

Where Do We Want to Go?

Finance Cluster Coop Congress

Gary Leonardo

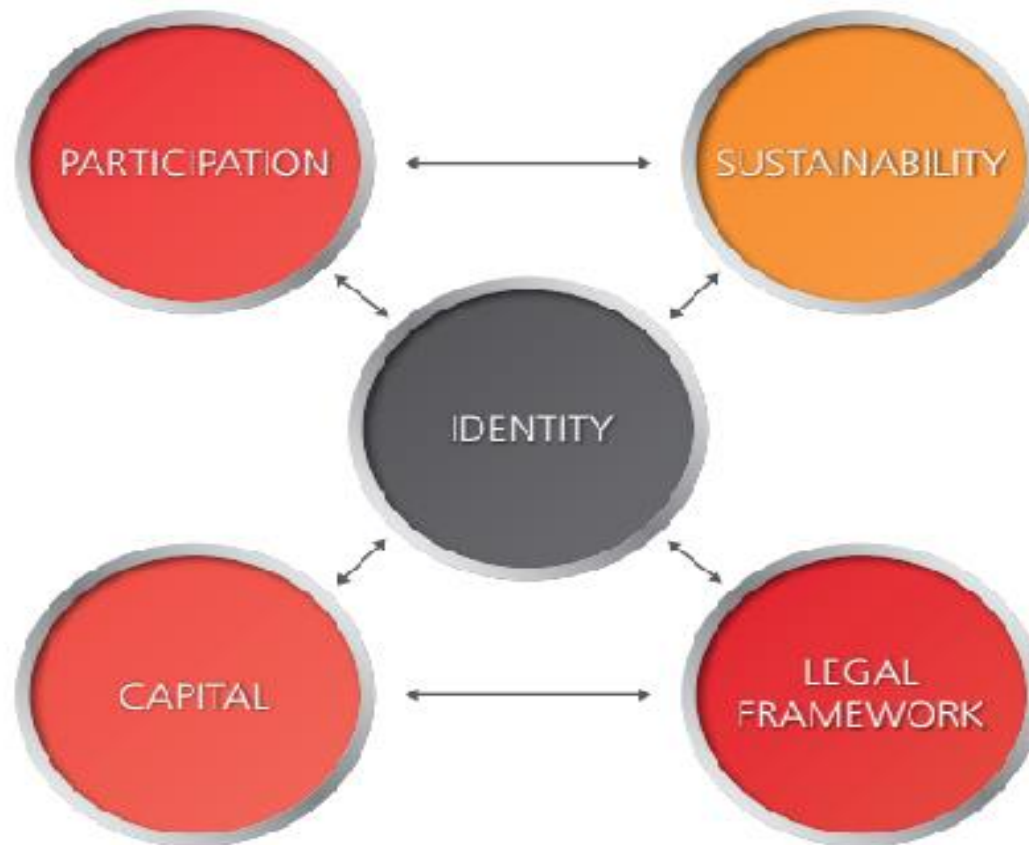
Outline of Presentation

- 1. How well has the Philippine coop sector been measuring up to the ICA Blueprint?***
- 2. Up to what extent has the sector been contributing to the Philippine Medium-term Development Plan?***
- 3. How has the sector been fitting into the BHAG and Base Camps of the PCC Finance Cluster?***
- 4. Some Specific Aspirations***

How well has the Philippine coop sector been measuring up to the ICA Blueprint?

INTERNATIONAL CO-OPERATIVE ALLIANCE

BLUEPRINT FOR A CO-OPERATIVE DECADE



Blueprint Strategy

1. Elevate **participation** within membership and governance to a new level
2. Position cooperatives as builders of **sustainability**
3. Build the cooperative message and secure the cooperative **identity**
4. Ensure supportive **legal frameworks** for cooperative growth
5. Secure reliable cooperative **capital** while guaranteeing member control

Elevate Participation to a New Level: Enablers

- Desire to reach out to the grassroots;***
- More focused now on participation of the youth***
- Pursuit of innovation***
- Sharing of best practices***
- Openness to doing surveys e.g. demand-focused***
- Capacity building/competency-based education for leaders and employees***
- Succession planning***
- Financial Inclusion tailor-fitted & value-adding***

Elevate Participation to a New Level: Disablers

- Lack of focus on quality and welfare in the 4-quadrant Financial Inclusion framework***
- Aging leadership; lack of young volunteers***
- Seemingly unclear delineation of the roles of the Board and Management in some cases***
- Internal politics***

Coops as Builders of Sustainability: Enablers

- ***Taking steps toward right, robust data***
- ***Suggestion to tap areas without access points***
- ***Recognition of the need to make operations more efficient***
- ***Stabilization fund (e.g. NATCCO) and deposit insurance anchored on sustainability (e.g. CODIS)***
- ***4 Federations promoting IT software***
- ***Excessive/idle cash***

Coops as Builders of Sustainability: Disablers

- *Seeming complacency with the perception of having a captive market among coop members*
- *Low investment in the development of the KSA of coop employees*
- *Low growth in membership*
- *High PAR*

Secure the Cooperative Identity: Enablers

- *Openness to doing surveys e.g. demand-focused*
- *Coop values and principles as guideposts for determining apt coop identity*
- *Existence of a Code of Ethics and/or Code of Conduct (or at least, the desire to have one)*

Secure the Cooperative Identity: Disablers

- ***Mission drift***

Ensure Supportive Legal Frameworks for Coop Growth: Enablers

- *New IRR's beneficial to the coops*
- *Financial Reporting framework being finalized*
- *Supportive CDA Chair on issues relating to regulation , e.g. documentation, fees*

Ensure Supportive Legal Frameworks for Coop Growth: Disablers

- *Different interpretations of tax exemption by BIR*
- *Challenge in the renewal of CTE*

Secure Reliable Coop Capital while Guaranteeing Member control: Enablers

- *Capital that is more constructive, stabilizing and restrained*
- *Value adding investments giving impetus to members to increase stakes in the coop*

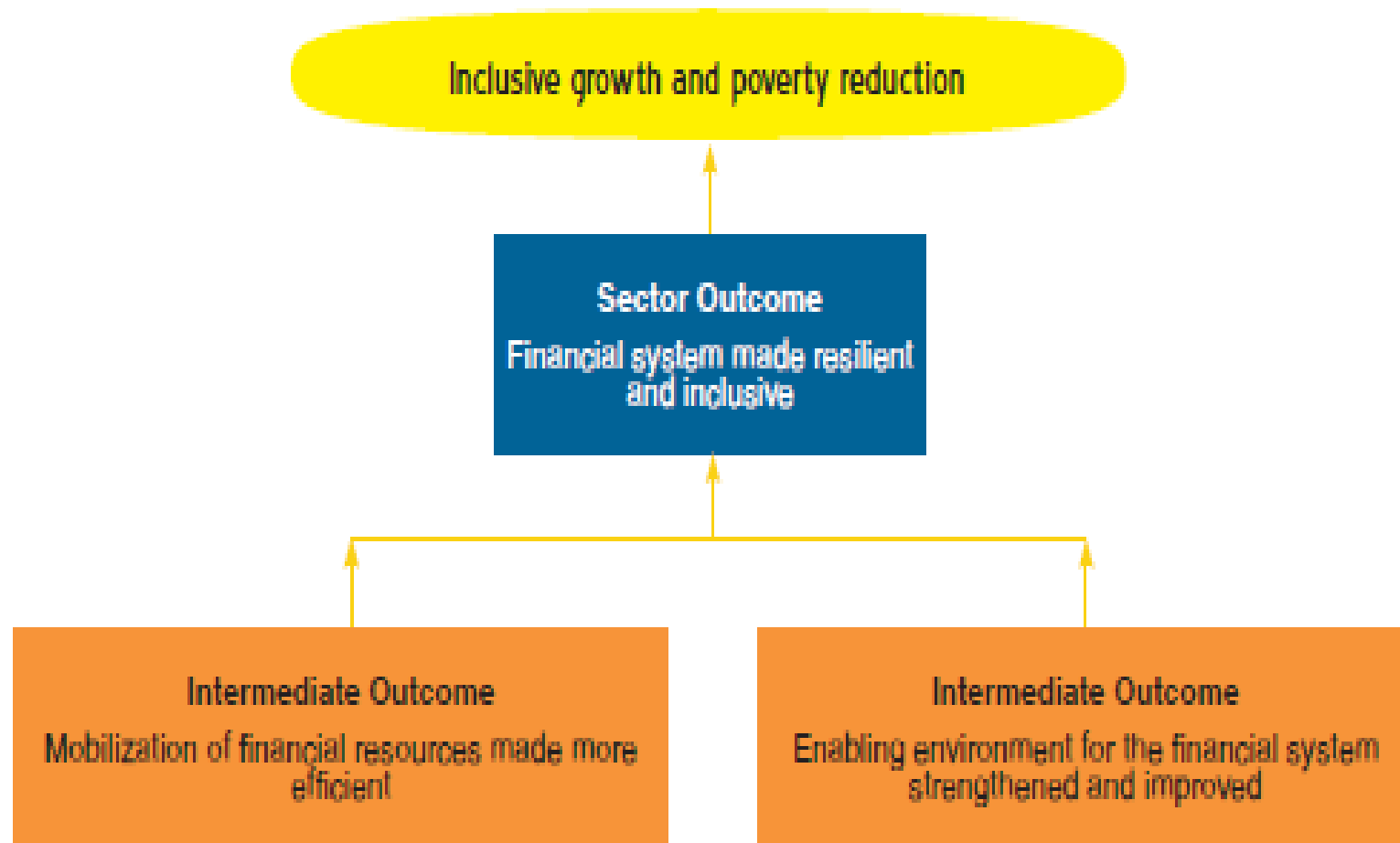
Secure Reliable Coop Capital while Guaranteeing Member control: Disablers

- *Low institutional capital*

***Up to what extent has the sector
been contributing to the Philippine
Medium-term Development Plan?***

2011- 2016 Philippine Development Plan

Chapter 6: Towards a Dynamic and Resilient Financial System

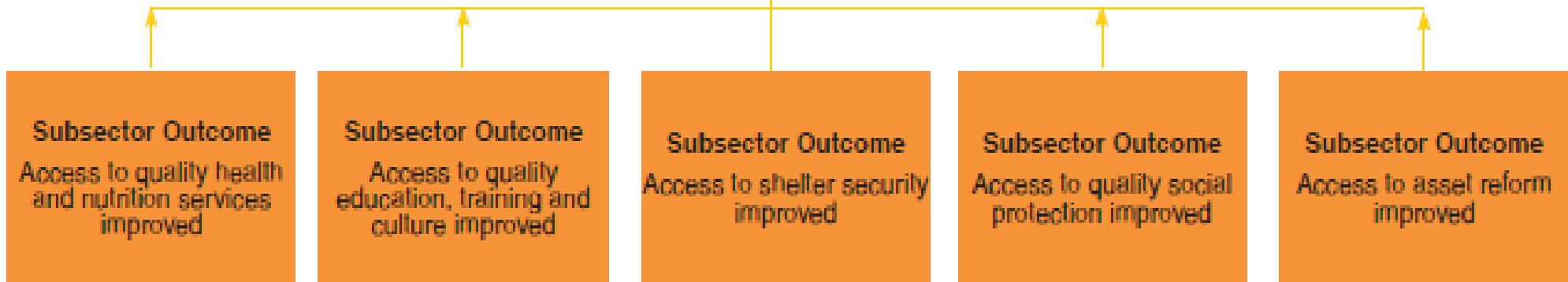


2011-2016 Philippine Development Plan

Chapter 8: Social Development

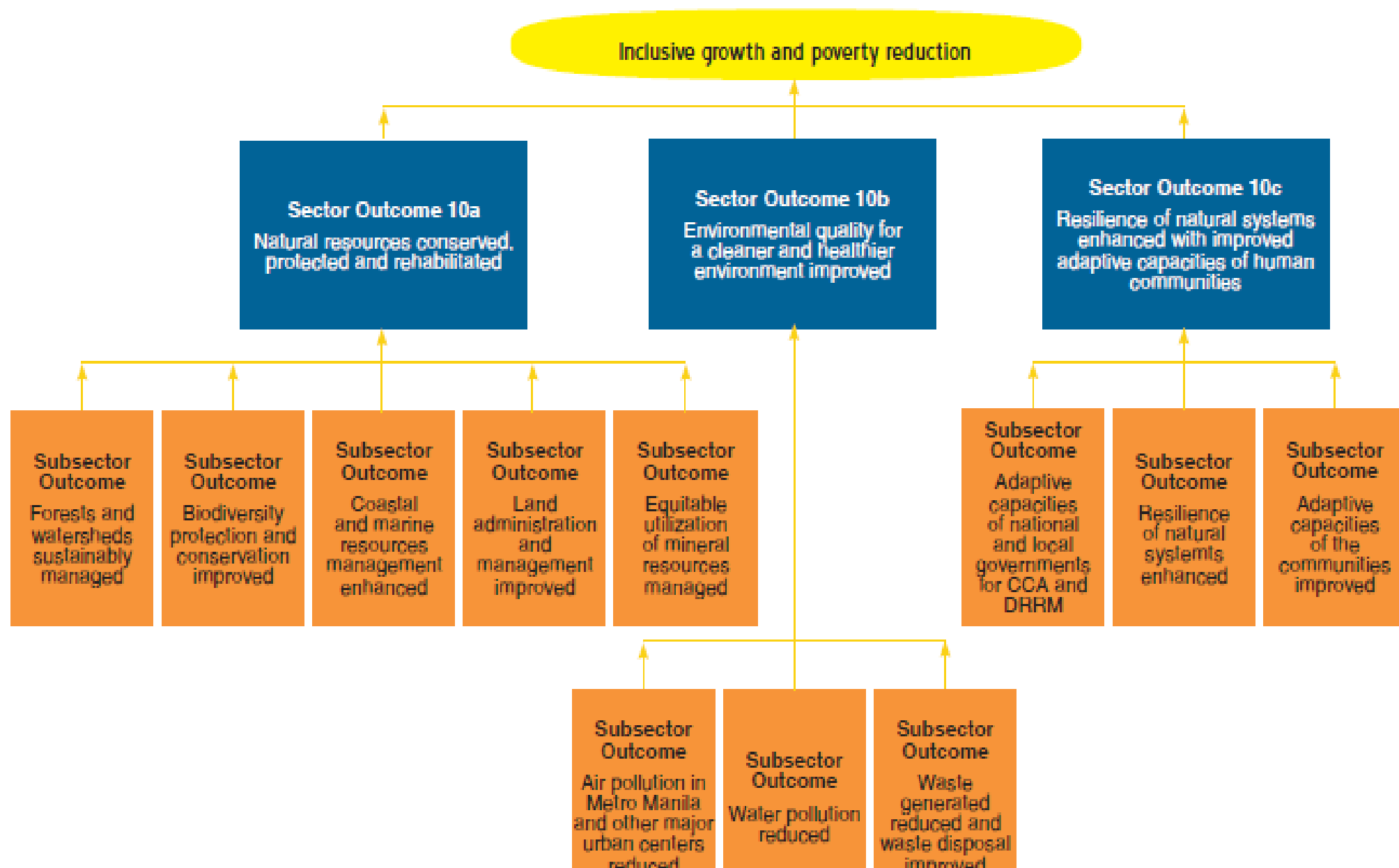
Inclusive growth and poverty reduction

Sector Outcome
Human development status improved



2011-2016 Philippine Development Plan

Chapter 10: Conservation, Protection, and Rehabilitation of Environment and Natural Resources



Objectives / Results	16-Point Agenda	Indicators/Unit	Year	Baseline Value	End-of-Plan Target	IAs / OAs
Societal Goal: Inclusive growth and poverty reduction						
Sector Outcome						
Financial system made resilient and inclusive	Agenda 7,8,9,11,12	Financial System's total assets increased to greater than 10% for 6-year (2011-2016) average from the 2006-2010 average of 9.8%	2006-2010	9.8%	greater than 10%	BSP, GSIS, SSS, Pag-ibig
		National saving rate (Gross National Saving to GDP ratio) improved to greater than 30% in 2016 from 26.6% in 2010	2010	26.6%	greater than 30%	NEDA, BSP
		Nationwide bank branch/other banking offices density ratio increased to 6 per city/municipality in 2016 from the 2010 value of 5 per city/municipality	2010	5 per city/municipality	6 per city/municipality	BSP, BAP, CTB, RBAP and Bangkoop
		Number of deposit accounts increased to 750 Filipinos per 100,000 population in 2016 from 499 Filipinos per 100,000 population in 2010	2010	499	750	BSP, BAP

Objectives / Results	16-Point Agenda	Indicators/Unit	Baseline	End-of-Plan Target	IAs / OAs	
			Year	Value		
Enabling environment for the financial system strengthened and improved (cont'd)	Agenda 9,11,12	The following legislation and reform initiatives implemented: Cooperative Code, CISA, PERA, REIT, MSME, Agri-Agra and FRIA	2010	Enactment of various bills	Completion of implementation program/initiatives by 2012	BSP, SEC, IC, CDA, DOF, PSE, BAP, DA & DAR
		The following priority bills enacted : BSP Charter, Securities Regulation Code, IC Charter, CDA Charter and Corporation Code	2010	Draft/sponsored bills filed before the 15th Congress	Enactment of these priority financial sector reform bills by 2014	Congress, OP
		The legal framework established for the following: Financial Stability Framework, Financial Sector Neutrality Act, Payment System Act, Collective Investment Schemes Law, Chattel Registry and Mortgage Law	2010	Draft/sponsored bills filed/to be filed before the 15th Congress	Enactment of required legislation and implementation by 2016	BSP, DOF, SEC, IC and Congress

Financial Service	Financial Service Provider	No. of LGUs reached		Growth	% share to total no. of LGUs	
		2012	2013		2012	2013
Full Service	Banks	1,023	1030	1%	62.6%	63.0%
Savings and Credit	Credit Cooperatives	785	814	4%	48.0%	49.8%
	Non-Stock Savings and Loans Associations (NSSLAs)	63	66	5%	3.9%	4.0%
	Microfinance NGOs	---	790	---	---	48.3%
Credit and Other Services	Pawnshops	1,079	1109	3%	66.0%	67.9%
	Other Non-Bank Financial Institutions (NBFIs)	51	53	4%	3.1%	3.2%
Payments and Money Transfers	Remittance Agents and Money Changers/ FX Dealers	804	903	12%	49.2%	55.3%
	E-money Agents	900	903	0%	55.1%	55.3%
	Automated Teller Machines (ATMs)	557	627	13%	34.1%	38.4%

	2012		2013	
	Number of cities and municipalities	% to Total	Number of cities and municipalities	% to Total
1. With banking presence	1,023	62.6%	1,030	63.0%
2. Without banking presence	611	37.4%	604	37.0%
2.1 Without banking presence but with other access points	394	24.1%	398	24.4%
2.2 Without any access point	217	13.3%	206	12.6%
*With at least one access point (1 + 2.1)	1,417	86.7%	1,428	87.4%

Other Financial Service Providers (FSPs)

- Aside from banks, the number of other FSPs also increased.

Financial	Financial Service Provider	2012 ^{r/}	2013	Growth
Full Service	Banks	9,375	9,884	5%
Savings and Credit	Credit Cooperatives	2,639	2,822	7%
	Non-Stock Savings and Loans Associations (NSSLAs)	195	198	2%
	Microfinance NGOs ^a	---	1,812	---
Credit and Other Services	Pawnshops	17,335	17,652	2%
	Other Non-Bank Financial Institutions (NBFIs)	137	145	6%
Payments and Money	Remittance Agents and Money Changers/ Foreign Exchange Dealers	9,263	10,834	17%
	E-money Agents ^b	18,545	24,029	30%
Transfers	Automated Teller Machines (ATMs)	12,224	14,528	19%
	Total	69,713	81,904	17%

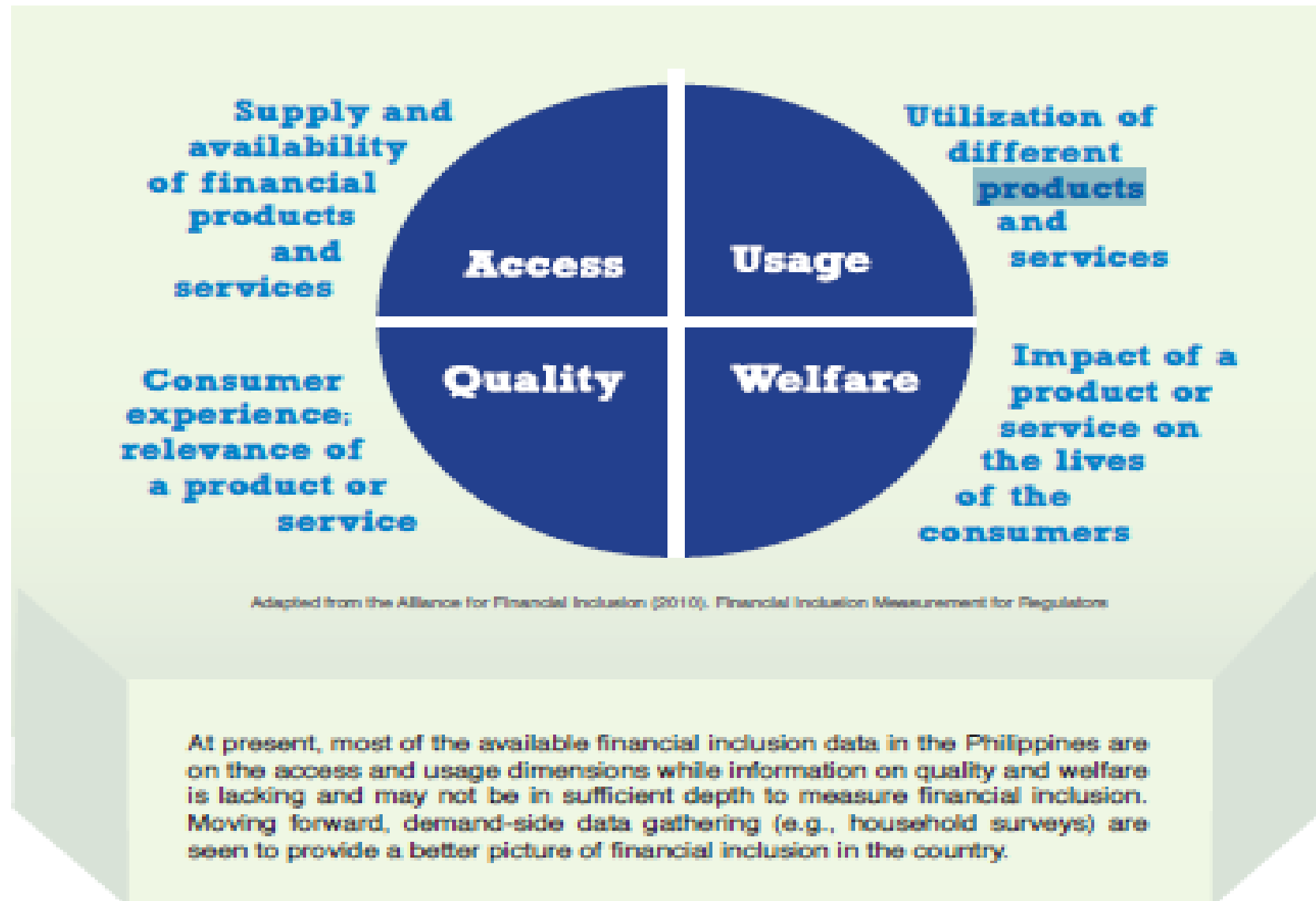
^{r/} revised

^a Based from the data collected from 17 MF NGOs.

^b This count is the number of registered e-money agents and includes agents that are pawnshops, remittance agents and money changers/ FX dealers.

Measuring financial inclusion

Robust, objective and reliable data can provide meaningful insights on the state of financial inclusion that can be used to identify gaps, establish priorities and craft evidence-based policies. There are four lenses through which financial inclusion can be measured:



BHAG & Base Camps of PCC Finance Cluster

CORE IDEOLOGY	
VALUES	INTEGRITY UNITY ACCOUNTABILITY TRANSPARENCY
	LEADERSHIP HUMILITY COMMITMENT COMMUNICATION
	COMMUNITY SERVICE VOLUNTEERISM LOVE FOR COUNTRY
CORE PURPOSE	THE UNIFYING AND TRANSFORMING VOICE OF THE COOP MOVEMENT

HEDGEHOG CIRCLES
WE ARE PASSIONATE ABOUT Continuous improvement and the thrill of new discoveries for the Coop Movement
WE ARE TALENTED IN Strategic Learning
OUR RESOURCE ENGINE: We want to be known as: Catalysts for true Cooperative Development & the parent of the Cooperative Movement

BHAG & BASE CAMPS		VIVID DESCRIPTION OF THE ENVISIONED FUTURE 2030
27 Year BHAG 2040	BY 2040, UNIVERSITY FOR COOPERATIVE EXCELLENCE AND LEADERSHIP - ASIA / WORLD	LINKAGES PEOPLE ORGANIZATION FINANCE OPERATIONS TECHNOLOGY/IT CUSTOMERS INFRASTRUCTURE
17 Year Base Camp 2030	BY 2030, CENTER FOR COOPERATIVE STANDARDS AND A LABORATORY FOR COOPS - BRICS	LINKAGES PEOPLE ORGANIZATION FINANCE OPERATIONS TECHNOLOGY/IT CUSTOMERS INFRASTRUCTURE
7 Year Base Camp 2020	BY 2020, BREAKTHROUGH ENTREPRENEURIAL RESEARCH AND DISCOVERIES - VIP / ASEAN	LINKAGES PEOPLE ORGANIZATION FINANCE OPERATIONS TECHNOLOGY/IT CUSTOMERS INFRASTRUCTURE
2 Year Base Camp 2015	BY 2015, READY FOR THE ASEAN INTEGRATION - ASEAN	LINKAGES PEOPLE ORGANIZATION FINANCE OPERATIONS TECHNOLOGY/IT CUSTOMERS INFRASTRUCTURE

Some Specific Aspirations

From	To
Perceived as weak/s ira-sira No marketing/no brand	1. The acknowledged leader in economic, social and environmental sustainability 2. The preferred business model 3. The fastest growing form of enterprise
Highly indebted members Low savings capacity	Financially literate, entrepreneurial members who live the coop way of life (empowered)
Mission drift/diminished identity	Adherent to coop mission and identity
Weak cooperatives	Safe and sound cooperatives

Some Specific Aspirations

From	To
Fragmented	Rationalized/unified
Unregulated	Self-regulating
Weak databank	Real-time, on-line data with alert system
Disconnected/Network not maximized	Interconnected
Funds with commercial banks No system level safety net	Pooled funds (liquidity fund, loan fund, stabilization fund, investment fund)
6M members	30% of the market

Thank You for Listening!