



CANTILAN BANK
YOUR FRIENDLY COMMUNITY BANK

OUR MICROFINANCE JOURNEY

2018 MCPI Annual Conference
Going Back to Basics
26 July 2018 | Century Park Hotel, Manila

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ABOUT CANBNK

- Established in 1980, Cantilan Bank has a network of 43 offices operating within 12 provinces in Mindanao and Visayas.
- Cantilan Bank was among the first rural banks to become a microfinance institution under the Microenterprise Access to Banking Services (MABS) program and has been an EAGLE awardee 4 times.



- Cantilan Bank won the 2015 International Award for Microfinance Best Practices Award from Fondazione Giordano Dell'Amore in Milan, Italy.
- The first bank in the Philippines to use a cloud-based core banking technology.
- Regarded as one of the top rural banks in the country with total resources of Php 2.4 billion as of December 2017.



PRODUCT DESIGN

- **GROUP LENDING** – offered to entrepreneurial women for start-up business; amount of loan increases every loan cycle
- **INDIVIDUAL LENDING** – cashflow-based lending offered to micro-entrepreneurs with existing businesses

Both products are offered as working capital for businesses with regular income – weekly, semi-monthly, and monthly. Small livelihood that require longer cash flow are not included.

PRODUCT DESIGN

- MF products are bundled with microdeposit
- Entrepreneurs are encouraged to continue depositing even after loan availment
- Group members who have already established sustainable businesses can move to individual lending to avail of higher loan and flexible amortization





EVOLUTION OF CANBNK MF OPERATION

1999

CANBNK STARTED
OFFERING MF

2005

- WITH THE HELP OF MABS, MICRO-AGRO LOAN PRODUCT WAS OFFERED TO SMALLHOLDER FARMERS
- RESULTED TO LOW OUTREACH AND LOW CROP PRODUCTION DUE TO UNDERFINANCING

2006-2014

INTRODUCED MICRO-AGRI 60:40 REPAYMENT SYSTEM
INCREASED OUTREACH BUT UNABLE TO GENERATE SUBSTANTIAL NUMBER DUE TO 60% REGULAR AMORTIZATION.



EVOLUTION OF CANBNK MF OPERATION

2009

STARTED DEACTIVATING GROUP LENDING

REASONS FOR DEACTIVATION:

- BORROWERS ARE TIRED OF THE GROUP "TAPAL" LIABILITY SYSTEM
- MEMBERS WANTED A LOAN AMOUNT BASED ON INDIVIDUAL CAPACITY TO PAY

ALL EXISTING GROUP LOANS GRADUALLY MIGRATED TO INDIVIDUAL LOAN EVERY REPEAT LOAN



2014

- MICRO-AGRI HAS EVOLVED INTO AGRI-VALUE CHAIN (AVC) LOAN PRODUCT. SUCH EVOLUTION ADDRESSES PRODUCTION NEEDS OF FARMERS WHICH HELPS INCREASE YIELD



CURRENT CONDITION

- Micro Enterprise Program - cashflow-based lending (KITA Loan)
- With micro-savings and insurance; can be bundled with fund transfer payment facilities and checking account

CURRENT FIGURES FOR MF OPERATION

P369M

TOTAL MF & AVC
PORTFOLIO

10,039

TOTAL NO. OF
ACCOUNTS



LESSONS, ISSUES, AND CHALLENGES

- Evolution is key to addressing the changing and increasing needs of clients
- Regulatory set-up
- Influx of MF suppliers that are not regulated by BSP



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- Limited availability of well-trained people in smaller rural communities makes staffing difficult and increases costs
 - Seasonality of agricultural activities, i.e. irregular farming income results to highly erratic and unpredictable business



INSIGHTS

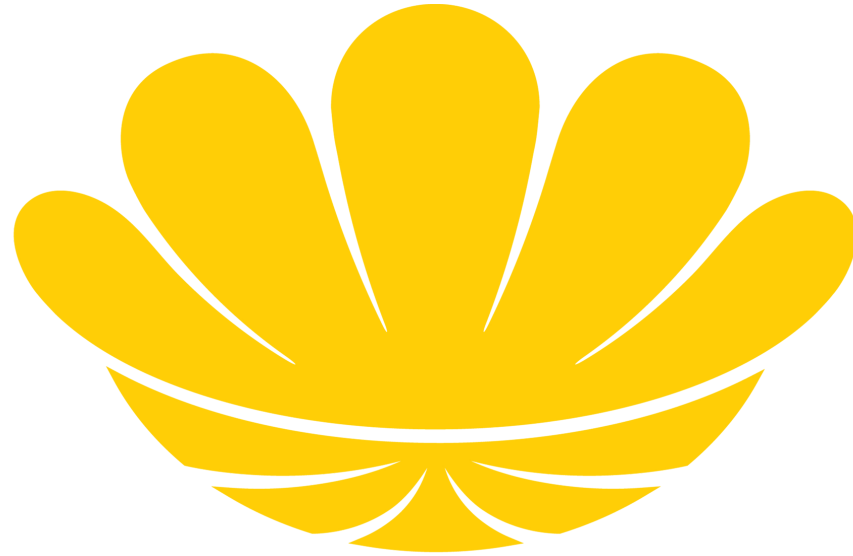


- Key to success is maintaining a basic and client-responsive approach to delivery of service. It will lead to:
 - Addressing the needs of market which leads to micro-entrepreneurs' increased business, income and capacity to save;
 - Effective and efficient delivery system;
 - Attracting more clients, increased portfolio, portfolio quality and income



FUTURE OF MF FROM CBI'S POINT OF VIEW

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- A tool towards increased financial inclusion
 - Technology-based micro-financing
 - A financial service that will address multi-livelihood needs



THANK YOU!

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