

# **Financial Inclusion and the potential of unbanked markets**

**By:**

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**Rural Banks: Reliable Partners of Local Communities for Growth**

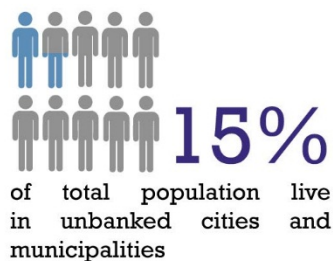
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**SMX Convention Center, Pasay City**

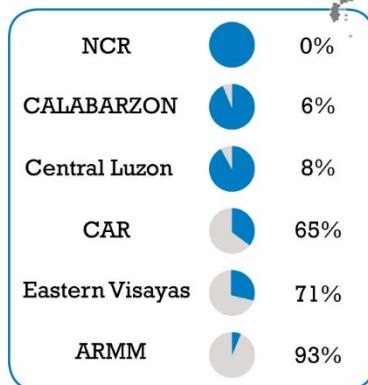
# Financial opportunities

	Global (2011)	East Asia and Pacific (2012)	Philippines (2012)
Accounts with a formal financial institution:			
• Overall	50%	55%	27%
• Female	47%	52%	34%
• Income, bottom 40%	41%	39%	10%
Saved at a financial institution in the past year	22%	28%	15%
Loan from a financial institution in the past year	9%	9%	11%
Loan from family and friends	-	27%	39%
With debit cards	-	35%	13%
With credit cards	-	7%	3%

# Financial opportunities: Philippines



% of unbanked cities and municipalities



■ with at least one banking office  
■ unbanked

archipelagic barriers pose a big challenge to financial access

For every 10,000 adults

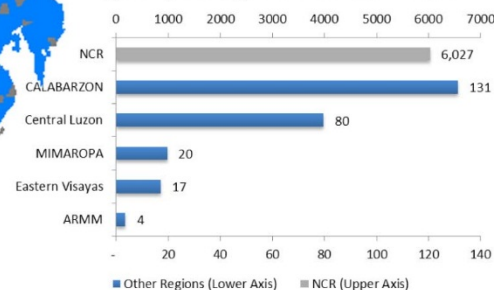


**1** Bank



**2** ATMs

Number of banks per 1,000 sq. km habitable area



Notes: Population count based from 2010 NSO data  
All figures are as of end-June 2012 (BSP)

# Non-financial opportunities



- Microinsurance
  - Insurance Penetration–Premium as % of GDP- 1.02%
  - Estimated Life Insurance coverage is only 13.90%

*(Philippine Insurance Commission)*
- Health
  - Lack of access to health service providers and cheap quality medicines
  - Limited micro health insurance
- Markets - preponderance of middlemen



# Non-financial opportunities

## Low microinsurance coverage

COUNTRIES	PENETRATION
	RATE
Philippines	20.4%
Thailand	14.1%
India	8.9%
Bangladesh	5.1%
Malaysia	3.6%
Pakistan	3.0%
China	0.9%
Indonesia	0.5%
Vietnam	0.2%

**“One out of five Filipinos is covered by microinsurance (19.95 million), making the Philippines the country with the highest coverage in Asia.”**

# **Non-financial opportunities**

## **Microinsurance coverage in the Philippines**

### **35 Commercial Insurance Providers**

- 17 Life Insurance Companies
- 18 Non-Life Insurance Companies

### **19 Mutual Benefit Associations (MBA)**

- 15 are under the RIMANSI Network

### **89 Microinsurance Products Approved**

*Source: Presentation of Dir. Almario in  
ADB-JFPR Project Launch*

# Opportunities for financial inclusion



- **Mobile banking**  
**150Million+**  
**Php 535Billion+**  
**Number and amount of e-**  
**money transactions in 2011**

*(Mobile Southeast Asia Report 2012)*

**87.4%**  
Mobile phone  
penetration in the  
Philippines

- **Increasing demand and opportunities for micro insurance**
- **Drive to achieve Millennium Development Goals**



# CARD MRI's experience on financial inclusion





# CARD MRI as a financial inclusion champion

- CARD was established in December 1986



Twenty peso bill

Old typewriter





# CARD MRI

CARD Mutually Reinforcing Institutions



## “Mga Institusyon sa iisang Misyon”





# CARD MRI as a Financial Inclusion Champion

## Making financial services accessible especially in rural areas

- 1,442 Banks, MBOs, office units out of the 1,580 total offices
- 2,498,658 number of clients including savers
- 1,380,411 active clients with loans
- Significant ownership: The vision over the next 10 years is 70% ownership by client.

**82%**

of CARD Bank main branches  
with ATM machines



# CARD MRI as a Financial Inclusion Champion

**Making services accessible through mobile banking**

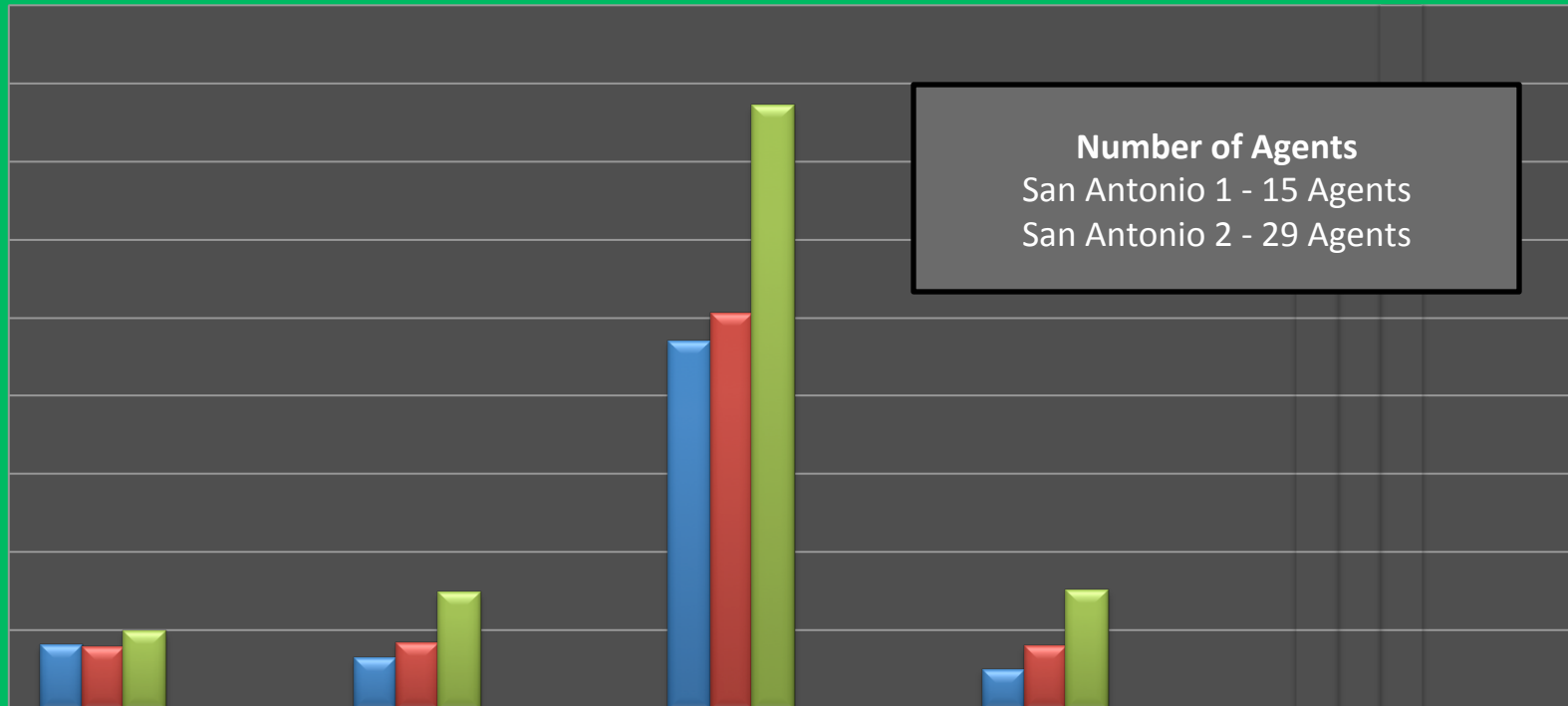
***konek2*CARD**





# Number of Agent Transaction

9000  
8000  
7000  
6000  
5000  
4000  
3000  
2000  
1000  
0



	CASH-IN	CASH-OUT - COMPLETE	AGENT ASSISTED PAYMENT	AGENT AIRTIME (Agent Load)	TOTAL
■ JULY	811	641	4700	500	6652
■ AUGUST	781	838	5061	798	7478
■ SEPTEMBER	981	1486	7716	1521	11704
■ JULY	12%	10%	71%	8%	100%
■ AUGUST	10%	11%	68%	11%	100%
■ SEPTEMBER	8%	13%	66%	13%	100%

# CARD MRI as a Financial Inclusion Champion

## Making other services accessible to the poor



### Microinsurance

Total number of insured individuals: 10,317,590  
BOAT partners: 19  
MBA Coordinators: 971



### Health

Clients w/ access to health programs- 1,637,227  
Partner PPP: 1,188  
Health Clinics: 18  
Pharmacies: 11



### Education

Clients w/ CwE- 780,155  
Several financial literacy & other services modules  
Scholarships granted – 5,105  
Graduate Scholars – 2,018

# CARD MRI as a Financial Inclusion Champion

## Making other services accessible to the poor



### Disaster Mgt

Relief pack distribution  
Special Calamity Loan  
Rehabilitation Loan  
Loan Moratorium  
Stress debriefing  
Solar lights distribution  
Microinsurance



### Product Dev't & Marketing

Developing local industries  
Bringing indigenous products to mainstream markets



### International Assistance

OFW Foundation  
Technical Assistance  
Equity Participation  
Microfinance Services



# CARD MRI

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