



64th RBAP Annual National Convention
and General Membership Meeting
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MSMEs: Opportunities for Financial Inclusion

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**SMALL BUSINESS
CORPORATION**

PRESENTATION FLOW

- ✓ What is “Financial Inclusion” (FI)
- ✓ How do MSMEs Contribute to FI
- ✓ What are the Opportunities for FI
- ✓ What is the NG doing to Strengthen Philippine MSME Sector
- ✓ Summary

FINANCIAL INCLUSION

- ✓ ADB Study: 68.7% of adults did not have an account in formal financial institutions in 2015
 - Only 17.8% of bottom 40% of income earners have bank accounts
 - 36% of municipalities do not have banking office (2014)

FINANCIAL INCLUSION

- ✓ NG launched the National Strategy for Financial Inclusion (NSFI) on July 1, 2015
 - 13 gov't agencies, private sector institutions & dev't partners
 - Coordinated by BSP
- ✓ Financial Inclusion: “state wherein there is effective access to a wide range of financial products and services by all”

FINANCIAL INCLUSION IN ASEAN 50



ASEAN 50

PHILIPPINES 2017



PARTNERING FOR CHANGE, ENGAGING THE WORLD

PROSPERITY FOR ALL SUMMIT: “It is important for each nation to come together and help one another because it cannot just be only two or three countries that are progressing leaving the seven countries behind.”

ASEAN 50 & INCLUSIVE GROWTH

- ✓ “... our nation would leave behind a legacy of shaping an ASEAN Community that espouses inclusive growth.” - PRRD
- ✓ “... MSMEs in all ASEAN Member States need to strategically enhance their productivity, as well as address challenges towards getting more connected, more resourced and more engaged.” - DTI Sec. Lopez
- ✓ “--- our focus has been on how to make economic growth inclusive to all by focusing on the micro-entrepreneurs and spreading our economic activities to other regions.” - PA J.A. Concepcion III

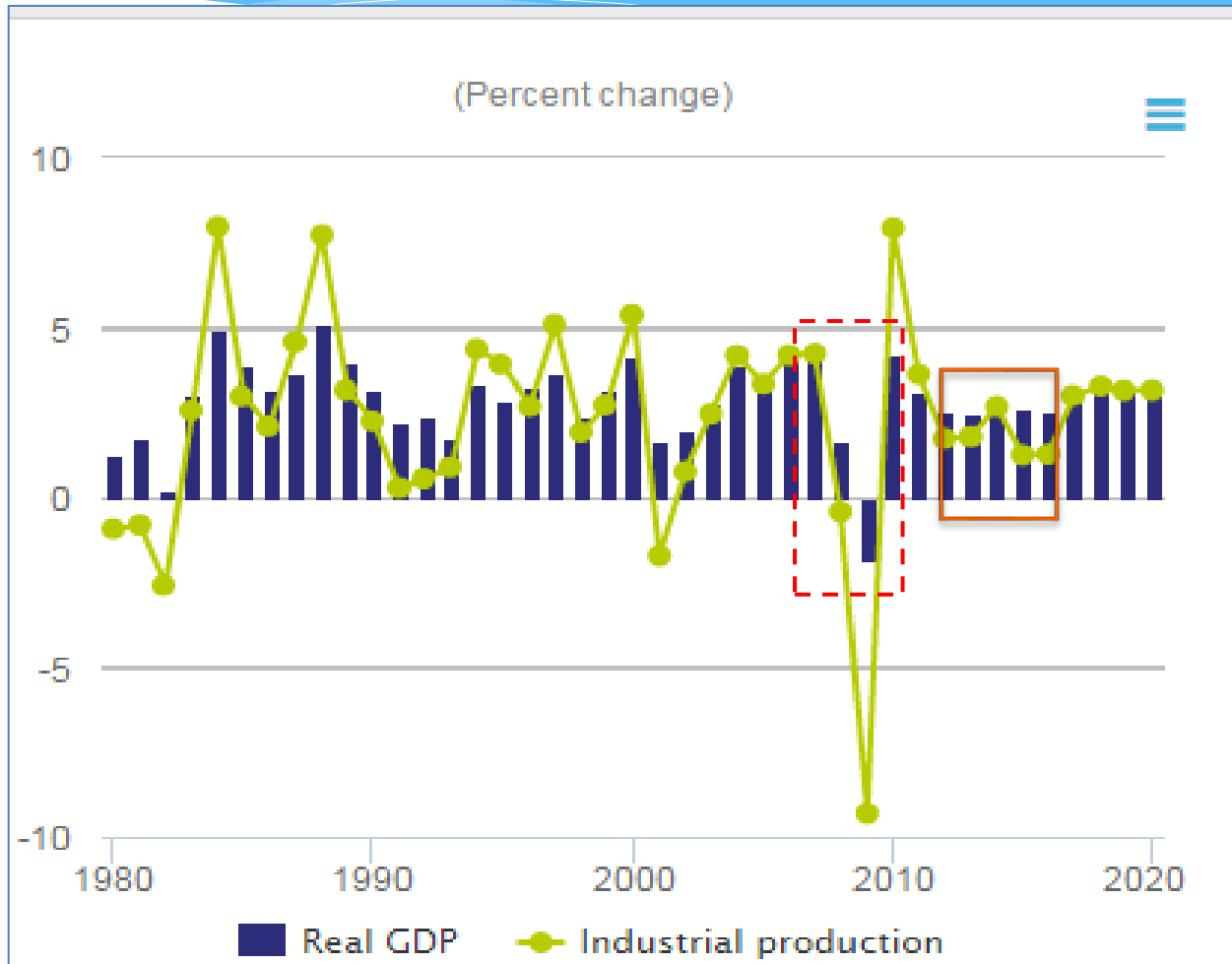
PHILIPPINE MSMEs

- ✓ Account for 99.6% of all registered enterprises; 99.2% are MSEs
- ✓ MSME jobs over 60% of employment
- ✓ Contribute over 35% of value added
- ✓ MSMEs are 60% of exporters contributing 25% of export revenues

GLOBALIZATION

- ✓ Lessons from the 2007 Financial Crisis
 - Business models & governance issues
 - Not a short-term dip; long-term factors at work
- ✓ Impact on global investments & trade
 - Migration & investment flows
 - Regionalization & trade agreements
- ✓ Opportunities for MSMEs in Emerging Economies
 - Link-up with global value chains
 - Scaling up of cross-border trade

GLOBAL GROWTH & OUTPUT



Source: IHS Mark <http://ihsmarkit.com>

ASEAN GROWTH POTENTIAL

- ✓ **Asian / ASEAN Geo-politics**
 - Realignments; integration;
 - Large population, high income = markets

- ✓ **“Advantage of Backwardness”**
 - Technology applications
 - higher education
 - women participation
 - demographic dividend

- ✓ **APEC Initiatives - Focused on MSMEs**
 - Foreign direct investments
 - Cross-border opportunities:
GVCs; FTAs, JECs

LEGISLATIONS

- ✓ Republic Act No. 9501
 - Magna Carta for MSMEs
- ✓ Republic Act No. 10644
 - Go Negosyo Act
- ✓ Republic Act No. 9510
 - Credit Information Systems Act
- ✓ Republic Act No. 10693
 - Microfinance NGOs Act
- ✓ Draft Bill – Secured Transactions Act

MSME INTERVENTATIONS

- ✓ GVCs: Anchor performance of MSMEs
- ✓ Quality: Level up production technologies
- ✓ ASEAN Integration: Scale up production
- ✓ Banking: MSMEs leveling up & scaling up
- ✓ Counter-cyclical policies: Confidence building
- ✓ Good Governance: Conditions for access of support
- ✓ Disaster recovery: Rehabilitation funding

DTI PROGRAMS FOR MSMEs



SB CORPORATION



- ✓ A GFI created under the Magna Carta for Small Enterprises in January 1991
- ✓ Responsibility of implementing comprehensive policies and program to assist MSMEs
- ✓ Merger of SBGFC and the Guarantee Fund for SMEs through E.O. No. 28, November 2001.

INTERACTIONS WITH RBs



- ✓ Capacity Building: Risk-based lending
 - Change in perspective
 - Tailor-fitting
- ✓ Guarantee Program
 - Risk transfer: addressing moral hazard
 - Programs: portfolio & account cover
- ✓ Wholesale Loans
 - Fund source: MSME Notes

SB CORP: P3 PROGRAM



- ✓ Provides microenterprises an alternative source of financing that is easy to access at reasonable cost.
- ✓ Boosts development of entrepreneurship and the MSME sector, particularly the microenterprises.



IN SUMMARY

- ✓ Global Events Favoring Emerging Economies
 - FDIs and GVCs
 - FTAs, JECs and Cross-border Trade
- ✓ Conducive Policy Environment
 - Tone at the Top
 - Legislations
 - Performance of Government Agencies
- ✓ Private Sector Initiatives
 - Entrepreneurship and Innovation
 - Technology Applications
 - MSMEs in value chains

THANK YOU