



# TARGETING THE *“BOTTOM OF THE PYRAMID”*

Ma. Lourdes S. Pineda  
Senior Vice-President/ Head, Microfinance  
Rizal Commercial Banking Corp. (RCBC)  
Philippines

# Agenda

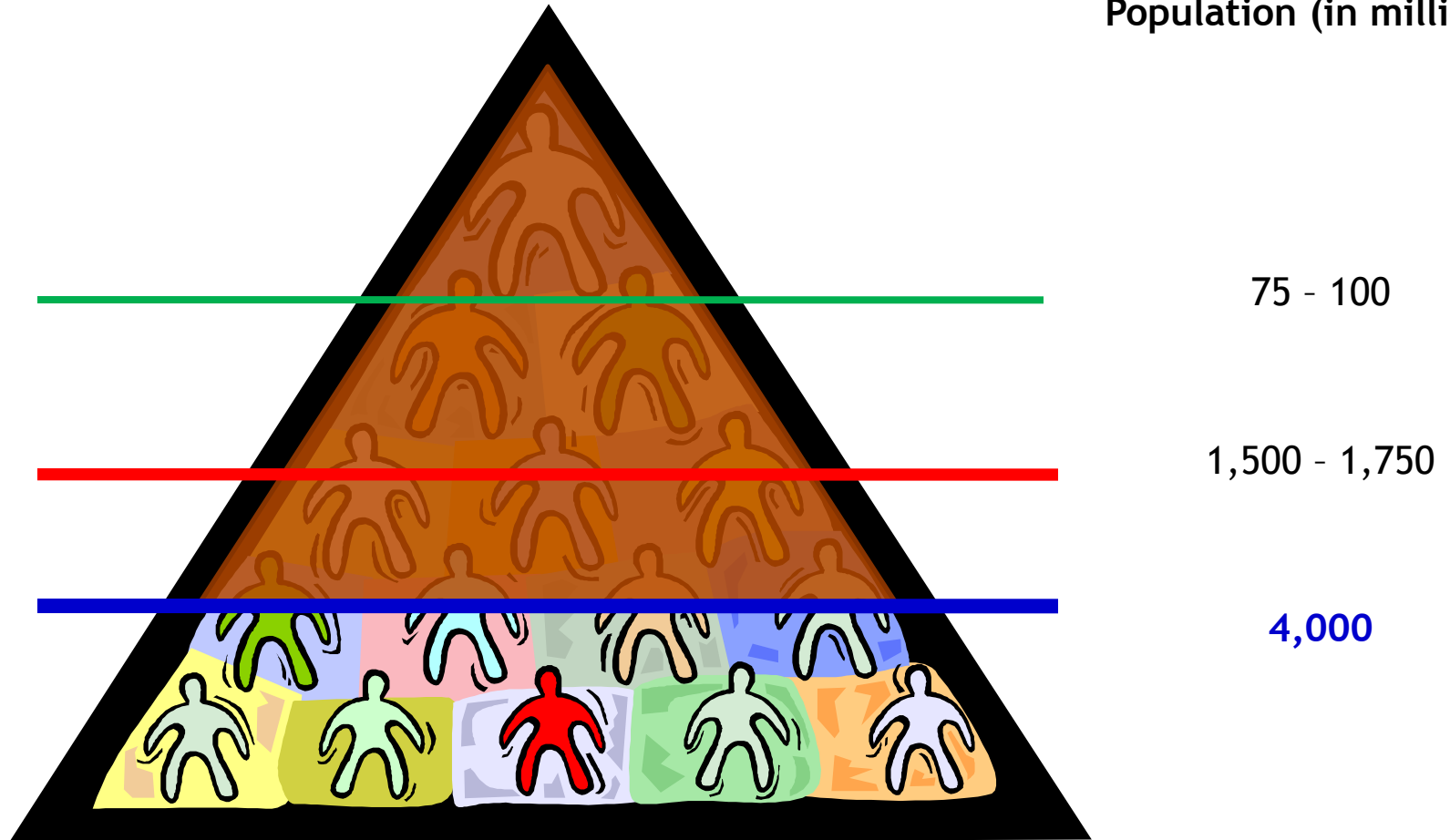
A focused look at the microenterprise sector

- ① **The Microenterprise Sector**
- ① **The 5 C's of Credit and the Microentrepreneur**
- ① **The Philippine Microfinance Regulatory Environment**
- ① **RCBC Microfinance Initiative**



# “THE BOTTOM OF THE PYRAMID”

Population (in millions)



Source : *The Fortune at the BOP*, by C.K. Prahalad

# 5 C's of Credit - *Character*

Without/Limited access to  
formal sources of credit /  
No credit history



# 5 C's of Credit - *Capacity*



**Basic financial skills**

**Basic or no Business records**

**Few employees (0-9),  
Usually family members**

**Family and business are considered as one**

**Multiple income-generation activities**

# 5 C's of Credit - *Capital*



Small volume of  
operations

# 5 C's of Credit - *Collateral*

No marketable  
collaterals to offer

Rudimentary / obsolete  
equipment



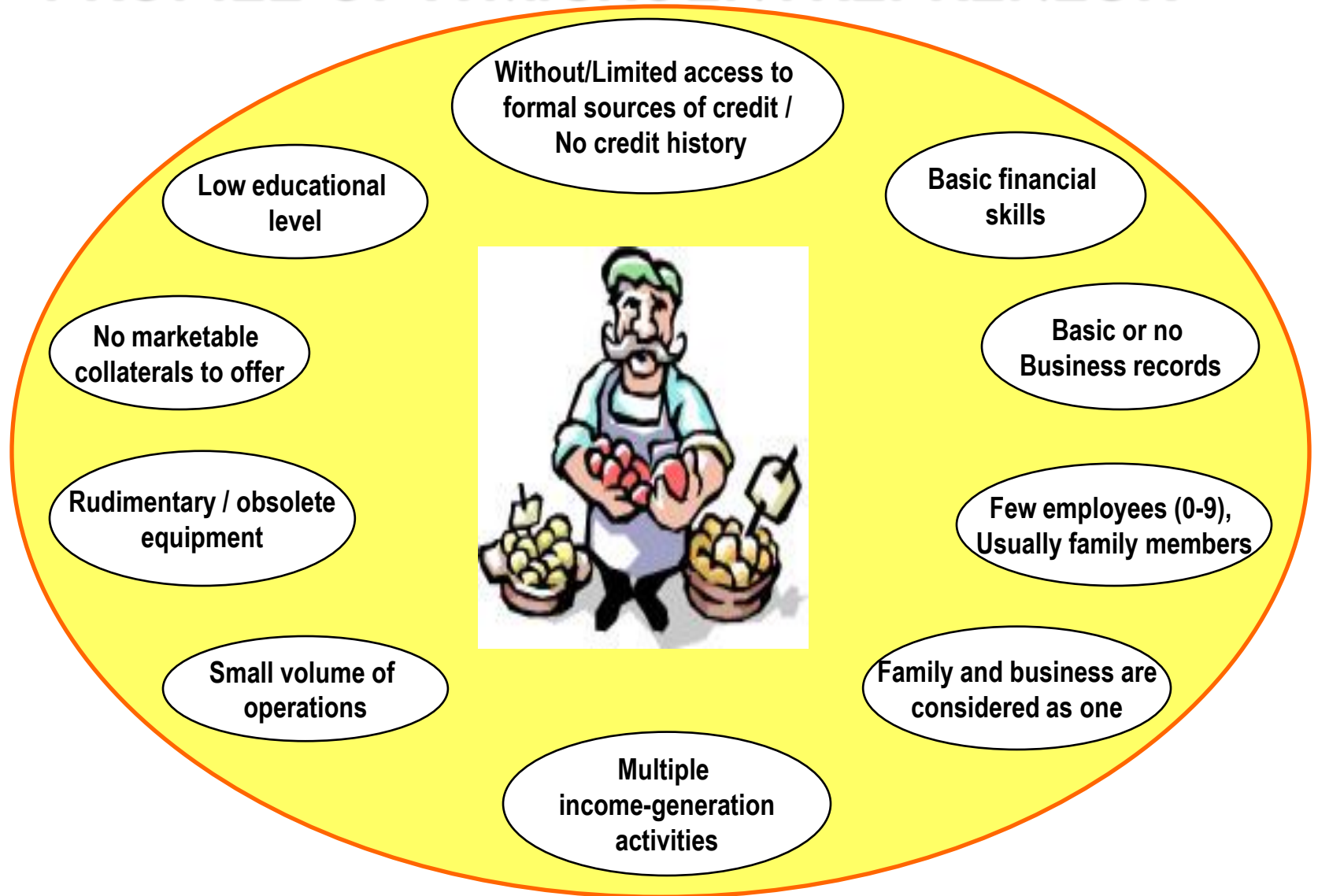
# 5 C's of Credit - *Condition*

Low educational  
level





# PROFILE OF A MICROENTREPRENEUR



# Philippine Laws & Regulations

- Republic Act 8425
- Bangko Central Circular 272



*Bangko Sentral ng Pilipinas*

MAYNILA, PILIPINAS  
OFFICE OF THE GOVERNOR

CIRCULAR NO. 272  
Series of 2001

Pursuant to Monetary Board Resolution No. 40 dated January 11, 2001, the following guidelines shall be observed in implementing the provisions of Sections 40, 43 and 44 of the General Banking Law of 2000 with respect to microfinancing loans:

1. *Microfinancing loans* are small loans granted to the basic sectors, as defined in the Social Reform and Poverty Alleviation Act of 1997 (Republic Act 8425), and other loans granted to the poor and low-income households for their microenterprises and small businesses so as to enable them to raise their income levels and improve their living standards. These loans are granted on the basis of the borrowers' cash flow and are typically unsecured.



# BSP Circular No. 272 (2001)

## Guidelines on Microfinance Loans:

1. Cash flow-based; typically unsecured
2. Maximum principal amount not exceeding P150,000 (USD \$ 3,480)
3. Repayment frequency, depending on cash flow
4. Reasonable interest rate
5. Audited/un-audited FS not required
6. Exempted from rules governing unsecured loans.



*“Helping people help themselves”*

# **RCBC’S MICROFINANCE INITIATIVE**

# WHERE WE OPERATE

**PRES. JOSE P. LAUREL  
RURAL BANK**  
*July 2009*

**RIZAL MICROBANK**  
*November 2010*

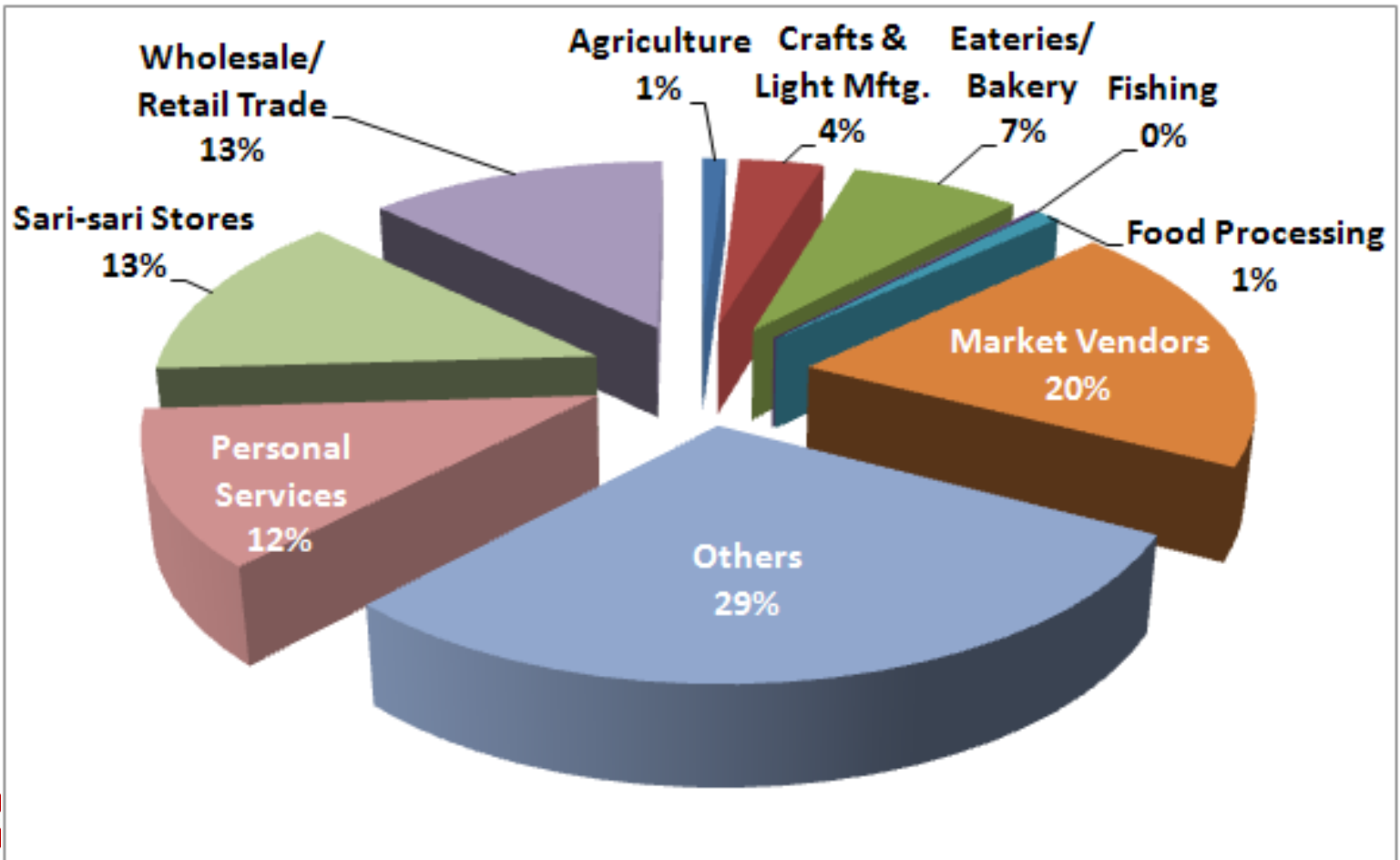


# PERFORMANCE DATA

<b>As of May 31, 2011</b> <i>(USD \$1.00 = PhP 43.11)</i>	
<b>Lending Methodology</b>	<b>Individual Lending</b>
<b>Lending Units</b>	<b>12</b>
<b>Cumulative Loan Disbursement</b>	<b>USD \$ 5.06 million</b>
<b>Number of Loans Disbursed</b>	<b>4,762</b>
<b>Average Loan Size</b>	<b>USD \$ 1,063</b>
<b>Average Loan Term</b>	<b>4 months</b>
<b>Outstanding Loan Portfolio</b>	<b>USD \$ 837 thousand</b>
<b>Active Borrowers</b>	<b>915</b>
<b>Portfolio-at-Risk (PAR &gt;1 day)</b>	<b>0.43%</b>



# PORTFOLIO DISTRIBUTION



**THANK YOU!**

