

PERFORMANCE
MONITORING
REPORT

2003

Microfinance Council of the Philippines, Inc.

Update on the Performance of Council Members as of December 31, 2003

The Secretariat of the Microfinance Council has been tracking the performance of its members since the year 2000 as part of the Council's monitoring activities. MCPI members are happy to share this monitoring report data from members as of December 31, 2003. This report hopes to help define the state of microfinance sector in the Philippines especially since many of the leading players in the sector are members of MCPI.

The Secretariat was able to gather data from 21 members of the Council out of the current membership of 26 retail MFIs. 4 of the 26 members joined the Council only in 2004. All of the new members were able to submit data on outreach and loan portfolio as of 2003. Sources of data for this report include published annual reports, audited financial statements, operations reports, and other secondary data sources. The Secretariat introduced the use of the MIX Data Collection Tool for this report to gather data from members. 13 out the 21 members covered by this report submitted their performance data with the use of the MIX Toolkit. Annex A and B shows the sources of data that helped the Secretariat compile this report.

Aggregate Data Show Impressive Gains

Aggregate data for the 21 reporting MFIs show impressive gains in the number of clients, gross loan portfolio, and amount of client savings over a 3-year period from 2001 to 2003. Table 1 shows the aggregate data from the reporting MFIs.

Table 1. Aggregate Data of Member-MFIs, 2001 - 2003			
Indicators	21 MFIs as of Dec. 31, 2003	15 MFIs as of Dec. 31, 2002	12 MFIs as of Dec. 31, 2001
Number of active borrowers	578,493	314,225	192,802
Gross loan portfolio	2,334,494,701	1,566,435,367	1,050,458,155
Value of client savings	859,613,843	638,511,066	402,633,016

The aggregate data show:

1. An increase in the number of active clients from 192,802 at the end of 2001 to 578,493 at the end of 2003. The growth rate in the number of clients over the 2-year period is 200%.
2. An increase in the gross loan portfolio (GLP) from P1.05 billion in 2001 to P2.3 billion in 2003, equivalent to an increase of 122% in the GLP over the 2-year period.
3. Client savings increased from P402.6 million in 2001 to P859.6 million in 2003, equivalent to a 113% increase in savings over the 2-year period.

Figures 1 to 3 show the growth of the number of active borrowers, GLP and client savings over a 2-year period from end of 2001 to end of 2003.

Leading players in the microfinance sector continue to expand their operations in many parts of the country. Appropriate policies continue to be crafted by government agencies to help create an environment conducive to the rapid development of the sector. The increasing participation of rural banks in microfinance is giving a big boost to the growth of the sector. Stakeholders continue to be optimistic about the future of the microfinance sector as shown by impressive growth rates in the number of clients, gross loan portfolio and the entry of new players in the sector.

Introducing the Use of the MIX Toolkit

The next portion of the report discusses processed information from 13 MFIs that submitted data using the MIX Data Collection Tool. MIX stands for Microfinance Information eXchange. MIX is a non-stock, non-profit institution based in Washington, D.C. The development of the MIX Toolkit was supported by the Consultative Group to Assist the Poorest (CGAP). MIX is the current publisher of the Microbanking Bulletin (MBB), a journal on microfinance published semi-annually. The MBB tracks the performance of about 130 MFIs worldwide. MFIs that submit data using the MIX Toolkit may opt to have their performance data included in the MBB.

Of the 26 regular members of the Council, 13 members submitted data using the MIX Toolkit. The Center for Agriculture and Rural Development (CARD) submitted separate reports for CARD Bank and CARD NGO. The special report, thus, covers 14 MFIs. Out of these 14 MFIs, 8 submitted their audited financial statements to support the data included in the MIX Toolkit.

Figure 1. Gross Loan Portfolio of Member-MFIs with Data, 2001-2003

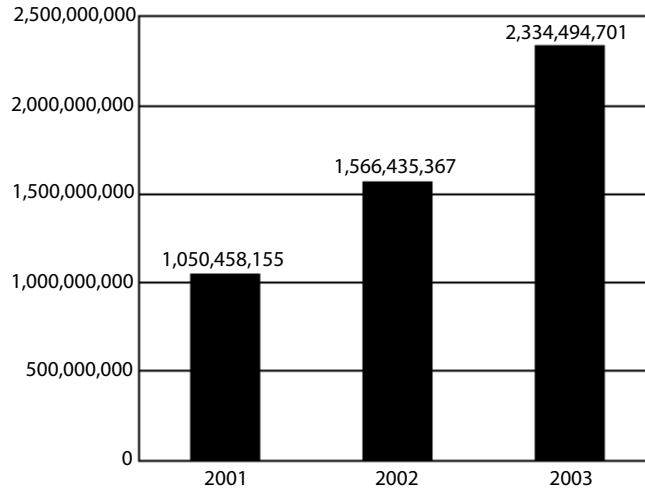


Figure 2. Number of Active Borrowers of Member-MFIs with Data, 2001-2003

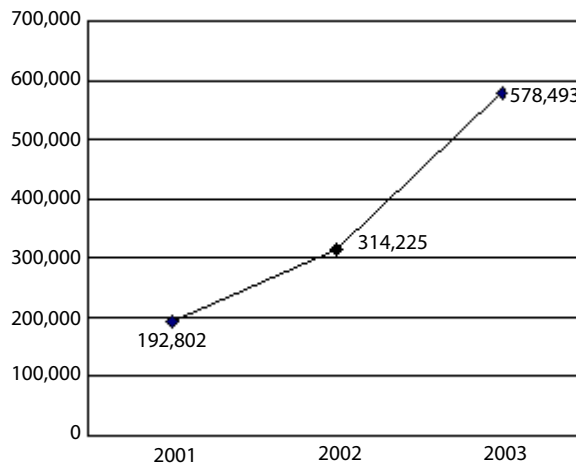
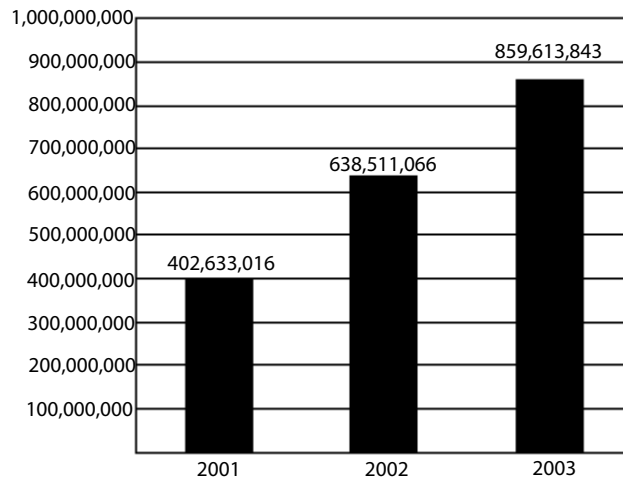


Figure 3. Client Savings of Member-MFIs with Data, 2001-2003



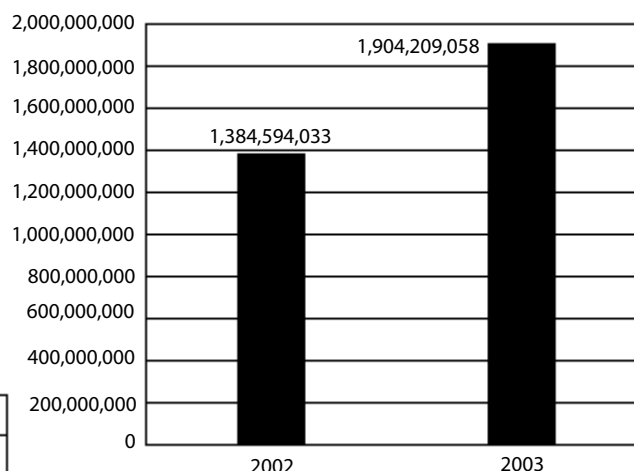
Special Report: An Update on the Performance of the 14 MCPI Members that Submitted Information Using the MIX Toolkit

Aggregate Data of the 14 MCPI Members

There are notable increases in the number of clients, value of the gross loan portfolio and amount of client savings between 2003 and 2002 for the 14 MFIs as shown in Table 2. The number of active clients reached 456,911 at the end 2003 compared to 269,070 at the end of 2002, showing an increase of 70% over the previous year. The value of the gross loan portfolio increased by 38% - from P1.38 billion in 2002 to P1.9 billion in 2003. The value of clients' savings stood at P727 million at the end of 2003.

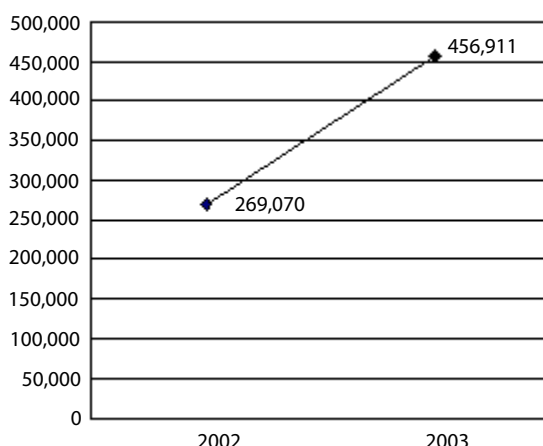
Table 2. Aggregate Data of the 14 MCPI Members that Used the MIX Toolkit, 2002 - 2003		
	2003	2002
Number of active borrowers	456,911	269,070
Gross loan portfolio	1,904,209,058	1,384,594,033
Value of client savings	726,909,876	Not available

Figure 4. Gross Loan Portfolio of the 14 MCPI Members, 2002-2003



Figures 4 and 5 show the growth of the number of active borrowers and gross loan portfolio of the 14 members from end of 2002 to end of 2003.

Figure 5. Number of Active Borrowers of the 14 MCPI Members, 2002-2003



Analyzing Performance by Peer Groups

In order to analyze the performance of the 14 MFIs that submitted information using the MIX Toolkit, the Secretariat is introducing the use of the peer group framework to present findings. Peer groups represent MFIs that appear to have institutional characteristics that are similar enough so that comparison of performance with other MFIs within their group becomes meaningful and appropriate. For purposes of reporting, the Secretariat adopted the following peer groups: a.) by scale of operations (large, medium, small); b.) by age or length of years in operations (mature, young, new); and c.) by levels of financial self-sufficiency (financially sustainable or not yet financially sustainable). For this special report, the Secretariat used peer group definitions shown in Table 3.

Table 3. Peer Group Criteria and Definitions	
By scale of operations (MCPI definition)	
Large	Value of portfolio > P200 million
Medium	P50 million ≤ Value of portfolio ≤ P200 million
Small	Value of portfolio < P50 million
By age (Microbanking Bulletin definition)	
Mature	Age of MF operations > 7 years
Young	4 years ≤ Age of MF operations ≤ 7 years
New	Age of MF operations < 4 years
By FSS levels	
FSS MFIs	FSS ratio > 100%
Non-FSS MFIs	FSS ratio < 100%

Based on the above definitions, the members that submitted data using the MIX Toolkit are grouped as follows:

Table 3. Peer Group Criteria and Definitions	
By scale of operations (MCPI definition)	
Large	CARD Bank, CARD NGO, NWTF, TSKI, TSPI
Medium	ARDCI, KMBI, OMB, Producers Bank
Small	CEVI, CMEDFI, FCBFI, JVOFI, NORFIL
By age (Microbanking Bulletin definition)	
Mature	CARD Bank, CARD NGO, FCBFI, KMBI, NORFIL NWTF, TSKI, TSPI
Young	ARDCI, CMEDFI, JVOFI, Producers Bank
New	CEVI, OMB
By FSS levels	
FSS MFIs	CARD Bank, FCBFI, TSPI
Non-FSS MFIs	ARDCI, CARD NGO, CEVI, CMEDFI, JVOFI, KMBI, NORFIL, NWTF, OMB, TSKI

Notes:

TSPI figures are for the fiscal year ended June 30, 2003.

Producers Rural Bank is not classified as FSS or Non-FSS due to the unavailability of data necessary for the computation of the FSS ratio. Producers only started segregating reports for their microfinance unit for the year ended December 31, 2003.

Institutional Characteristics

Institutional indicators provide general information on the age of the member, legal structure, and its physical or human resources. Table 4 summarizes the institutional characteristics of the 14 MCPI members that submitted data using the MIX Toolkit.

- The average number of years in microfinance of the 14 MFIs is 11 years. Total resources stand at PhP 3.16 billion as of 2003.
- Understandably, large and mature MFIs dominate their respective peer groups in terms of total assets. Large MFIs account for 73% of the total resources available. On the other hand, mature MFIs control 80% of total assets as of December 31, 2003.
- The average number of offices for the reporting MFIs is 19 while average number employees stands at 216 individuals.
- Large and mature MFIs have more offices and employees because they have been in the microfinance industry for longer periods. Mature MFIs that are expanding to new areas require additional manpower. Large MFIs account for 72% of total number of offices while mature MFIs account for 80%. In terms of total number of employees, large and mature MFIs account for 73% and 81% of the total, respectively.
- Medium, young, and new MFIs have offices and employees below the average number of the 14 MFIs.
- There is no significant difference in the average number of offices and employees between FSS and Non-FSS MFIs.

Table 4: Institutional Characteristics of the 14 MCPI Members as of December 31, 2003

	No. of years in microfinance	Total assets	No. of offices including Head Office	Total no. of employees	No. of employees at Head Office	No. of field staff	No. of loan officers
ALL MFIs (n=14)							
tot	-	3,160,845,144	260	3,026	445	2,581	1,946
avg	11	225,774,653	19	216	32	184	139
By scale of operations							
LARGE							
tot	-	2,310,242,749	187	2,198	257	1,941	1,362
avg	17	462,048,550	37	440	51	388	272
MEDIUM							
tot	-	705,575,194	43	629	137	492	449
avg	7	176,393,799	11	157	34	123	112
SMALL							
tot	-	145,027,201	30	199	51	148	135
avg	7	29,005,440	6	40	10	30	27
By age of microfinance operations							
MATURE							
tot	-	2,531,874,755	207	2,454	322	2,132	1,560
avg	16	316,484,344	26	307	40	267	195
YOUNG							
tot	-	371,108,162	38	345	51	294	239
avg	6	92,777,041	10	86	13	74	60
NEW							
tot	-	257,862,227	15	227	72	155	147
avg	3	128,931,114	8	114	36	78	74
By FSS levels							
FSS MFIs							
tot	-	858,684,645	70	692	119	573	418
avg	17	286,228,215	23	231	40	191	139
NON-FSS MFIs							
tot	-	2,109,917,834	175	2,183	306	1,877	1,397
avg	10	210,991,783	18	218	31	188	140

Outreach Indicators

Outreach indicators determine the growth, extent and depth of reach of the institutions engaged in microfinance operations. Table 5 presents the outreach indicators of the 14 MCPI members that submitted information using the MIX Toolkit.

- The total number of active borrowers for the 14 MFIs is 456,911, representing a 70% increase from last year's 269,070 number of active borrowers. The number of active compulsory savers is 463,463 while the number of active voluntary savers is 98,877.
- The large MFIs account for 68% of the total number of active borrowers, 69% of the number of compulsory savers, and 62% of the voluntary savers.
- The medium-size MFIs account for 25% of the active borrowers, 24% of the compulsory savers, and 19% of the voluntary savers.
- Small MFIs correspond to only 7% of active borrowers, 7% of compulsory savers, and 19% of overall voluntary savers.
- The average loan balance per borrower stands at P4,243 equivalent to less than 9% of the per capita gross domestic product.
- Large, mature, and MFIs that achieved levels of financial self-sufficiency of more than 100% tend to have larger amounts of average loan balances in their portfolio. These MFIs have been in operations for a longer period of time. Older clients generally borrow larger amounts compared to newer clients.

Table 5: Outreach Indicators of the 14 MCPI Members as of December 31, 2003

	No. of active borrowers, current	No. of active borrowers, previous	% Growth in no. of active borrowers	No. of active compulsory savers	No. of active voluntary savers	Average loan balance per borrower
ALL MFIs (n=14)						
tot	456,911	269,070	70%	463,463	98,877	-
avg	32,637	20,698	60%	33,105	7,063	4,243
By scale of operations						
LARGE						
CARD Bank, CARD NGO, NWTf, TSKI, TSPI	310,046	206,382	50%	317,709	61,435	-
tot	62,009	41,276	52%	63,542	12,287	5,281
MEDIUM						
ARDCI, KMBI, OMB, Producers Bank	112,891	39,026	189%	112,759	18,597	-
tot	28,223	13,009	86%	28,190	4,649	3,899
SMALL						
CEVI, CMEDFI, FCBFI, JVOFI, NORFIL	33,974	23,662	44%	32,995	18,845	-
tot	6,795	4,732	51%	6,599	3,769	3,480
avg						
By age of microfinance operations						
MATURE						
CARD Bank, CARD NGO, FCBFI, KMBI, NORFIL, NWTf, TSKI, TSPI	356,034	233,154	53%	362,372	78,832	-
tot	44,504	29,144	57%	45,297	9,854	4,573
avg						
YOUNG						
ARDCI, CMEDFI, JVOFI, Producers Bank	63,285	10,524	501%	67,259	19,693	-
tot	15,821	3,508	55%	16,815	4,923	3,830
avg						
NEW						
CEVI, OMB	37,592	25,392	48%	33,832	352	-
tot	18,796	12,696	78%	16,916	176	3,749
avg						
By FSS levels						
FSS MFIs						
CARD Bank, FCBFI, TSPI	112,692	83,573	35%	113,467	22,280	-
tot	37,564	27,858	34%	37,822	7,427	6,449
avg						
NON-FSS MFIs						
ARDCI, CARD NGO, CEVI, CMEDFI, JVOFI, KMBI, NORFIL, NWTf, OMB, TSKI	298,415	185,497	61%	304,192	76,597	-
tot	29,842	18,550	67%	30,419	7,660	3,739
avg						

Loan Portfolio and Risk Profile of the Loan Portfolio

These set of indicators provide specific information on the loan portfolio of MFIs and the state of financial health of the microfinance portfolio of the institutions. Table 6 summarizes the loan portfolio and risk profile of the loan portfolio of the 14 MCPI members that submitted data using the MIX Toolkit.

- The gross loan portfolio for 2003 of the 14 MFIs is PhP 1.9 billion representing a 38% increase from last year's PhP 1.38 billion.
- The large MFIs account for 73% of the gross loan portfolio at the end of 2003. On the other hand, medium-size MFIs account for 21% of the gross loan portfolio while small MFIs correspond to only 6% of the total portfolio.
- Large, mature, and MFIs that achieved levels of financial self-sufficiency of more than 100% tend to have larger amounts of average portfolio per loan officer compared to medium, small, young, and new MFIs.
- The portfolio at risk ratio > 30 days for the 14 MFIs that used the MIX Toolkit is 7.5%
- Non-FSS MFIs have an average PAR ratio of 8.0%, slightly higher by 0.1% than FSS MFIs.
- Loan loss reserves for all 14 MFIs in the amount of PhP 75.2 million cover up to 97% of PAR > 30 days.
- PAR > 30 days of small, young, new, and FSS MFIs are covered by their loan loss reserves to the extent of 103% to 135%.

Table 6: Loan Portfolio and Risk Profile of the 14 MCPI Members as of December 31, 2003

	Gross loan portfolio, current	Gross loan portfolio, previous	% Growth in loan portfolio	Average portfolio per loan officer	Average portfolio per field	Average portfolio per staff	Portfolio at risk ratio, > 30 days	Loan loss reserves	Loan loss reserves/ PAR > 30 days
ALL MFIs (n=14)									
tot	1,904,209,058	1,384,594,033	38%	-	-	-	-	75,184,635	-
avg	136,014,933	106,507,233	38%	1,027,535	751,595	654,892	7.5%	5,370,331	97%
By scale of operations									
LARGE									
CARD Bank, CARD NGO, NWTF, TSKI, TSPI	tot	1,400,982,827	1,121,733,997	25%	-	-	-	48,503,552	-
	avg	280,196,565	224,346,799	29%	1,324,524	888,305	7.0%	9,700,710	71%
MEDIUM									
ARDCI, KMBI, OMB, Producers Bank	tot	393,655,441	181,049,325	117%	-	-	-	15,756,362	-
	avg	98,413,860	60,349,775	62%	883,951	814,965	5.7%	3,939,091	81%
SMALL									
CEVI, CMEDFI, FCBFI, JVOFI, NORFIL	tot	109,570,790	81,810,711	34%	-	-	-	10,924,721	-
	avg	21,914,158	16,362,142	31%	845,411	517,338	9.5%	2,184,944	135%
By age of microfinance operations									
MATURE									
CARD Bank, CARD NGO, FCBFI, KMBI, NORFIL, NWTF, TSKI, TSPI	tot	1,547,763,171	1,207,080,422	28%	-	-	-	56,164,648	-
	avg	193,470,396	150,885,053	40%	1,188,219	803,521	7.6%	7,020,581	81%
YOUNG									
ARDCI, CMEDFI, JVOFI, Producers Bank	tot	209,231,114	72,921,805	187%	-	-	-	7,433,612	-
	avg	52,307,779	24,307,268	18%	738,581	596,151	7.9%	1,858,403	126%
NEW									
CEVI, OMB	tot	147,214,773	104,591,806	41%	-	-	-	11,586,375	-
	avg	73,607,387	52,295,903	55%	962,702	880,744	6.4%	5,793,188	103%
By FSS levels									
FSS MFIs									
CARD Bank, FCBFI, TSPI	tot	656,108,063	572,633,280	15%	-	-	-	29,503,632	-
	avg	218,702,688	190,877,760	15%	1,899,448	1,332,609	7.9%	9,834,544	108%
NON-FSS MFIs									
ARDCI, CARD NGO, CEVI, CMEDFI, JVOFI, KMBI, NORFIL, NWTF, OMB, TSKI	tot	1,126,055,062	811,960,753	39%	-	-	-	42,237,578	-
	avg	112,605,506	81,196,075	44%	775,549	617,387	8.0%	4,223,758	89%

Savings, Liabilities, and Equity Indicators

Table 7 summarizes the savings, liabilities, and equity indicators of the 14 MCPI members that submitted data using the MIX Toolkit.

- The amount of client savings for 2003 of the 14 MFIs that used the MIX Toolkit is PhP 726.9 million. Of this amount, large MFIs account for 77%, medium-size MFIs own 18%, while small MFIs have 5% of the total amount of client savings.
- The average amount of borrowings for the 14 MFIs is PhP 74.6 million. Large and mature MFIs have an above average amount of borrowings while the medium, small, young, and new MFIs have lesser borrowings.
- The current year average equity for the reporting MFI is PhP 62.7 million. Large, medium, and mature MFIs have above the average equity while the small, young, and new MFIs have minimal equity.

Table 7: Savings, Liabilities, & Equity Indicators of the 14 MCPI Members as of December 31, 2003

		Amount of client savings	Total borrowings	Total equity, current year	Total equity, previous year
ALL MFIs (n=14)	tot	726,909,876	1,044,497,996	878,430,615	726,170,935
	avg	51,922,134	74,607,000	62,745,044	55,859,303
By scale of operations					
LARGE	tot	556,960,599	739,496,694	575,117,712	463,100,844
<i>CARD Bank, CARD NGO, NWTF, TSKI, TSPI</i>	avg	111,392,120	147,899,339	115,023,542	92,620,169
MEDIUM	tot	133,041,537	255,958,259	254,749,468	228,649,840
<i>ARDCI, KMBI, OMB, Producers Bank</i>	avg	33,260,384	63,989,565	63,687,367	76,216,613
SMALL	tot	36,907,740	49,043,043	48,563,435	34,420,251
<i>CEVI, CMEDFI, FCBFI, JVOFI, NORFIL</i>	avg	7,381,548	9,808,609	9,712,687	6,884,050
By age of microfinance operations					
MATURE	tot	611,481,222	788,066,536	665,024,924	541,138,919
<i>CARD Bank, CARD NGO, FCBFI, KMBI, NORFIL, NWTF, TSKI, TSPI</i>	avg	76,435,153	98,508,317	83,128,115	67,642,365
YOUNG	tot	58,970,850	174,828,319	99,012,478	81,802,810
<i>ARDCI, CMEDFI, JVOFI, Producers Bank</i>	avg	14,742,713	43,707,080	24,753,120	27,267,603
NEW	tot	56,457,804	81,603,141	114,393,213	103,229,206
<i>CEVI, OMB</i>	avg	28,228,902	40,801,571	57,196,607	51,614,603
By FSS levels					
FSS MFIs	tot	262,462,960	151,817,121	238,772,086	189,544,568
<i>CARD Bank, FCBFI, TSPI</i>	avg	87,487,653	50,605,707	79,590,695	63,181,523
NON-FSS MFIs	tot	439,979,920	751,390,776	637,673,874	536,626,367
<i>ARDCI, CARD NGO, CEVI, CMEDFI, JVOFI, KMBI, NORFIL, NWTF, OMB, TSKI</i>	avg	43,997,992	75,139,078	63,767,387	53,662,637

Financing Structure

Table 8 summarizes the financing structure of the 14 MCPI members that submitted data using the MIX Toolkit.

A. Equity to assets ratio

- The average equity to asset ratio for the 14 MFIs is 25%.
- Large, mature, and FSS MFIs have an average equity to asset ratio of 25%, 30% and 29%, respectively. These figures are equal or slightly above the average of the 14 MFIs.

B. Client savings to loan ratio

- The average client savings to loan ratio for the 14 MFIs is 39%.
- The client savings to loan ratio of the different peer groups range between 35% to 58%.

C. Borrowings to loan portfolio ratio

- The average borrowings to loan portfolio ratio for the 14 MFIs is 54%.
- The borrowings to loan portfolio ratio of large and mature MFIs do not deviate significantly from the average of the 14 MFIs.

D. Debt to equity ratio

This ratio indicates the proportion of equity and debt that the MFI is using to finance its assets. A higher debt to equity ratio generally means that the institution has been aggressive in financing its growth with debt.

- The average debt to equity ratio for the 14 MFIs is 54%.
- Large and mature MFIs have a large debt to equity ratio, 159% and 124%, respectively. This means that they have been more aggressive in financing their expansion through debt.

E. Gross loan portfolio to total assets ratio

- The average gross loan portfolio to total assets ratio for the 14 MFIs is 66%.
- FSS MFIs have an average gross loan portfolio to total assets ratio of 78%. This is higher by 12% from the average of the 14 MFIs, meaning a larger percentage of their assets are in financial assets that generate interest earnings.

Table 8: Financing Structure of the 14 MCPI Members as of December 31, 2003

	Equity to assets ratio	Client savings to loan ratio	Borrowings to loan portfolio ratio	Debt to equity ratio	Gross loan portfolio to total assets ratio
ALL MFIs (n=14)	avg 25%	39%	54%	54%	66%
By scale of operations					
LARGE CARD Bank, CARD NGO, NWTf, TSKI, TSPI	avg 25%	41%	55%	159%	62%
MEDIUM ARDCI, KMBI, OMB, Producers Bank	avg 38%	35%	59%	47%	55%
SMALL CEVI, CMEDFI, FCBFI, JVOFI, NORFIL	avg 16%	40%	49%	-48%	79%
By age of microfinance operations					
MATURE CARD Bank, CARD NGO, FCBFI, KMBI, NORFIL, NWTf, TSKI, TSPI	avg 30%	38%	46%	124%	68%
YOUNG ARDCI, CMEDFI, JVOFI, Producers Bank	avg 5%	41%	68%	-148%	67%
NEW CEVI, OMB	avg 45%	58%	59%	74%	58%
By FSS levels					
FSS MFIs CARD Bank, FCBFI, TSPI	avg 29%	37%	30%	96%	78%
NON-FSS MFIs ARDCI, CARD NGO, CEVI, CMEDFI, JVOFI, KIMBI, NORFIL, NWTf, OMB, TSKI	avg 26%	41%	55%	41%	63%

Sustainability Indicators

Table 9 presents the sustainability indicators of the 14 MCPI members that submitted data using the MIX Toolkit.

A. Operational self-sufficiency (OSS) ratio

This ratio shows how an institution is able to sufficiently cover operating costs over time to enable the MFI to provide microfinance services to low-income households on a sustainable basis. An OSS ratio greater than 100% indicates that the MFI is able to cover its financing costs, loan loss provisions and operating expenses from revenues obtained from lending.

- The average OSS ratio for the reporting MFIs is 110%.
- Medium and small MFIs achieved an OSS ratio higher than 100%.
- Based on the age of microfinance operations, the average OSS ratio of mature MFIs is 114%. Young and new MFIs garnered 97% and 116% OSS ratio, respectively.
- FSS MFIs obtained an average OSS ratio of 129% compared to 104% for Non-FSS MFIs.

Table 9: Sustainability Indicators of the 14 MCPI Members as of December 31, 2003

	Operational self-sufficiency		Financial self-sufficiency
ALL MFIs (n=14)	avg	110%	90%
By scale of operations			
LARGE	avg	114%	98%
<i>CARD Bank, CARD NGO, NWTF, TSKI, TSPI</i>			
MEDIUM	avg	107%	89%
<i>ARDCI, KMBI, OMB, Producers Bank</i>			
SMALL	avg	107%	83%
<i>CEVI, CMEDFI, FCBFI, JVOFI, NORFIL</i>			
By age of microfinance operations			
MATURE	avg	114%	97%
<i>CARD Bank, CARD NGO, FCBFI, KMBI, NORFIL, NWTF, TSKI, TSPI</i>			
YOUNG	avg	97%	80%
<i>ARDCI, CMEDFI, JVOFI,</i>			
NEW	avg	116%	78%
<i>CEVI, OMB</i>			
By FSS levels			
FSS MFIs	avg	129%	107%
<i>CARD Bank, FCBFI, TSPI</i>			
NON-FSS MFIs	avg	104%	85%
<i>ARDCI, CARD NGO, CEVI, NORFIL, NWTF, OMB, TSKI</i>			

B. Financial self-sufficiency (FSS) ratio

The FSS ratio demonstrates the ability of the MFI to cover all operating, financial and loan loss expenses as well as to maintain the value of equity and quasi-equity in relation to inflation and the imputed cost of capital.

- The average FSS ratio of the 14 MFIs is 90%. The FSS ratio of the large MFIs is 98%, higher than the FSS ratio of medium and small MFIs.
- The FSS ratio of medium-sized MFIs is slightly higher than the small MFIs. However, the FSS ratio of both groups is below the average of the 14 MFI that used the MIX Toolkit.
- Mature MFIs have a higher FSS ratio compared to young and new MFIs.
- FSS MFIs have an average FSS ratio of 107%. Non-FSS MFIs have an average FSS ratio of 85%.

Efficiency Indicators

Efficiency indicators are related to costs incurred in delivering services to clients and comparing the costs versus the average amount of the loan portfolio or the average number of borrowers. Table 10 presents the efficiency indicators of the 14 MCPI members that submitted data using the MIX Toolkit.

A. Operating cost ratio (OCR)

The operating cost ratio shows how much operating cost is spent to keep a peso loaned out at any given time. An OCR of 25% indicates that it costs the MFI 25 cents to maintain a peso of loan. According to the NGO Performance Standards, an efficient microfinance operation is expected to have an OCR of 25% or less.

- The OCR of the 14 MFIs is 38%, higher than the OCR of 25% indicated in the NGO Performance Standards.
- Large MFIs have an OCR of 36%, slightly lower than the average of the 14 MFIs.
- Medium and young MFIs tend to have a higher than average OCR as confirmed by their 50% and 47% ratios, respectively.
- FSS MFIs are the most efficient peer group in terms of managing their operating costs, as demonstrated by their 26% OCR. However, this is still above the 25% OCR recommended in the NGO Performance Standards.

B. Personnel cost ratio

The personnel cost ratio measures the personnel cost incurred to maintain a peso in the loan portfolio. A lower ratio would mean that the MFI is incurring smaller personnel cost to maintain one peso in its loan portfolio.

- The personnel cost ratio of the 14 MFIs is 24%.
- Large MFIs garnered a personnel cost ratio of 22%, slightly lower than the average of the 14 MFIs that used the MIX Toolkit.
- Medium and young MFIs tend to have a higher than average personnel cost ratio as evidenced by their 30% and 32%, respectively.
- In terms of personnel expenses, FSS MFIs are more efficient than their counterpart MFIs, as evidenced by their 15% personnel cost ratio.

Table 10: Efficiency Indicators of the 14 MCPI Members as of December 31, 2003

		Operating cost ratio	Personnel cost ratio	Cost per borrower
ALL MFIs (n=14)	avg	38%	24%	1,640
By scale of operations				
LARGE	avg	36%	22%	1,786
<i>CARD Bank, CARD NGO, NWTF, TSKI, TSPI</i>				
MEDIUM	avg	50%	30%	2,195
<i>ARDCI, KMBI, OMB, Producers Bank</i>				
SMALL	avg	32%	22%	1,160
<i>CEVI, CMEDFI, FCBFI, JVOFI, NORFIL</i>				
By age of microfinance operations				
MATURE	avg	35%	21%	1,530
<i>CARD Bank, CARD NGO, FCBFI, KMBI, NORFIL, NWTF, TSKI, TSPI</i>				
YOUNG	avg	47%	32%	2,113
<i>ARDCI, CMEDFI, JVOFI,</i>				
NEW	avg	34%	22%	1,366
<i>CEVI, OMB</i>				
By FSS levels				
FSS MFIs	avg	26%	15%	1,603
<i>CARD Bank, FCBFI, TSPI</i>				
NON-FSS MFIs	avg	41%	26%	1,651
<i>ARDCI, CARD NGO, CEVI, NORFIL, NWTF, OMB, TSKI</i>				

C. Cost per borrower

The cost per borrower shows the average cost of maintaining an active borrower. Therefore, keeping this indicator at a low level would mean that the MFI is more cost-efficient in maintaining an active borrower.

- The cost per borrower of the 14 MFIs is P1,640 per borrower. This means that on average, an MFI spends at least P1,640 to maintain one active borrower.
- Large MFIs maintain a cost per borrower at P1,786. This amount is higher than the average level of the 14 MFIs.
- Medium and young MFIs spend more to maintain their active borrowers, as shown by their cost per borrower levels of P2,195 and P2,113, respectively.

Productivity Indicators

Productivity indicators describe the number of clients being served by the MFI's personnel. Table 11 presents the productivity indicators of the 14 MCPI members that submitted data using the MIX Toolkit.

- The average number of borrowers per loan officer, field staff, and staff is 239, 185, and 159, respectively.
- Mature and FSS MFIs have a high average number of borrowers per loan officer/staff. This means that workers of mature and FSS MFIs are more productive, as their personnel handle more borrowers compared to other MFIs.
- The average loan officers to total staff ratio for the entire group is 66%.
- There is no significant difference in the ratio of loan officers to total staff between MFIs in different peer groups.

Table 11: Productivity Indicators of the 14 MCPI Members as of December 31, 2003

	Number of borrowers per loan officer	Number of borrowers per field staff	Number of borrowers per staff	Ratio of loan officers to total staff
ALL MFIs (n=14)	avg 239	185	159	66%
By scale of operations				
LARGE CARD Bank, CARD NGO, NWTf, TSKI, TSPI	avg 237	164	143	61%
MEDIUM ARDCI, KIMBI, OMB, Producers Bank	avg 242	231	179	71%
SMALL CEVI, CMEDFI, FCBFI, JVOFI, NORFIL	avg 237	166	158	66%
By age of microfinance operations				
MATURE CARD Bank, CARD NGO, FCBFI, KIMBI, NORFIL, NWTf, TSKI, TSPI	avg 250	177	164	66%
YOUNG ARDCI, CMEDFI, JVOFI,	avg 207	175	143	66%
NEW CEVI, OMB	avg 257	231	168	65%
By FSS levels				
FSS MFIs CARD Bank, FCBFI, TSPI	avg 298	184	185	62%
NON-FSS MFIs ARDCI, CARD NGO, CEVI, NORFIL, NWTf, OMB, TSKI	avg 210	169	136	65%

Concluding Remarks

Based on the performance of MCPI members using peer groupings, it is evident that the large MFIs – CARD Bank, CARD NGO, NWTF, TSKI, and TSPI – dominate the microfinance sector in terms of resources, gross loan portfolio, and outreach. Medium and small-sized MFIs, however, are also showing impressive gains in outreach and sustainability. Participation of rural banks in the industry is constantly growing. New entrants to the sector are providing vibrant competition that is moving MFIs to be more client-focused. The sector continues to face the challenge of providing appropriate financial services to greater numbers of poor households in a cost-effective manner.