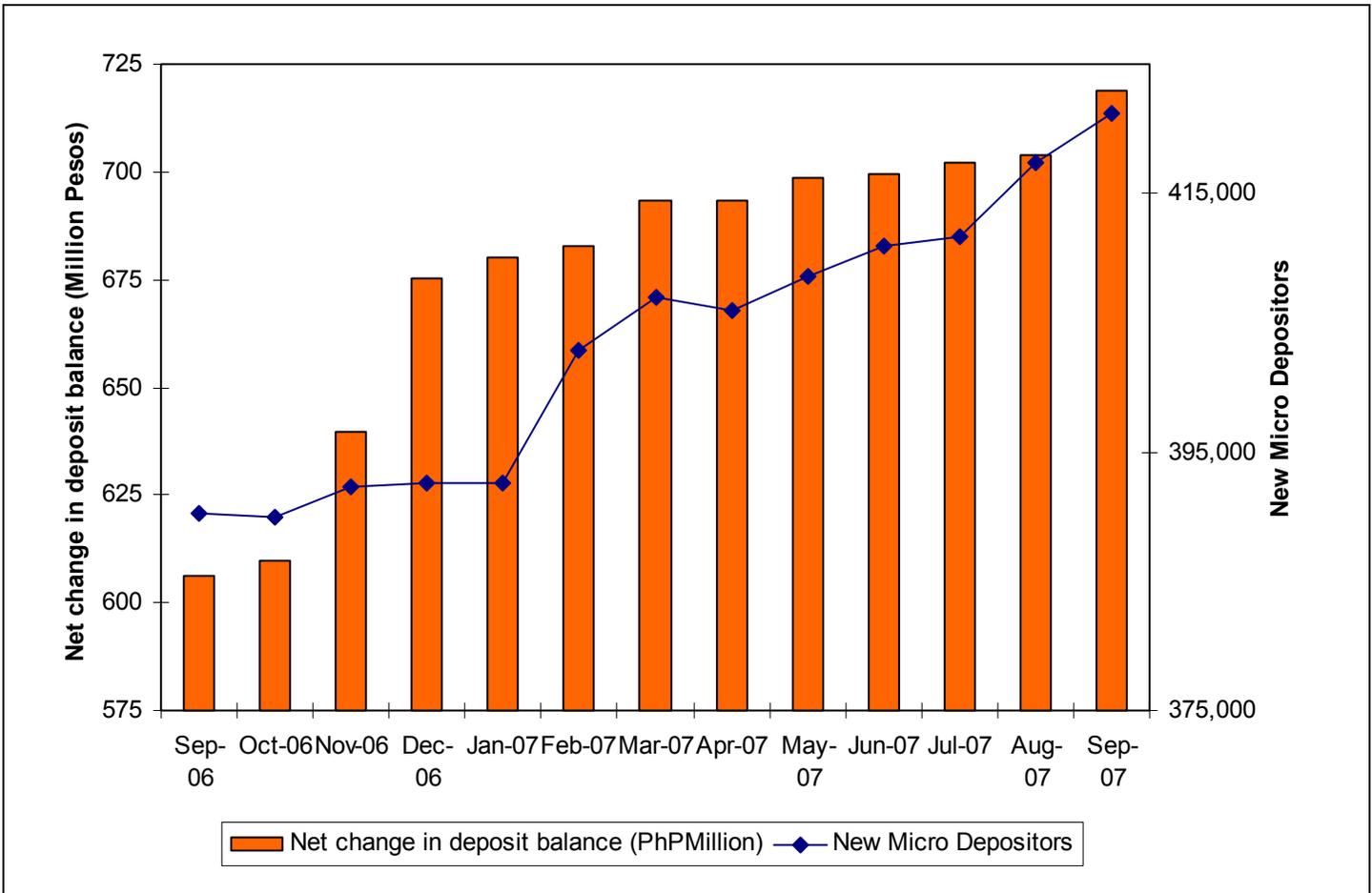
Note 2: Totals for each region follow actual geographic location of branches. Green Bank branches that are located in Luzon and Visayas are counted under Luzon and Visayas Regions, respectively; only its Mindanao branches are counted under Mindanao

Micro Loan Portfolio
MABS Participating Banks
September 2006 – September 2007



| Month/ Year | Loan Portfolio (PhPM) | Active Borrowers |
|------------------|-----------------------------|---------------------|
| Sept 2006 | 775.26 | 105,159 |
| Oct 2006 | 796.17 | 109,660 |
| Nov 2006 | 860.07 | 121,113 |
| Dec 2006 | 920.74 | 139,454 |
| Jan 2007 | 968.70 | 146,460 |
| Feb 2007 | 1,008.78 | 151,640 |
| Mar 2007 | 1,085.35 | 160,306 |
| Apr 2007 | 1,086.00 | 161,203 |
| May 2007 | 1,126.48 | 159,673 |
| 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 |

New Microdeposits *
MABS Participating Banks
September 2006 – September 2007



| | Net Change in Deposit Balance (PhPM) | New Micro Depositors |
|------------------|---|----------------------------|
| Sept 2006 | 609.60 | 390,006 |
| Oct 2006 | 609.60 | 390,006 |
| Nov 2006 | 639.59 | 392,252 |
| Dec 2006 | 675.21 | 392,552 |
| Jan 2007 | 680.27 | 392,536 |
| Feb 2007 | 682.74 | 402,798 |
| Mar 2007 | 693.32 | 406,955 |
| Apr 2007 | 693.25 | 405,927 |
| May 2007 | 698.60 | 408,536 |
| Jun 2007 | 699.39 | 410,885 |
| Jul 2007 | 702.05 | 411,620 |
| Aug 2007 | 703.69 | 417,342 |
| Sept 2007 | 718.85 | 421,257 |

*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.

Annex 1.5
Press Releases
July – September 2007

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Cell phones double as electronic wallets in Philippines

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Enlarge By Bullit Marquez, AP

Dennis Tiangco receives money at a bank that was sent by his mother in Hong Kong thru his cell phone in San Miguel town, in the northern Philippines. More than 5.5 million Filipinos now use using their cell phones as virtual wallets.

By Oliver Teves, Associated Press

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"The good thing here is, wherever my children are, they can text me and I can send money immediately," she said by telephone from Hong Kong.

Consumers also can store limited amounts of money on their cellphones to buy things at stores that participate in the network — although this practice isn't yet widespread in the Philippines.

Many more Filipinos use their phones to send airtime values called "loads" to prepaid subscribers. A parent, for example, can send a 60-peso load to replenish a child's cellphone, charged to the parent's account.

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Cell Phones Double As Electronic Wallets

By OLIVER TEVES 09.30.07, 5:42 AM ET

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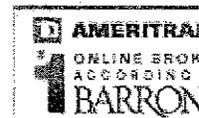
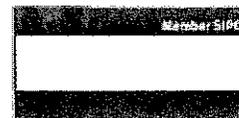
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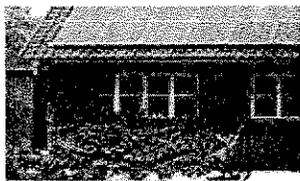
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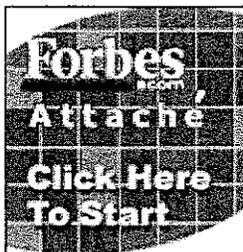


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By OLIVER TEVES
The Associated Press
Sunday, September 30, 2007; 6:44 AM

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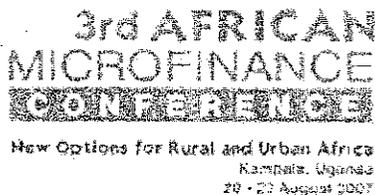
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Africa, microfinance and technology's promise

by Jim Rosenberg: Friday, September 7, 2007

Stefan Staschen works with CGAP's technology and policy teams. He presented on CGAP's behalf at the Third African Microfinance Conference in Kampala late in August, and shared with us his impressions of the conference.



Not one or two or three, but four presentations at the AMC in Kampala, Uganda, dealt with the use of technology for increasing access to financial services. Richard Ketley from Genesis Analytics talked about Alternative Service Delivery Mechanisms and the card and phone revolution in Africa. His main conclusion was that African microfinance institutions (MFIs) can leverage existing technology such as mobile phones,

ATMs and the internet to counter the negative impact of operating in a high cost environment and more often than not using inefficient business models.

Meliza Agabin, working for the USAID-funded Microenterprise Access to Banking Services (MABS) Program in the Philippines, showed how rural banks have been able to serve customers better by making use of Globe Telecom's G-Cash mobile banking solution. Customer comments such as "So easy to use," "Very convenient," and "I no longer waste my time" speak for themselves. Frankfurt School of Finance & Management's Willemien Libois introduced some examples how cell phone technology is currently used by banks in Africa.

And finally, I presented on behalf of CGAP's Technology Program on various business models in branchless banking we have looked at in seven countries around the globe, including Pakistan, and how regulators have responded to them. It was obvious that many participants were hearing about this for the first time, but that they also wanted to know much more. One participant summarized her impressions by saying "Technology is going faster than us."

The subsequent discussion focused on a number of practical issues with branchless banking models: What are the costs and returns for operators? What is the experience with fraud and customer satisfaction? Which criteria can be used to select agents? What risk mitigation measures can be used by the bank or mobile operator? Who is best equipped to build up an agent network? How do you manage liquidity across the network of agents? To many of these questions there is no clear answer yet. But practical experience is growing fast, and if we try to keep up with the pace of technological and business innovation, we might be much better positioned to present

answers at the next African Microfinance Conference in two years time.

I have never been approached by so many people at the end of a presentation before. The interest to learn more about this is immense. Branchless banking is regarded by many as a way to reduce the still huge gap in outreach. Yet it seems to be an open question where to start. Is the first step to create a policy and regulatory environment which opens up space for branchless banking while at the same time mitigating any new or increased risks? Or isn't it much more important to encourage the banking and also nonbanking sector to experiment in the branchless banking sphere? What we can say so far is that this probably depends very much on the country context. Regulation can play a role in promoting the use of technology for financial inclusion, but without some creative entrepreneurs you won't get anywhere.

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Editorial

Rural Bankers Association of the Philippines Special Annual General Membership Meeting at the historic landmark Manila Hotel

RURAL banks have operated in the Philippines for more than half-a-century. Currently, these banks constitute around 27% of all financial institutions nationwide. With the chief purpose of providing access to financial services to the sizeable rural population, rural banks have played a very significant role in propelling economic development in the countryside. The assets of these financial institutions continue to grow; they are currently at over ₱100 billion.

Today, there are close to 900 rural banks in the country. They have organized themselves into the Rural Bankers Association of the Philippines, an organization founded in 1955 as a non-incorporated association of institutions engaged in a common endeavor. Today, the Rural Bankers Association of the Philippines (RBAP) works to position its membership as the leading force within the Philippine national banking system and bring the benefits of the economic system to an increasing numbers of rural customers through a strong, responsive rural banking system.

Proof of the value of the rural banks is the implementation of

the Micro-enterprise Access to Banking Service (MABS), a program that has been going on for a decade. The MABS provides not simply wholesale loanable funds but a comprehensive capacity-building training assistance over the long term to thousands of micro-entrepreneurs. Under the MABS, over 80 rural banks in the country have disbursed over ₱10 billion to some 350,000 micro-entrepreneurs.

Rural banks continue to play a key role in the deposit mobilization campaign. Like the bigger commercial banks, rural banks have employed available information and communication technologies; most recently mobile phone banking.

Today, the members of the Rural Bankers Association of the Philippines will begin a Special Annual General Membership Meeting at the historic landmark Manila Hotel with the theme "Turning the Page... a New Chapter for the RBAP."

We wish the Rural Bankers Association of the Philippines led by its President, Atty. Francis S. Ganzon, other Officers and Members success in their Special Annual General Membership Meeting.

RBs initiate text payments, withdrawals

Tuesday, September 04 2007 (www.philstar.com)

After being among the first financial institutions in the Philippines to use mobile phone technology, especially short message system (SMS) or text message, for remittance and utilities banking activities, the rural banks are now involved in withdrawals through SMS.

A good example is Bangko Kabayan, which has been offering the Text-A-Payment for some time now. Recently, it introduced the new Text-A-Withdrawal services at its Calaca branch.

The progressive rural bank has a growing number of clients residing in Balayan which is located some 40 minutes away from the nearest branch in Calaca.

Text-A-Payment is one of the mobile phone banking applications developed by the Microenterprise Access to Banking Services (MABS) Program started developing which utilize the GCash platform of Globe Telecommunications (Globe Telecoms). The MABS is a collaboration between the United States Agency for International Development (USAID) and the Rural Bankers Association of the Philippines (RBAP).

After completing the registration procedures at their bank branch, clients no longer need to go to the bank to make payments. They only need to load their GCash wallets, key in payment instructions, and complete their loan repayments by sending the corresponding GCash value through a text message.

Josephine Macalalad is one of the clients currently paying through Text-A-Payment.

"It is very convenient, instead of going to the bank branch, I just load GCash credits. It is easy to use, you just have to follow the instructions and know the commands," Macalalad said in the vernacular.

Merlita Werlan, a client of Bangko Kabayan's Calaca Branch started using the Text-A-Withdrawal service after it was offered by the bank.

This new service allows clients to remotely withdraw funds in the form of GCash.

Werlan sells mobile phone accessories and electronic load at her stall in the Balayan market.

"With just one text, I can withdraw and use my cash - I do not need to travel to the bank branch to make withdrawals. It is like having an ATM in the palm of your hand," she said when asked about the new Text-A-Withdrawal service.

Meanwhile, a new website www.mobilephonebanking.rbap.org has been launched to further support the expansion of mobile phone banking services for rural banks and their clients utilizing the MABS-designed mobile phone banking applications that utilize the Globe Telecom's electronic money platform - GCash.

The new website is an online resource for mobile phone banking services that provides users with a directory listing all of the 287 accredited rural bank branches. The website also lists the rural bank registered merchants that accept mobile payments via GCash, allowing GCash users to easily locate merchants in their towns. Clients and merchants can download the forms required for registration and access instructions and guidelines. Step-by-step instructions and requirements are also available to users of the new mobile phone banking services. Accredited rural banks offer various mobile phone banking services and mobile commerce solutions for their clients and local merchants.

The MABS program started developing mobile phone banking applications in 2005 to provide rural bank clients with a more convenient, affordable, and secure mode of repaying loans; sending money transfers; and making deposits and withdrawals.

The mobile phone banking and mobile commerce solutions offered by rural banks are powered by Globe Telecom's GCash platform. It has proven to significantly reduce the costs and time for rural bank clients as well as other customers who want to send or receive remittances.

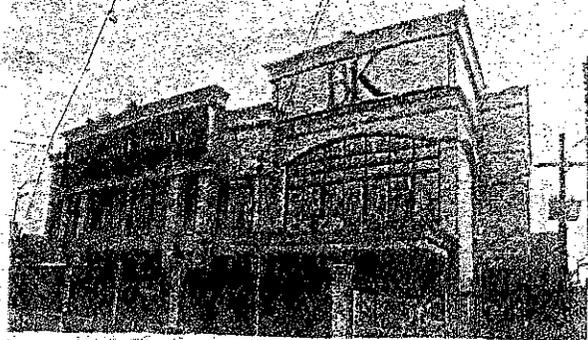
Macalalad says she is grateful for the few extra hours that she saved after switching to the Text-A-Payment service.

"Nakakapagbayad ako na di na kailangan umalis sa salon, laking ginhawa kasi kailangan ko ng madaming pahinga ngayon, masusundan na kasi ang panganay namin" (Paying for my loans without leaving the salon has never been so timely - I need more rest now because I am having my second baby), she adds with a smile.

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BANGKO KABAYAN CELEBRATES 50th ANNIVERSARY WITH GCASH

EXPANDING MICROFINANCE SERVICES
THROUGH RBAP-MABS MOBILE PHONE BANKING



Microfinance Pacesetter

In 2001, Bangko Kabayan's management decided to embark in microfinance and join the network of rural banks participating in the United States Agency for International Development (USAID)-supported Rural Bankers' Association of the Philippines Microenterprise Access to Banking Services (MABS) Program. MABS provides training and technical assistance to its participating rural banks to help them establish profitable and sustainable microfinance operations. They in turn offer microfinance products to the still largely under served microenterprise sector.

Six years after joining the MABS Program, Bangko Kabayan is now a microfinance pacesetter in the rural banking industry and one of outstanding MABS participating rural banks. The bank serves the banking needs of communities in the Batangas province through ten branches -- all offering microloan products and has already disbursed more than 41,200 microloans totaling more than 736 million pesos to more than 10,700 microborrowers. Like other banks, Bangko Kabayan was exploring ways to continue to expand and serve its customers better, especially rural clients that lived far from its branches.

Mobile Phone Banking Solution

Bangko Kabayan is one of the growing number of rural banks in the country offering mobile phone banking services that utilize the GCash platform to expand its outreach and offer more convenient banking services for its customers. Using the GCash platform, clients of rural banks who are Globe or TM subscribers can turn their mobile phones into "virtual wallets" and perform banking transactions by transferring funds through text. These mobile services give clients more affordable, secure, and convenient methods to make loan payments, deposits and withdrawals. Clients & employees can also benefit from banks disbursing salaries, benefits and loans thru GCash.

Handheld Automated Teller Machines (ATMs)

Bangko Kabayan is one of the first rural banks to offer the new RBAP Text-A-Withdrawal service. Approved for rollout by the Bangko Sentral ng Pilipinas in June 2007,

Text-A-Withdrawal allows registered rural bank depositors to withdraw their funds remotely -- in effect creating hand-held ATMs. Depositors only need to send debit instructions to their bank branch via the GCash menu on their mobile phones. The bank branch then sends the corresponding GCash value directly to their mobile phone, which the depositor can use to pay bills, buy goods, send to relatives and friends, convert to prepaid airtime, or even pay their suppliers.

Merlita Werlan, a client of Bangko Kabayan's Calaca Branch for three years now, started using the Text-A-Withdrawal service shortly after it was launched in June 2007. Aling Merlita sells cellphone accessories and electronic load at her stall in the Balayan market. She beams when asked about the new Text-A-Withdrawal service. "*Di na kailangan pumunta ng Calaca para makapag-withdraw, isang text lang, pinapadala na agad ng bangko ang GCash sa akin -- nagagamit ko agad!*" ("With just one text, I can already withdraw and use my cash. I don't need to travel to the bank branch to make withdrawals.")

Taking Bangko Kabayan to the Forefront of the Industry

The bundle of new mobile phone banking services have effectively made the distance from the bank's branch to its clients obsolete. These applications streamline Bangko Kabayan operations and offer effective nationwide outreach as well as convenience and value to their clients.

For Atty. Francis Ganson, President of Bangko Kabayan, this is just the beginning. "The wide array of products that mobile phone banking has offered will put rural banks in the forefront of global banking. It will certainly lower the costs of microfinance operations and it will hasten and certainly improve the speed with which we will be able to respond to our clients."

"It is our continuing thrust to provide cutting-edge yet more accessible mobile banking solutions not only to universal and commercial bank customers but also to the under-banked sector in the countryside. We have proven in our collaboration with our rural bank partners, especially with Bangko Kabayan, that m-commerce has the power to enrich lives and make financial products easier to use and more relevant to a wider range of people. This initiative is not only fulfilling the potential of the GCash platform, it is also a way of fulfilling our corporate and social responsibility," says Rizza Maniego-Eala, President of G-Xchange, Inc. the wholly-owned subsidiary of Globe behind GCash.



Aling Merlita accepts cash as payment for the phone and other products that she sells.



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RBs initiate text payments, withdrawals

After being among the first financial institutions in the Philippines to use mobile phone technology, especially short message system (SMS) or text message, for remittance and utilities banking activities, the rural banks are now involved in withdrawals through SMS.

A good example is Bangko Kabayan, which has been offering the Text-A-Payment for some time now. Recently, it introduced the new Text-A-Withdrawal services at its Calaca branch.

The progressive rural bank has a growing number of clients residing in Balayan which is located some 40 minutes away from the nearest branch in Calaca.

Text-A-Payment is one of the mobile phone banking applications developed by the Microenterprise Access to Banking Services (MABS) Program started developing which utilize the GCash platform of Globe Telecommunications (Globe Telecoms). The MABS is a collaboration between the United States Agency for International Development (USAID) and the Rural Bankers Association of the Philippines (RBAP).

After completing the registration procedures at their bank branch, clients no longer need to go to the bank to make payments. They only need to load their GCash wallets, key in payment instructions, and complete their loan repayments by sending the corresponding GCash value through a text message.

Josephine Macalalad is one of the clients currently paying through Text-A-Payment.

"It is very convenient, instead of going to the bank branch, I just load GCash credits. It is easy to use, you just have to follow the instructions and know the commands," Macalalad said in the vernacular.

Merlita Werlan, a client of Bangko Kabayan's Calaca Branch started using the Text-A-Withdrawal service after it was offered by the bank.

This new service allows clients to remotely withdraw funds in the form of GCash.

Werlan sells mobile phone accessories and electronic load at her stall in the Balayan market.

"With just one text, I can withdraw and use my cash - I do not need to travel to the

having an ATM in the palm of your hand," she said when asked about the new Text-A-Withdrawal service.

Meanwhile, a new website www.mobilephonebanking.rbap.org has been launched to further support the expansion of mobile phone banking services for rural banks and their clients utilizing the MABS-designed mobile phone banking applications that utilize the Globe Telecom's electronic money platform - GCash.

The new website is an online resource for mobile phone banking services that provides users with a directory listing all of the 287 accredited rural bank branches. The website also lists the rural bank registered merchants that accept mobile payments via GCash, allowing GCash users to easily locate merchants in their towns. Clients and merchants can download the forms required for registration and access instructions and guidelines. Step-by-step instructions and requirements are also available to users of the new mobile phone banking services. Accredited rural banks offer various mobile phone banking services and mobile commerce solutions for their clients and local merchants.

The MABS program started developing mobile phone banking applications in 2005 to provide rural bank clients with a more convenient, affordable, and secure mode of repaying loans, sending money transfers, and making deposits and withdrawals.

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Market Research Begins for Omidyar Project

Danielle Hopkins (MFO) traveled to the Philippines in June 2007 and to the Dominican Republic in August 2007 to conduct market research for the 'Use of Technology for Accessing Financial Services' Project funded by the Omidyar Network.

The objectives of the market research were to determine content and delivery channels to increase adoption of technology based financial services through financial education.

In the Philippines, the market research focused on the use of mobile banking and smart cards. Interviews were held with staff from the Microenterprise Access to Banking Services (MABS) program, the Central Bank of the Philippines' Microfinance and Core Information Technology Supervisory Group, and the Bankers Association of the Philippines. In addition, interviews were held with staff and clients of First Valley Bank and Green Bank.

In the Dominican Republic, market research was conducted with ADOPEM and focused on the use of debit cards. Hopkins conducted individual interviews and focus groups with clients and key informant interviews with ADOPEM loan officers and the Marketing Director, Operations Director, Vice President of Operations and Training Director.

The market research revealed that mechanics is one issue associated with both m-banking and bank cards. In the Philippines, many of the clients interviewed do not know how to use G-cash, an m-banking service provided by the telecom Globe. According to staff of the First Valley Bank, trust is the biggest obstacle to adoption because clients are skeptical of electronic money they cannot touch or see. In the Dominican

Republic, clients do not understand the difference between a debit card and a credit card and are thus hesitant about using bank cards in general. Self-control is an issue for many clients who fear they will spend too much money if using a debit card as opposed to having a set amount of cash in their wallet.

Despite these knowledge gaps, many clients readily acknowledge the advantages of being able to access money quickly and securely via a cell phone or debit card. For clients in the Dominican Republic, the debit card is a status symbol that gives the bearer a sense of security and power. Withdrawing money is the number one use of cards, followed by depositing money, checking balances, buying goods in a store, and receiving cash back. Among m-banking clients in the Philippines, remittances are the most popular service. Payments are the second most popular feature, although not all providers offer a payment platform.

Market research for the project will continue in October in Kenya and South Africa.



An employee at Chicken King accepts a G-Cash payment for a meal in the Philippines

BANSEFI Financial Education Module Pilot Tested in Mexico

The module developed by FFH and MFO for the BANSEFI Financial Literacy Education Project was pilot tested in August. Rocío Egremy (FFH Alcance) and Rossana Ramírez (FFH), conducted the pilot test with 61 clients from Caja Morelia Valladolid, in Morelia, Michoacan. A component of the BANSEFI project is to produce a DVD. As a result, the pilot test was captured on video by Kwamba Productions, a subcontractor of MFO.

The training was very well received by all groups, as evident by the high level of participation and comments during the focus group discussions held

after the trainings, which confirmed the relevance and usefulness of the materials for the participants. During the focus group discussions, participants indicated that the most useful piece of information they learned in the trainings was the importance of savings. Participants also highlighted the usefulness of the 5 steps in financial planning.

Based on the results of the pilot test, the module is now being refined and a TOT manual is being developed. The pilot test for both the TOT and DVD will be conducted in Mexico in January 2008.