

# **PDIC and RBAP: Partners in Financial Inclusion and Economic Growth**

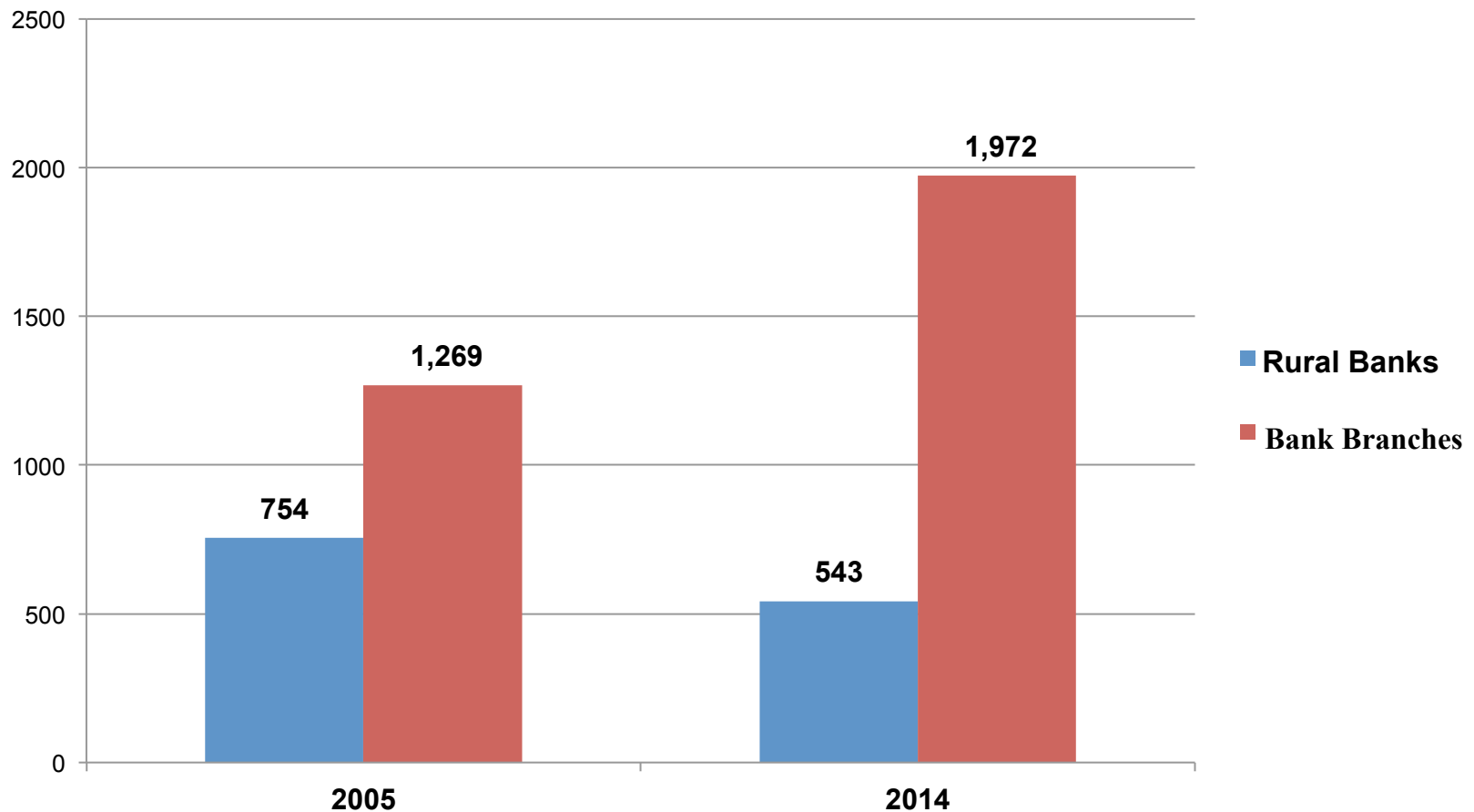
**PRESIDENT CRISTINA QUE ORBETA**  
RBAP 62<sup>nd</sup> Annual National Convention  
May 18, 2015



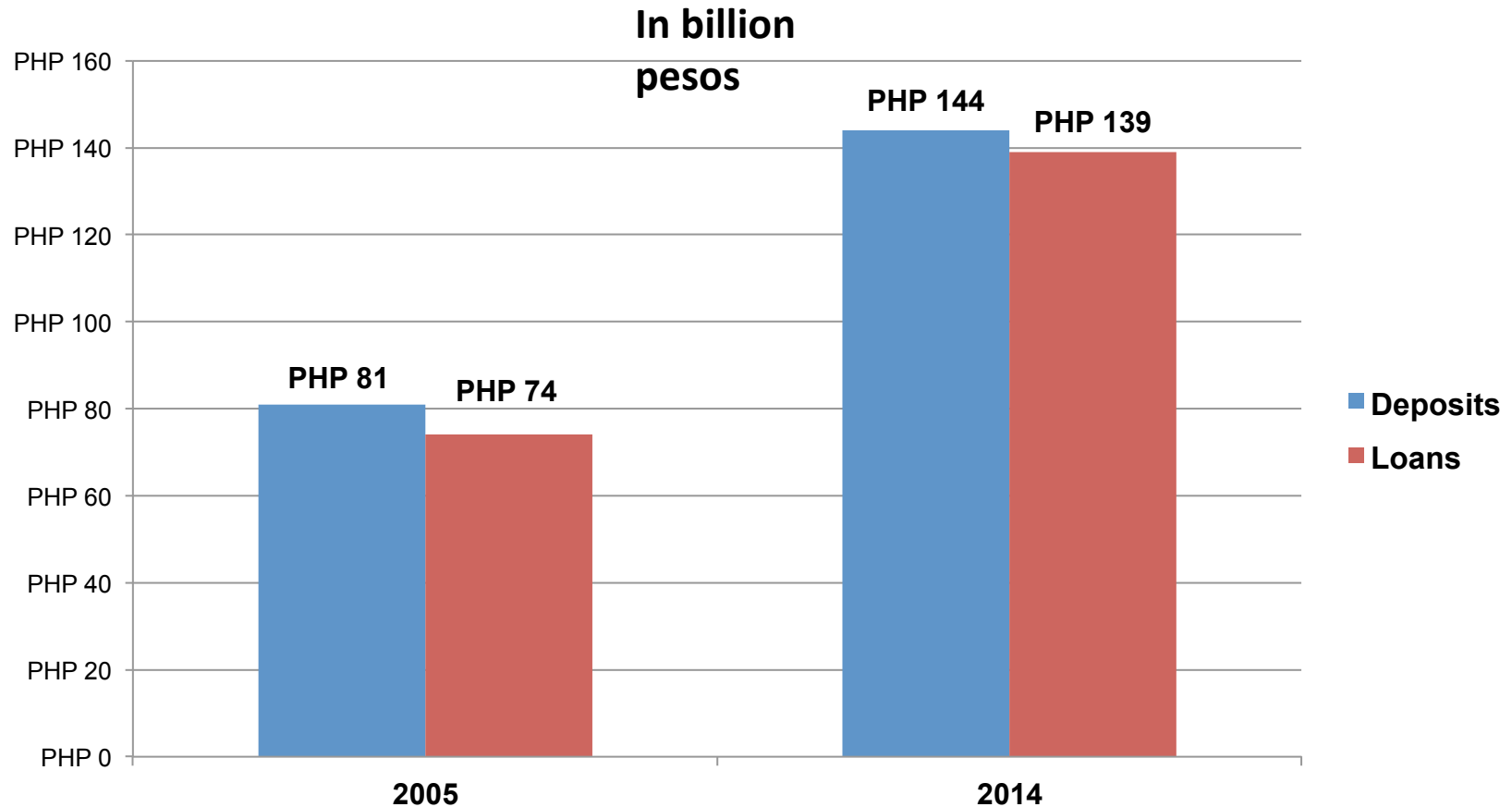
# Rural Banking Industry: An Overview



# Rural Banking Industry: Banks and Branches



# Rural Banking Industry: Deposits and Loans



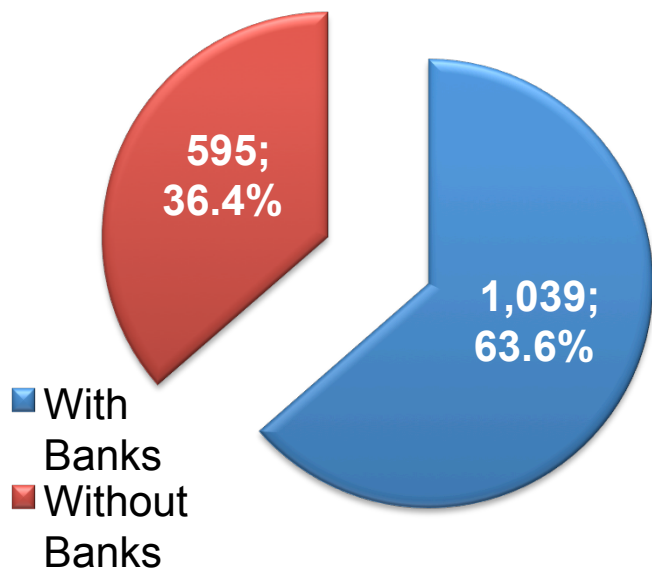
# FINANCIAL INCLUSION

Access to financial services for all Filipinos



# Unbanked Areas as of 2014

Distribution of municipalities/cities according to presence of banking services, as of 2014



**BSP Circular 868 dated 26 Jan. 2015:** Branches to be established in unbanked cities & municipalities shall be exempted from the processing fee.

Rank of region, by number of unbanked municipalities, as of 2014

| Rank | Region                   | No. of unbanked municipalities | % of unbanked municipalities |
|------|--------------------------|--------------------------------|------------------------------|
| 1    | ARMM                     | 108                            | 91.5%                        |
| 2    | Eastern Visayas (R8)     | 104                            | 72.7%                        |
| 3    | CAR                      | 51                             | 66.2%                        |
| 4    | Central Visayas (R7)     | 48                             | 36.4%                        |
| 5    | Zamboanga Peninsula (R9) | 46                             | 63.9%                        |
| 6    | Ilocos Region (R1)       | 34                             | 27.2%                        |
| 7    | Northern Mindanao (R10)  | 33                             | 35.5%                        |
| 8    | Bicol (R5)               | 32                             | 28.1%                        |
| 9    | Western Visayas (R6)     | 28                             | 21.0%                        |
| 10   | MIMAROPA (R4-B)          | 26                             | 35.6%                        |
| 11   | CARAGA                   | 23                             | 31.5%                        |
| 12   | Cagayan Valley (R2)      | 17                             | 18.3%                        |
| 13   | SOCCKSARGEN (R12)        | 16                             | 32.0%                        |
| 14   | Davao (R11)              | 13                             | 26.5%                        |
| 15   | Central Luzon (R3)       | 9                              | 6.9%                         |
| 16   | CALABARZON (R4-A)        | 7                              | 4.9%                         |
| 17   | NCR                      | 0                              | 0.0%                         |

Source: BSP, BSD staff calculation

# New Regulatory Issuance

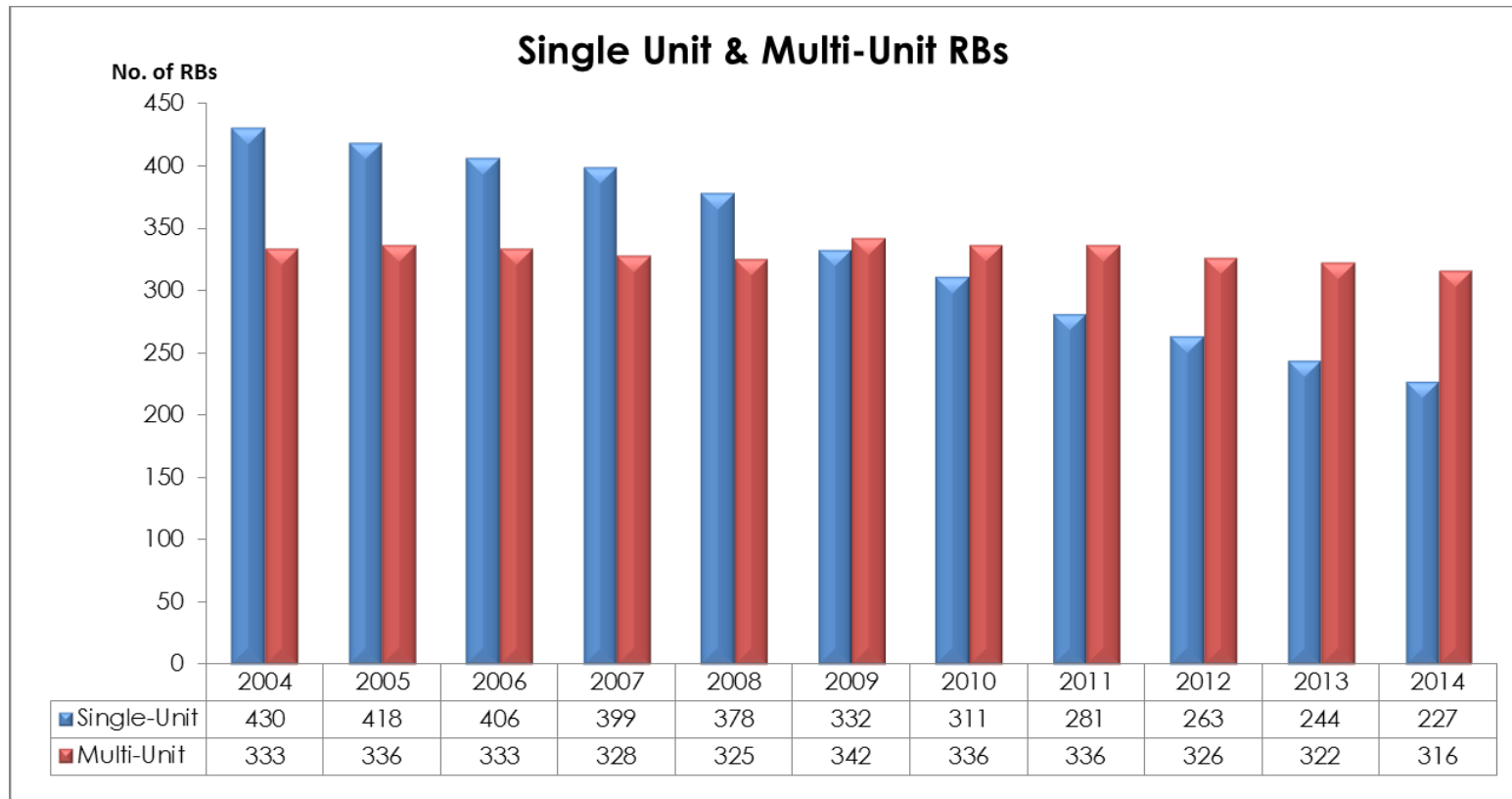
Exemption from payment of insurance premium for:

- a. Products that encourage deposits of small depositors
- b. Deposits generated in unbanked areas

subject to a minimum of PHP5,000



# Rural Banking Industry: Overview

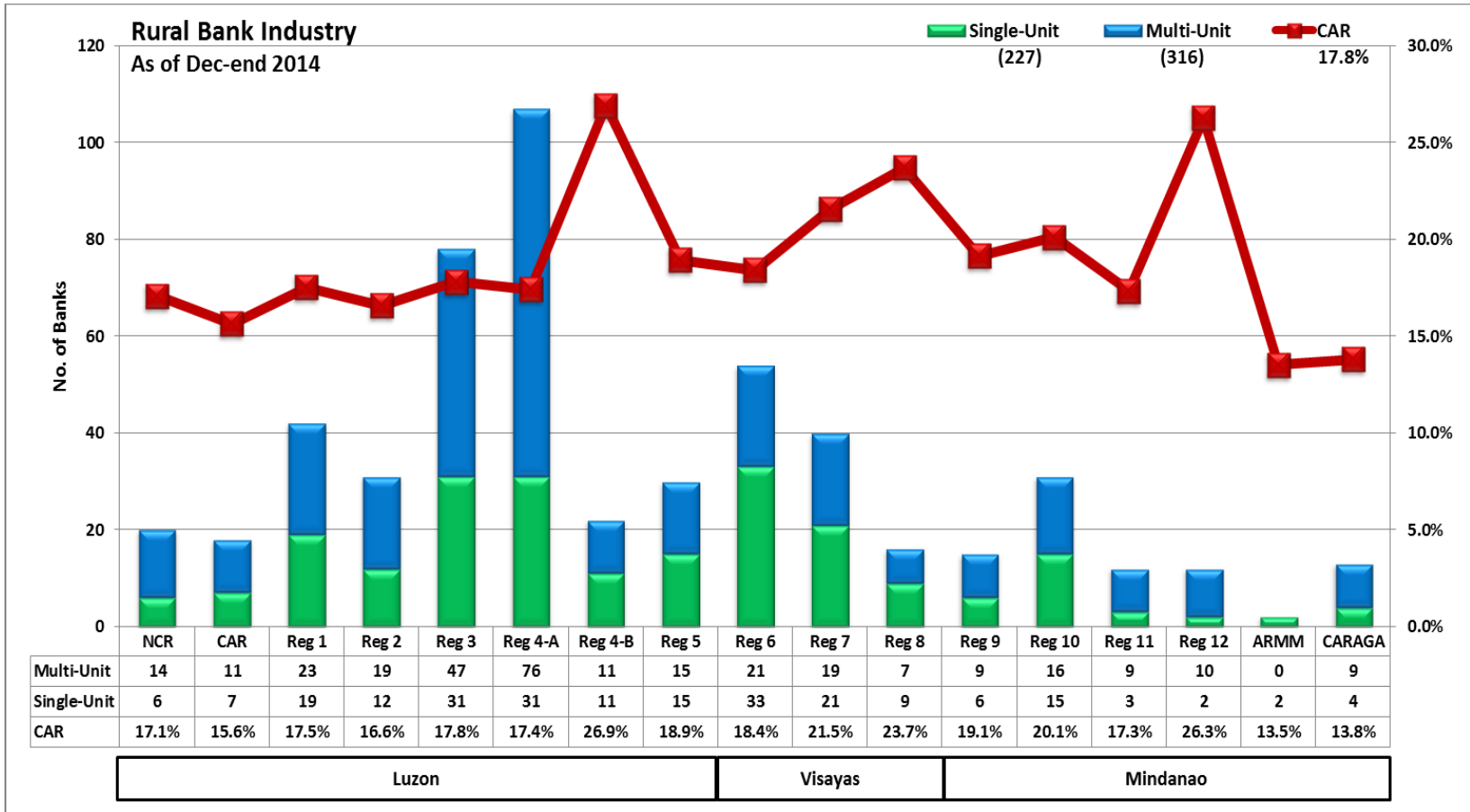


**For the past 10 years, more RBs became Multi-Unit Banks (MUBs) while Single-Unit Banks (SUBs) were getting fewer due to MCAs and closures.**

➤ **Out of 193 closed RBs, 105 or 54% are SUBs**



# Rural Banking Industry: Overview



As of 2014 MUBs outnumbered SUBs in all regions except in the Visayas and ARMM

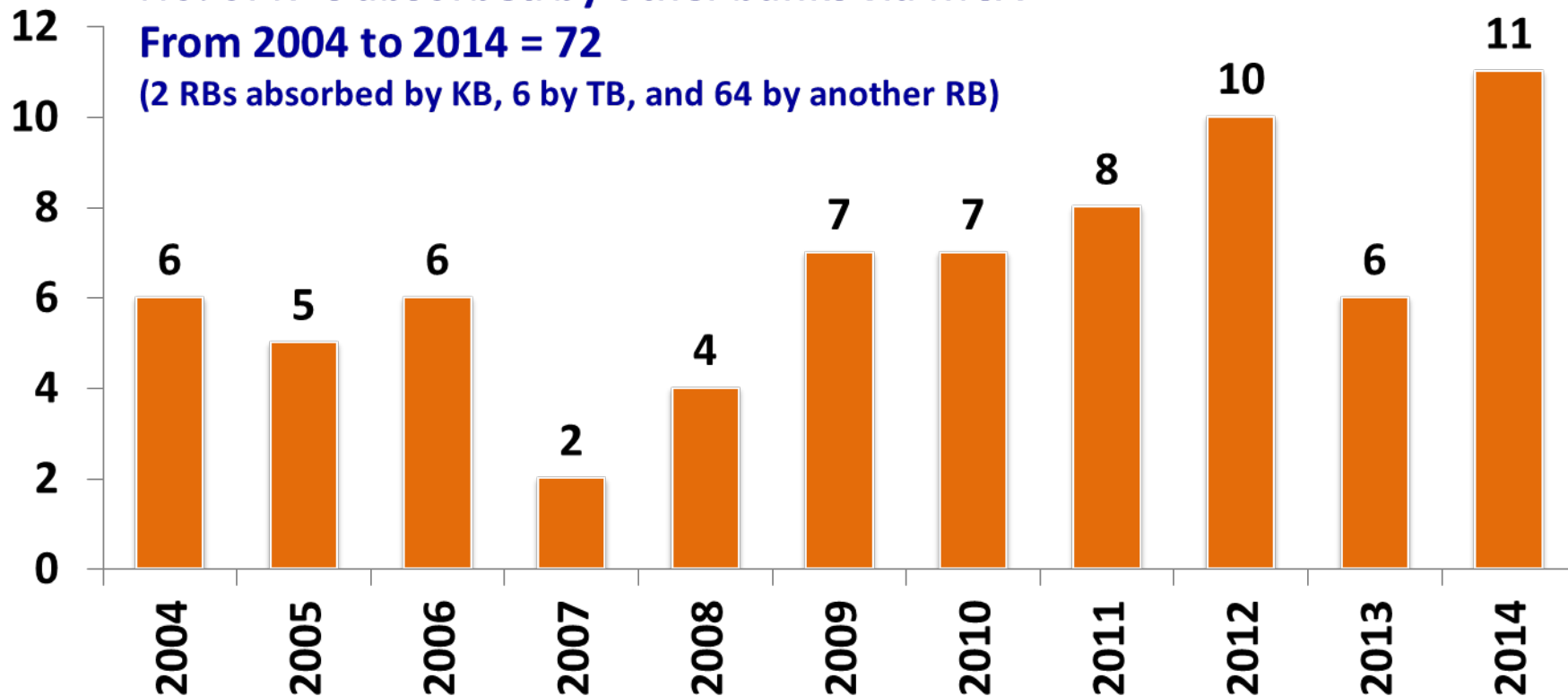


# Merger, Consolidation and Acquisitions (MCAs) help promote banking stability

## No. of RBs absorbed by other banks via MCA

From 2004 to 2014 = 72

(2 RBs absorbed by KB, 6 by TB, and 64 by another RB)



# Why consolidate?

1. Improve financial strength, enhance long-term viability and returns to stakeholders
2. Improve synergies and economies of scale
3. Expand and diversify market



# Why consolidate?

4. Stronger management and governance

5. Strengthen ability to compete and survive competition from bigger banks



# Consolidation Program for Rural Banks (CPRB)



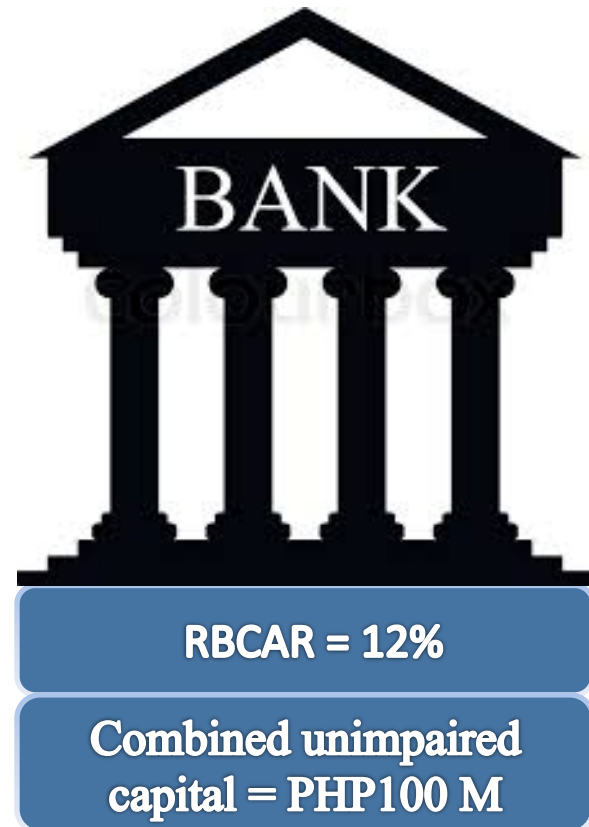
# Consolidation Program for Rural Banks

## ELIGIBILITY

**At least  
5 rural  
banks**

• with head office or majority of branches located in same region/ area

if head office is located in nearby region, all program objectives are met



# Consolidation Program for Rural Banks

## PROGRAM SUPPORT

Financial advisory  
services

Business process  
improvement  
services

Capacity building  
support services

Possible equity  
participation by  
LBP

BSP to observe full  
flexibility in grant  
of incentives



# Consolidation Program for Rural Banks

## OBJECTIVES

Improve financial strength, enhance long-term viability and generate better return for shareholders

Strengthen management and governance

Generate synergies and economies of scale

Expand and diversify market





# Consolidation Program for Rural Banks

## REQUIREMENTS



## COMMITMENT

# Consolidation Program for Rural Banks

## CONTACT DETAILS

### CPRB LANE

7<sup>th</sup> Floor, PDIC Ayala Extension Office

SSS Bldg., 6782 Ayala Avenue corner V. A. Rufino St.  
(formerly Herrera St.)

1226 Makati City

Telephone nos. **(02) 813-3673 ; 841-4243**



# Thank You

