

*Starting **One Coop Movement** through **Integrated Coop Financial** **System (ICFS)***

Keeping Coop Funds within the coops
Pooling of funds to fund coop enterprises

One Coop Movement. What does it takes?

- **In Korea, Thailand and India, they have a federation for each type of coops:** Farmers, consumers, credit, etc.
- **Philippines?** Probably a dozen federations but the membership covers all types
- **PCC as the APEX:** an idea worth pursuing; in fact many coop groups are buying into the idea
- **PCC clusters:** financial, marketing, services, advocacy
- Coops into financial services comprised about 80% (?) of registered coops
- One coop movement could start integrating its financial arm
- Once financial integration is in place, it can easily provide the financial muscle to strengthen the other clusters

Where do coops keep their money, including excess funds? Who covers our risks?

- Do our coops keep their operating funds in the nearby coop bank?
- Do we park some of our excess funds in the NCM Mutual Fund?
- Do we patronize the services of either CISP or CLIMBS?

❖ **Why?**

❖ **Why not?**

Factors considered in choosing which bank to deposit our operating funds?

- **Proximity:** to provide convenience to our members and the coop personnel
- **Safety:** safeguard transport of cash against possibility of robbery, hold-up
- **Bank's image:** no negative publicity; reliability as a business partner; friendly bank personnel
- **Ownership:** reliability of owners
- ❖ **At the end, how do we grow coop banks?**

Why we don't invest in the NCM MF

- **Nobody asked our coops!** This was presented during the 2010 Coop Summit (Araneta Coliseum, Oct 2010)
- **What's a mutual fund?** A mutual fund is a professionally managed collective investment vehicle that pools money from many investors to purchase securities (stocks, bonds, treasury bills). It is gov't regulated and sold to the general public.
- **Advantages:** ability to invest in stocks, bonds, etc.; investment diversification; daily liquidity; professional management; convenience in getting in and out; easy benchmarking.
- **Disadvantages:** Fees; can't customize; no control over timing of gain recognition; can't predict income

Why only 1,500 coops patronize CLIMBS and CISP?

- **Nobody asked us!.** Neither CLIMBS nor CISP came to visit.
- **We want to be insured by BIG companies!** Size matters, but service, business philosophy and governance are more important.
- **“Bakit pa kasi hindi nagka-isa ang CLIMBS at CISP!”** If your coop is a shareholder of either or both, tell them to hurry up the merger. If not, tell them if they merge, you will join.
- **Private companies offer bigger commission!**
 - they will drop you when they start losing
 - Strict requirements
- ❖ **At the end, how do we grow CLIMBS or CISP?**

Where do the top 40 keep their money and insure themselves and their properties?

- BDO, China Bank, BPI, Metro Bank, PNB, RCBC, Robinsons Bank, Bank of Commerce.
- BDO Equities, BPI Equities, First Metro Equity Fund, Rizal Equity Fund, PAMI, Philequity Fund, and many more.
- Philam, Phil AXA, BPI Philam, Insular Life, Sun Life Grepa, PruLife, Coco Life, Generali, etc.
- Malayan Insurance, Prudential Guarantee, BPI/MS Insurance, UCPB Gen, Charter Ping An, Standard Insurance, PNB Gen, etc.
- ❖ **The rich keep their money in their own integrated financial system . . . and many of our coops, even us personally, are helping them**

Sustaining the structural imbalance

- Only 400 families own 60% of the wealth of this country (.002% of families own 60%; remaining 40% shared by 19,999,600 families)
- In 2011, the wealth of the top 40 families increased to an equivalent of 76% of the growth in GDP
- The business elite work closely with the political elite for both to preserve their gains and their hold in the country's economy and politics
- Vested interest and corruption reign supreme despite sincere effort for reforms (PDAF)
- The vast majority (the 99.998%) is left sharing a shrinking pie

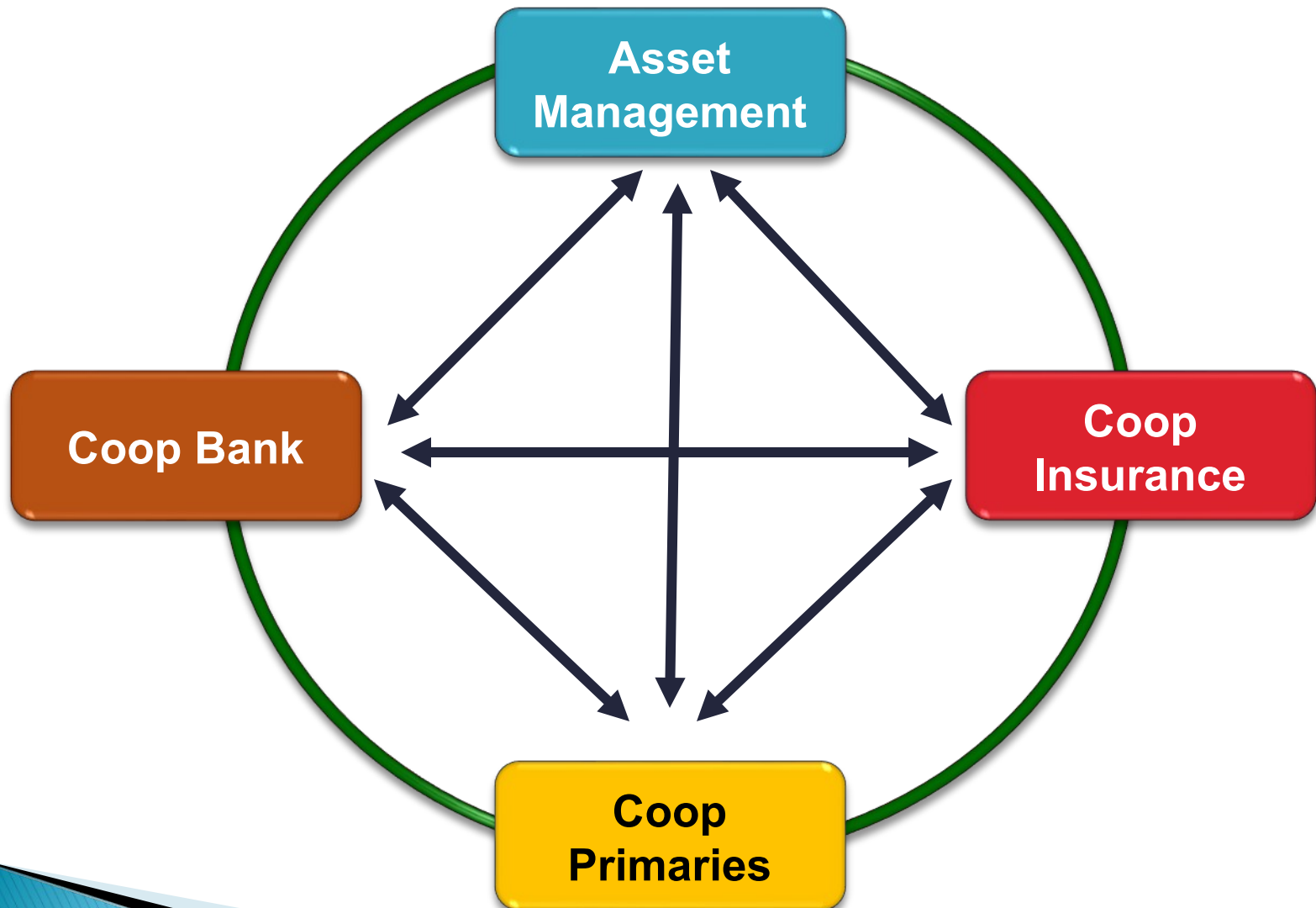
Coops build alternative social structures

- Coops can help the masses not only in improving quality of life but in increasing access to wealth-generating resources
- Access to resources, coupled with enterprising spirit, will definitely increase wealth
- Productive loans boost entrepreneurs (easier terms, bigger ceiling)
- Priority can be given to enterprises that generate employment
- ❖ **Coops can help or even build social enterprises**

Strong finance + expertise = x businesses

- Warren Buffet (55 Cos.), MVP (21 Cos.), Henry Sy, John Gokongwei are examples of people with capital who were able to buy into different kind of businesses
- The Ayalas, the Yuchencos started their conglomerates by being good in financial services
- Our coops can learn from these business models: grow, then acquire or buy out enterprises
- But, first thing first: we have to have our own **ICFS**; continue to be good at what we do; and avoid falling into the trap of “comfort zones, perks, junkets and privileges”
- ❖ **ICFS aims for One coop bank, One coop insurance, One coop asset and investment company**

VISION: Integrated Coop Financial System



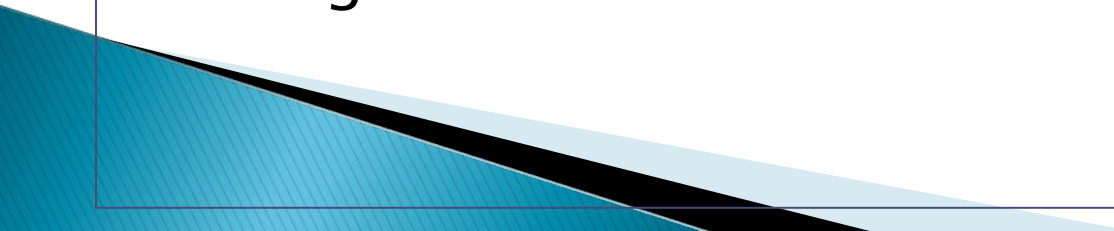
With ICFS, coops can buy out utilities, support hospitals, facilitate agri production/trading

- Albay Electric Coop was bought by San Miguel Corp. Could the coop banks of Camarines Norte and Sorsogon have bought it? Or finance a coop interested in buying it?
- The Agus–Pulangi generating plant in Maramag, Bukidnon is up for sale. Any takers?
- MMG Coop Hospitals are in need of support for expansion. One needs P 72 million. Which coop bank is in a position to finance this?
- Support strategic center for agri inputs and produce
- ❖ **If our coop banks are merged or consolidated, plus the funds that a big coop insurance can invest, we could have . . .**

ICFS can help coops achieve ultimate goals

- **Ultimate coop goals:**
 - Poverty reduction
 - Wealth redistribution
 - Nation building
- Building the middle class up achieves the above goals (lessen the wealth gap, corrects the structural imbalance)
- Creating social enterprises have similar effects
- **Ditto if utilities (electricity, water) and health care facilities are owned by the consuming public through coops**

What prevents us in pursuing ICFS?


- **Fear of the unknown.** A very natural, rational stance
 - **Comfort zone.** We are happy at where we are. We are doing well, so why complicate things?
 - **Trust level.** At the primary level, it could be high. At the secondary level, not as high. Thus, we could easily lose our cool. At another level? Well, it could be an unknown, or we are not comfortable.
 - **Where's my seat?** A real barrier is the feeling of being left out.
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Could we overcome those barriers?

The **antidote** to –

- **Fear of the unknown** is KNOWLEDGE.
- **Losing one's comfort zone** is willingness to SACRIFICE, to go the extra mile.
- **Lack of trust** is FAITH in ourselves, in the good intention of our fellow coop travellers, and in the GOD that sees through all good things.
- **The fear of losing ones seat** is the willingness to SACRIFICE for the greater good, to internalize that all these are for **HIS greater glory**.

ICFS will enable coops to –

- ▶ Provide ‘**cradle to grave**’ **services** to members
- ▶ Promote entrepreneurship; support social enterprises; grow, buy into or buy out enterprises
- ▶ Leverage coop strength (**network, linkages**); other business organizations would be happy to tap **our market base**
- ▶ Translate all these into dividend and patronage refund to members and achieve **coop goals**
- ▶ Only then can we proudly proclaim:
“**Coops can Build a Better Phils**” 
- ❖ **To those whom much is given, much is required**

The challenge for all coop people

- ▶ Define, review, renew present culture
 - Is it in line with the core coop values of self-reliance, sacrifice, commitment, and good governance?
- ▶ Is volunteerism still alive? Or are we falling into the “trap” and are just feathering our nests?
- ▶ Can we build a better Philippines with what we have?
- ❖ **Mathew 13:3–9 (parable of the sower):** Rocky ground or hardened pathways? Ground where thorns are abundant, or fertile soil? The choice is ours
- ❖ **“Many are called, few are chosen”**

Thank You Very Much

