



**A Presentation for the RBAP Symposium**

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**Executive Vice President and Chief Operating Officer**




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## The SB Corp Mandate

***“To implement comprehensive policies and programs to assist MSMEs in all areas including, but not limited to, finance and information services, training and marketing”.***

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# P3 Program Updates



## Annual P3 Performance : P3 fund, Loan portfolio size, Loan releases and Count of borrowers

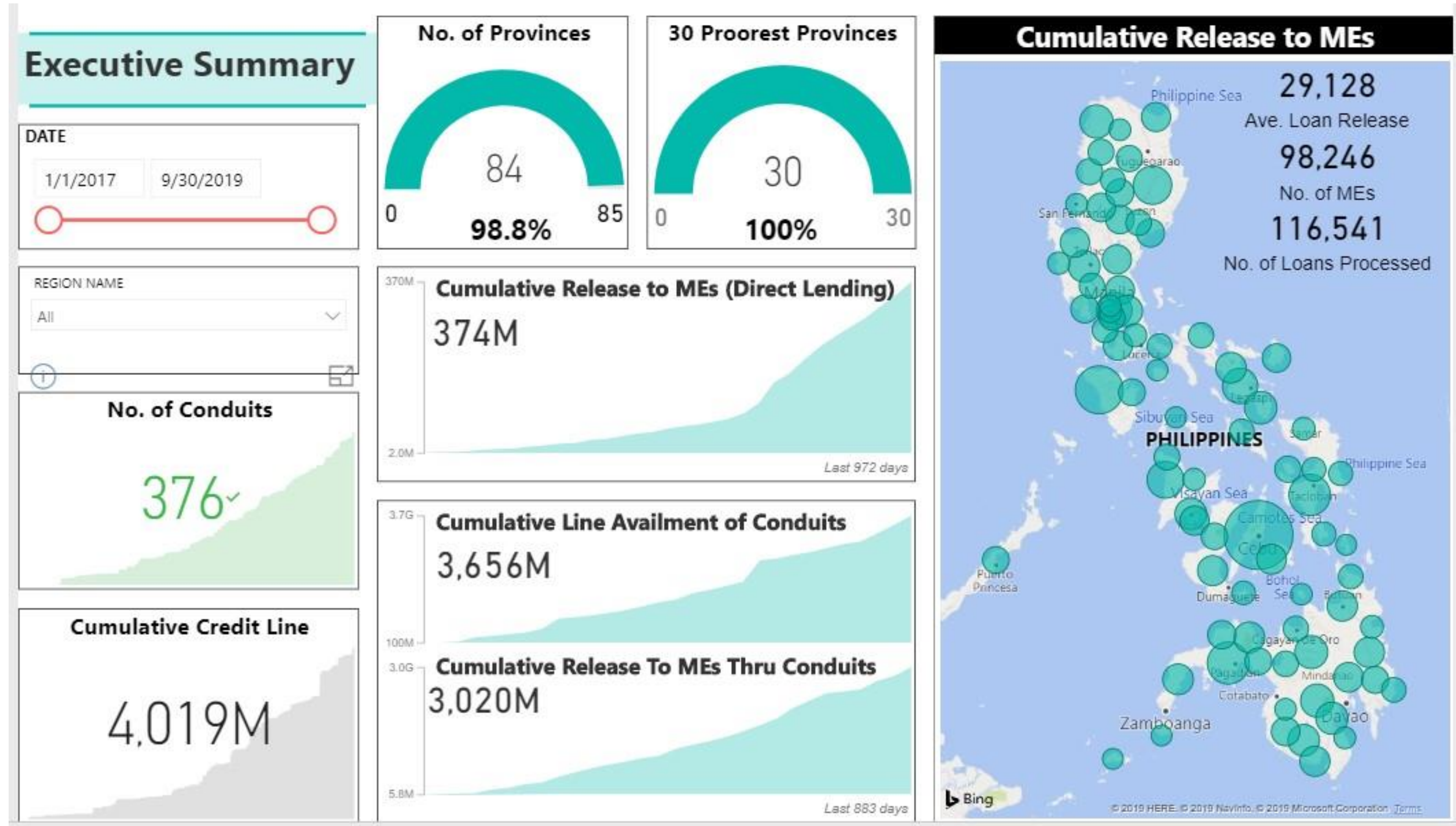
Particulars	2017	2018	2019 As of September	Total since inception
Cumulative Onlending Fund downloaded by DBM to SBCorp	P 923,000,000	P 1,940,000,000	P 3,390,000,000	P 3,390,000,000
Outstanding balance of P3 loan portfolio generated by SBCorp by year-end	P 702,205,254	P 1,861,345,671	P 2,126,370,441	P 2,126, 370,441
P3 Fund already with SBCorp but not yet converted to loan portfolio by year-end	P 220,794,746	P 78,654,329	P 13,629,559	P 13,629,559
Amount of loans released to conduits and/or to MEs during the year	P 804,603,254	P 1,754,199,270	P 1,184,376,770	P 3,743,179,294
Amount of loans released to conduits not yet downloaded to MEs by year-end	P 347,166,148	P 754,389,193	P 586,108,706	P 586,108,706
Number of new borrowers (unique count) during the year	20,400	40,781	37,065	98,246



# P3 Dashboard







## Cumulative Release to MEs

29,128

Ave. Loan Release

98,246

No. of MEs

116,541

No. of Loans Processed

PHILIPPINES

Bing

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Release to MEs by Province			
98,246 No. MicroEnterprises	REGION NAME	PROVINCE	Release to MEs
			No. of MEs
3,395M Total Release to MEs	NATIONAL CAPITAL REGION (NCR)	METRO MANILA (1ST DISTRICT)	43,690,000
	NATIONAL CAPITAL REGION (NCR)	METRO MANILA (2ND DISTRICT)	11,721,000
	NATIONAL CAPITAL REGION (NCR)	METRO MANILA (3RD DISTRICT)	80,091,708
	NATIONAL CAPITAL REGION (NCR)	METRO MANILA (4TH DISTRICT)	4,598,155
29,128 Ave. Loan Release	CORDILLERA ADMINISTRATIVE REGION (CAR)	ABRA	25,645,480
	CORDILLERA ADMINISTRATIVE REGION (CAR)	APAYAO	27,445,560
	CORDILLERA ADMINISTRATIVE REGION (CAR)	BENGUET	5,164,000
	CORDILLERA ADMINISTRATIVE REGION (CAR)	IFUGAO	42,761,987
84 No. of Provinces	CORDILLERA ADMINISTRATIVE REGION (CAR)	KALINGA	38,210,221
	CORDILLERA ADMINISTRATIVE REGION (CAR)	MOUNTAIN PROVINCE	29,017,300
	Region I (ILOCOS REGION)	ILOCOS NORTE	20,111,500
	Region I (ILOCOS REGION)	ILOCOS SUR	67,338,528
	Region I (ILOCOS REGION)	LA UNION	29,937,225
	Region I (ILOCOS REGION)	PANGASINAN	5,633,200
	Region II (CAGAYAN VALLEY)	CAGAYAN	45,682,500
	Region II (CAGAYAN VALLEY)	ISABELA	45,166,360
	Region II (CAGAYAN VALLEY)	NUEVA VIZCAYA	94,837,078
	Region II (CAGAYAN VALLEY)	QUEZON	41,535,800
	Total		3,394,600,936
			98,246



# Strategy Moving Forward





## Legislative Initiatives

# P3 Bill Legislative Developments

### 17th Congress

- Passed on 3rd reading in the House of Representatives
- Reached 2nd reading and period of interpellation in the Senate

### 18th (present) Congress

- Seven House Bills on institutionalization of the P3 Program already filed at the Committee on Micro, Small and Medium Enterprise Development (HBs No. 60, 404, 562, 1069, 2215, 3699 and 4072)





## Legislative Initiatives

### **SALIENT FEATURES OF THE P3 BILLS**

- **Creation/institutionalization of the P3 fund to be implemented by SB Corporation as the lead implementing agency, both through direct lending and wholesale lending through conduits e.g. MFIs, rural banks, cooperatives;**
- **Regular fund sourcing through the General Appropriations Act;**
- **2.5% monthly interest rate to be imposed on the loan availed of by the P3 fund beneficiaries; rate to be subject for review and adjustment by MSMED council**
- **Congressional Oversight Committee on Small and Medium Enterprise Development; and**
- **Granting of authority to the MSMED Council to exercise oversight function on the utilization and disbursement of the “P3” fund**





# **Platformification of Pondo sa Pagbabago at Pag-asenso**





## Platformification of Pondo sa Pagbabago at Pag-asenso

Up until first half of 2019, SBCorp has been operating P3 mostly on wholesale lending basis, a modality familiar to government financial institutions

- SBCorp lends to accredited conduits with license to lend, i.e. rural banks, cooperatives and other MFIs
- These conduits retail the loan to micro enterprises under terms imposed by SBCorp inclusive of the cap on financing charges
- They earn via the financing charges net of minimal interest rate charged by SBCorp
- They carry the credit risk on the end-borrowers
- SBCorp has 376 conduits to date



## Platformification of Pondo sa Pagbabago at Pag-asenso

Today, SBCorp is in the process of pilot testing its P3 platformification system

- ▶ In cooperation with a representative population of accredited conduits
- ▶ Under the supervision of the Bangko Sentral ng Pilipinas

Under the system, the role of the accredited financial institutions is converted from being a conduit (or wholesale borrower) to being a transaction service provider

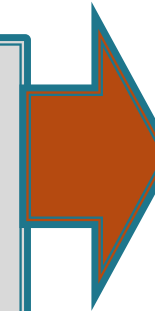
- ▶ They are called Credit Delivery Partners (CDP)
- ▶ They perform borrower investigation and selection, loan endorsement and project monitoring
- ▶ They are compensated thru performance-based service fees
- ▶ Relative to earnings from conduit operations, net earnings of CDPs are better since there is no credit risk to them



***EXISTING CREDIT MODALITY  
(2017 – 2019)***

**WHOLESALE LENDING PROGRAM**

- Financial Institutions (FIs) are accredited as conduit-partners and provided with credit lines
- SBCorporation releases loan funds to the conduit partners, who in turn re-lend to qualified small enterprises
- Repayments on loan drawdowns are made by the FI partners through post dated checks



***PLATFORMIFICATION  
2020 onwards***

**CREDIT DELIVERY PLATFORM**

- Financial Institutions (FIs) are accredited as credit delivery partners (CDPs) and will perform loan processing and post-release project monitoring in exchange for service fees
- SBCorporation releases loan funds directly to the end-borrower and shoulders the credit risk
- End-borrowers directly pays SBCorporation

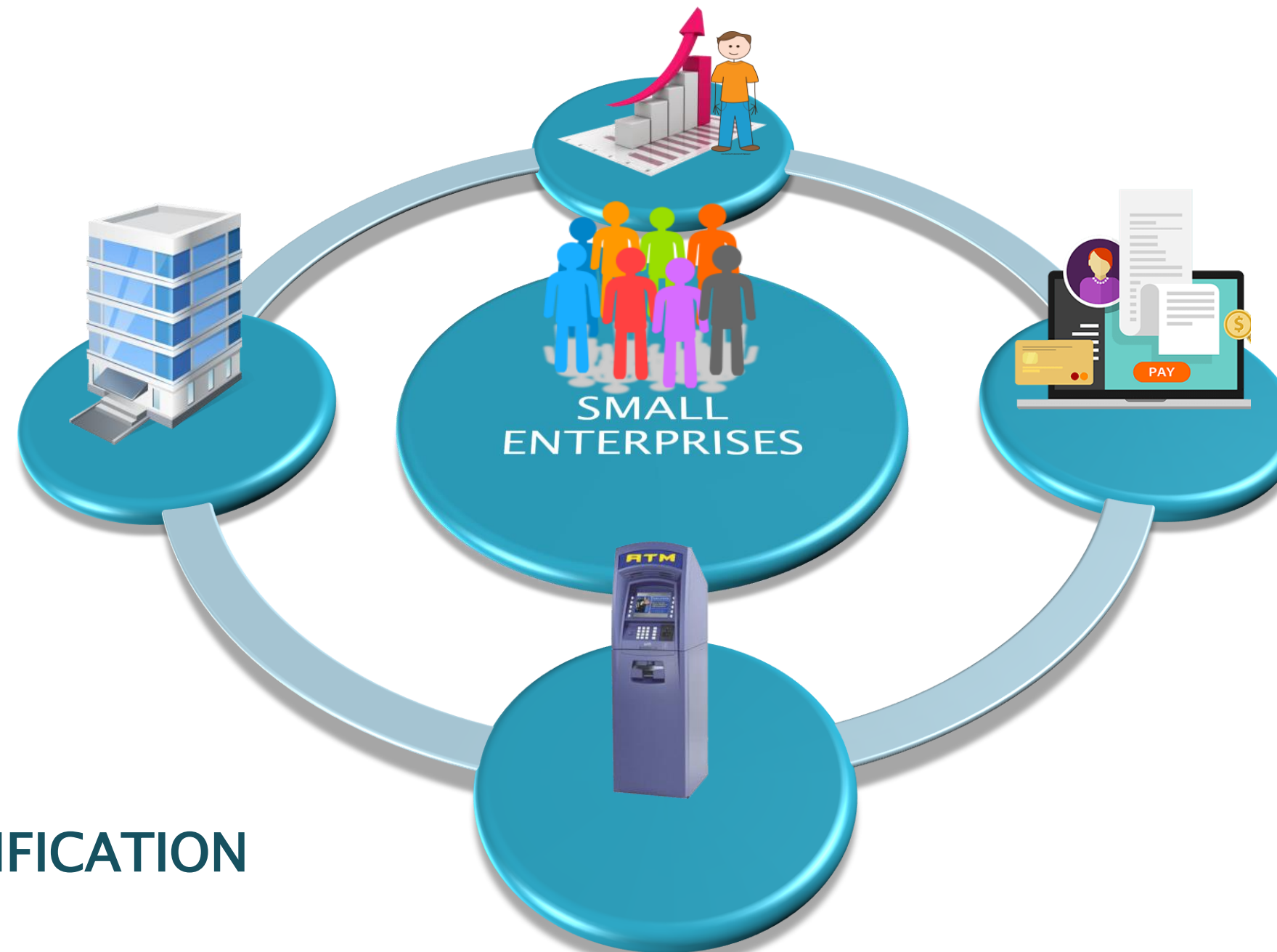




## Platformification of Pondo sa Pagbabago at Pag-asenso

SBCorp aims to build the following network:

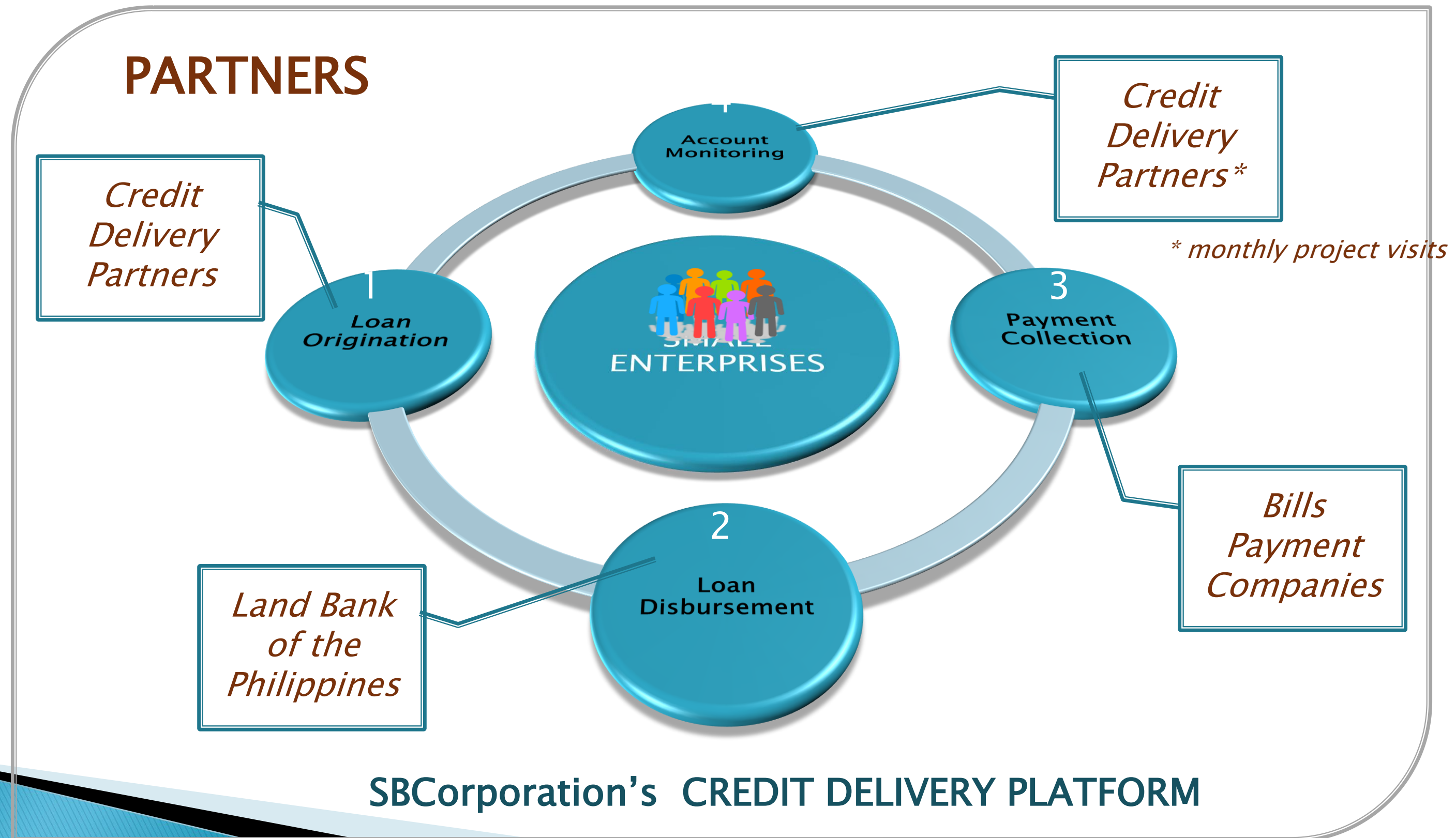
- ▶ Have one CDP within one hour of public commute from each small enterprise community in all 85 provinces of the country
- ▶ Activate a total of 1,500 CDPs that will provide access to financing for small enterprises in all municipalities in the country



## PLATFORMIFICATION

*"A plug-and-play business model that allows multiple participants (producers and consumers) to connect to it, interact with each other, and create and exchange value."*

*– Ron Bergal, SVP for Marketing , Temenos*







## Platformification of Pondo sa Pagbabago at Pag-asenso

The platformification system allows Small Business Corporation the following:

- ▶ Direct loan release to the enterprise-borrower
- ▶ Direct remittance by the enterprise-borrower via industry service providers
- ▶ Automated generation of statement of accounts for the CDPs and for the borrowers
- ▶ Data analytics on P3 inclusive of drivers of expansion and of credit risk



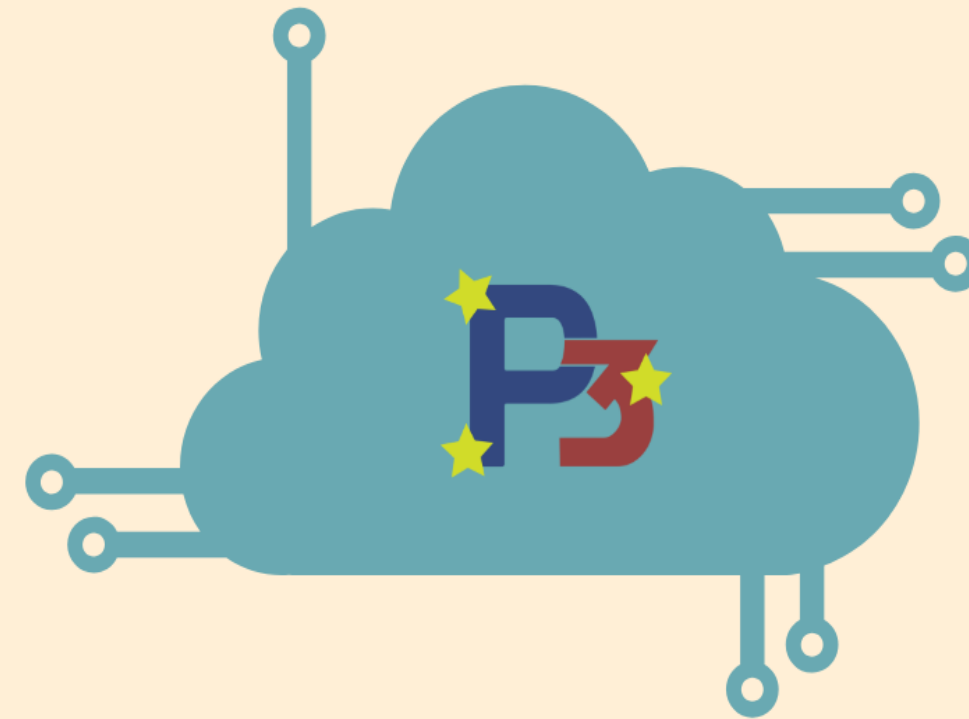
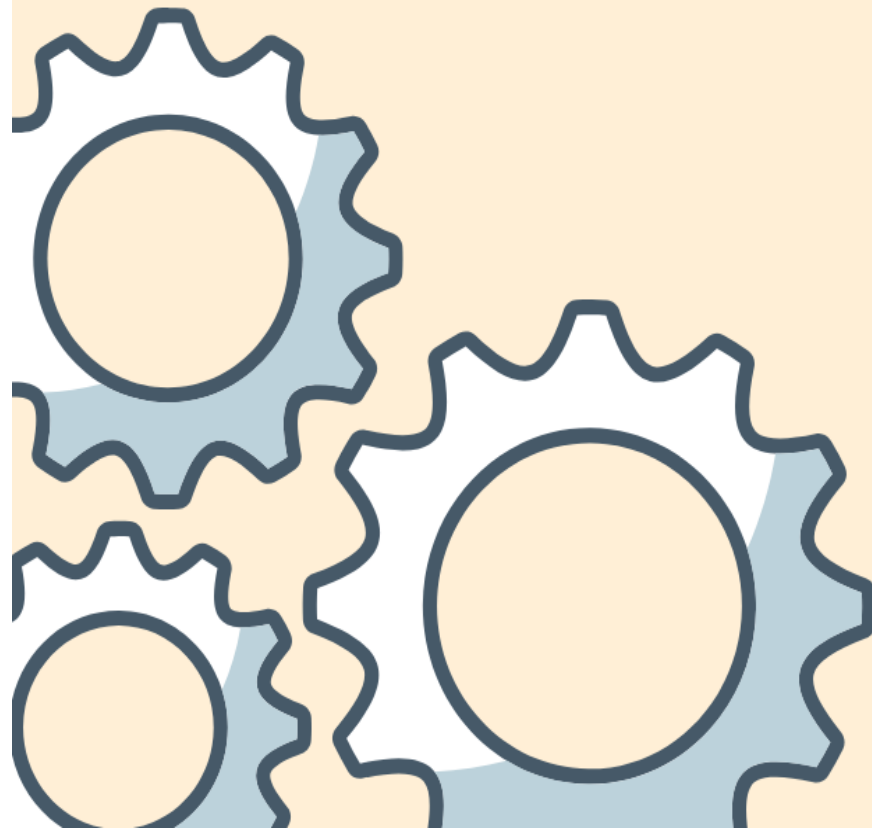
## Platformification of Pondo sa Pagbabago at Pag-asenso

It is targeted that by 2021, the P3 Platform will be operated as a as a fully functioning web-based application where the platform will be the one to guide the loan applicant which CDP to approach based on the following factors:

- Proximity
- CDP work load and processing schedules
- CDP industry expertise



# **FINTECH-ENABLED P3 PROGRAM DELIVERY SYSTEM**







## NATIONWIDE PILOT TEST

**P103 M**

LOANS RELEASED THROUGH  
LOS PILOT TEST NATIONWIDE

**2,662**

NUMBER OF BORROWERS



**62**

NUMBER OF PROVINCES WITH P3  
MICRO BORROWERS





# PILOT CREDIT DELIVERY PARTNERS

## LUZON

- 1.FICO Bank**  
Cauayan City, Isabela
- 2.GM Bank of Luzon**  
Nueva Ecija
- 3.The New Rural Bank of San Leonardo**  
San Leonardo, Nueva Ecija
- 4.Bank of Florida**  
San Fernando, Pampanga
- 5.St. Francis Multi-purpose Cooperative**  
Malolos, Bulacan
- 6.MVSM Rural Bank**  
Marikina City
- 7.Yakap at Halik Multi-purpose Cooperative**  
Quezon



## VISAYAS

- 8.Cebu People's Cooperative**  
Cebu City

## MINDANAO

- 9.Silangan Multi-purpose Cooperative**  
Davao City
- 10.Cantilan Bank**  
Surigao Del Sur





*Thank You*