



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM NO. M-2012- 003

To : ALL BANKS

Subject : Revised Reportorial Requirements on Microfinance Operations

The provision of microfinance (MF) services has continued to evolve to effectively meet the financial needs of the poor and the basic sectors of the country. New products have been developed such as housing microfinance, micro-agri loans, and micro-deposits. Most recently, Circular No. 744 dated 28 December 2011 further expanded the menu of MF products to include "Microenterprise Loan Plus/Microfinance Plus".

The introduction of new microfinance products and the growing exposure of universal and commercial banks in wholesale MF loans necessitate the amendments of existing reportorial requirements of banks engaged in microfinance operations. The revised reports are expected to provide new data needed to effectively supervise banks providing MF services.

Section 1. The reportorial requirements on banks' microfinance operations under Circular No. 607 dated 30 April 2008 are hereby amended, as follows:

(a) Reportorial Template

- (i) Amending the report titles from "Report on Microfinance Loans Outstanding" and "Income Statement on Microfinance Operations" to "Report on Microfinance Products" and "Income Statement on Retail Microfinance Operations", respectively.

The new "Report on Microfinance Products" shall include data, in addition to retail microfinance loans outstanding, wholesale microfinance loans outstanding and micro-deposits. On the other hand, the word "retail" is inserted within the title of the Income Statement to emphasize that data to be reported therein pertain only to the retail microfinance operations of a bank.

- (ii) Renaming the following sub-accounts of Item B., "Classified as to Purpose" of the former "Report on Microfinance Loans Outstanding": from Items B.2, "Micro-Agri Loan"; B.3, "Micro-Housing"; B.4, "Others" to B.2, "Microenterprise Loan Plus/Microfinance Plus"; B.3, "Micro-Agri Loan"; B.4, "Micro-Housing"; and inserting item B.5. as "Others".
- (iii) Amending "Additional Information" of the former "Report on Microfinance Loans Outstanding" as follows:
 - a. Renaming Item 1.2.f. "National Livelihood Support Fund" as "National Livelihood Development Corp."; and
 - b. Inserting after Item 1.3, "Grants/Donations", data on "Wholesale Microfinance Loans", "Micro-Deposits" and their related sub-accounts as Items 2 and 3, respectively;

(b) Annex A, "Definition of Terms and Pertinent Income Statement Accounts and Line Item Instructions"

"A. Microfinance Loans – xxx

"B. Microfinance Loans – Past due/Portfolio-at-risk (PAR) – xxx

"C. MICROENTERPRISE LOAN PLUS OR MICROFINANCE PLUS – LOANS GRANTED TO THE BASIC SECTORS, ON THE BASIS OF THE BORROWER'S CASH FLOW, FOR THEIR GROWING MICROENTERPRISES AND SMALL BUSINESSES. THESE LOANS ARE FROM PHP150,001 TO PHP300,000. THE BORROWERS THAT WILL QUALIFY AS RECIPIENTS OF MICROFINANCE PLUS SHALL HAVE A TRACK RECORD OF AT LEAST TWO MICROFINANCE LOAN CYCLES IN THE PHP50,000 TO PHP150,000 RANGE DEMONSTRATING THE SUCCESS OF THE BUSINESS, ITS INCREASING CREDIT DEMAND AND SUBSEQUENT INCREASED CAPACITY TO PAY. THE BORROWER MUST ALSO HAVE A SAVINGS ACCOUNT. THE DELIVERY OF MICROFINANCE PLUS WILL BE UTILIZING MICROFINANCE PRINCIPLES AND METHODOLOGIES IN ACCORDANCE WITH EXISTING BSP REGULATIONS.

"D. WHOLESALE MICROFINANCE LOAN - THIS REFERS TO THE AMORTIZED COST (i.e. GROSS OF ALLOWANCE FOR CREDIT LOSSES) OF WHOLESALE LOANS GRANTED TO FINANCIAL INSTITUTIONS (FIs) FOR ON-LENDING TO QUALIFIED END-USERS.

"E. CONDUIT BANK/QUASI-BANK - THIS REFERS TO A BANK/QUASI-BANK WHICH AVAILS WHOLESALE MICROFINANCE LOAN(S) FOR ON-LENDING TO QUALIFIED END-USERS.

- "F. CONDUIT NON-BANK - THIS REFERS TO A FINANCIAL INSTITUTION OTHER THAN A BANK/QUASI-BANK WHICH AVAILS WHOLESAL MICROFINANCE LOAN(S) FOR ON-LENDING TO QUALIFIED END-USERS. IT INCLUDES COOPERATIVES, NON-GOVERNMENT ORGANIZATIONS AND FOUNDATIONS WITH MICROFINANCE OPERATIONS.
- "G. MICRO-LOAN - THIS REFERS TO THE COMBINED BALANCES OF "MICROFINANCE LOANS", AS DEFINED UNDER CIRCULAR NO. 694, AND "OTHER LOANS – MICRO-ENTERPRISES" GRANTED TO THE BASIC SECTORS AND MICROENTERPRISES.
- "H. OTHER LOANS - MICROENTERPRISES - THIS REFERS TO THE AMORTIZED COST OF LOANS GRANTED TO MICROENTERPRISE BORROWERS, AS DEFINED UNDER RA6977, AS AMENDED, BUT NOT CLASSIFIED AS MICROFINANCE LOANS. THIS ALSO INCLUDES LOANS IN EXCESS OF PHP150,000 GRANTED TO MICROENTERPRISES AND SMALL LOANS GRANTED TO MICROENTREPRENEURS BY BANKS WITHOUT FORMAL MICROFINANCE OPERATIONS.
- "I. REGULAR DEPOSITS: REGULAR EMBEDDED DEPOSITS - THIS REFERS TO A SAVINGS ACCOUNT, OTHER THAN MICRO-DEPOSIT, WHICH IS TYPICALLY EXPRESSED AS A PERCENTAGE OF THE PRINCIPAL LOAN AMOUNT AND COLLECTED REGULARLY TOGETHER WITH LOAN REPAYMENTS, GENERALLY, OUTSIDE BANK PREMISES.
- "J. REGULAR DEPOSITS: REGULAR SAVINGS OF CLIENTS WITH MICRO-CREDIT - THIS REFERS TO A SAVINGS ACCOUNT MAINTAINED BY A MICROFINANCE BORROWER NOT ATTACHED TO THE LOAN TRANSACTION.
- "K. MICRO-DEPOSIT – THIS REFERS TO A SAVINGS ACCOUNT THAT CATERS TO THE NEEDS OF THE BASIC SECTORS, LOW-INCOME CLIENTS AND THOSE WHO ARE UNSERVED OR UNDERSERVED BY THE FINANCIAL SYSTEM. ITS CHARACTERISTICS ARE DEFINED UNDER APPENDIX 45 OF THE MANUAL OF REGULATIONS FOR BANKS (MORB).
- "L. MICRO DEPOSITS: FROM CLIENTS WITH MICRO-CREDITS – THIS REFERS TO MICRO-DEPOSITS OF CLIENTS WITH OUTSTANDING MICROFINANCE LOANS OR MICRO-CREDITS WITH "EMBEDDED" AND REGULARLY COLLECTED DEPOSITS LUMPED WITH LOAN REPAYMENTS.
- "M. MICRO DEPOSITS: FROM CLIENTS WITHOUT MICRO-CREDITS - THIS REFERS TO MICRO-DEPOSITS OF CLIENTS WHO ARE NOT EXISTING MICROFINANCE BORROWERS.

"N. Migrant Workers – xxx

"O. Barangay MicroBusiness Enterprise – xxx

"P. Cultural Minorities – xxx

"Q. Field Staff – xxx

"R. OTHER BANKING OFFICE (OBO) – THIS REFERS TO ANY PERMANENT OFFICE OR PLACE OF BUSINESS IN THE PHILIPPINES OTHER THAN THE HEAD OFFICE, BRANCH OR EXTENSION OFFICE, WHICH ENGAGES IN CERTAIN NON-TRANSACTIONAL BANKING-RELATED ACTIVITIES AS APPROVED BY THE MONETARY BOARD.

AN OBO MAY ALSO BE RECOGNIZED AS 'MICROFINANCE-ORIENTED'. A 'MICROFINANCE-ORIENTED OBO (MF-OBO)/MICRO-BANKING OFFICE (MBO) REFERS TO AN OBO THAT PRIMARILY CATERS TO THE BANKING NEEDS AND SERVICES OF MICROFINANCE CLIENTS AND OVERSEAS FILIPINOS AND THEIR SUBSIDIARIES."

"x x x"

Micro-deposits as defined in items "K.", "L." and "M." may be opened and transacted at micro-banking offices (MBOs).

Section 2. Banks with retail microfinance operations shall be required to submit the Report on Microfinance Products (**Annex A**) on a monthly basis and the Income Statement on Retail Microfinance Operations (**Annex B**) on a quarterly basis. Both reports shall be submitted within 15 banking days after the end of the reference month and quarter, respectively.

Banks engaged solely in wholesale microfinance operations are expected to fill up only Item 2 and its related sub-accounts under "Additional Information" of the Report on Microfinance Products. The quarterly Income Statement on Retail Microfinance Operations, on the other hand, only requires the bank to identify that the required data is not applicable for the banks' wholesale MF operations. Otherwise, they will be sanctioned for incomplete submission of reports.

The aforementioned reports shall become effective starting with the reporting period ending 31 March 2012 and shall remain classified as Category A-2 reports. Banks may download the revised reporting templates from the BSP website under <http://www.bsp.gov.ph/frp/templates> on or after 15 March 2012.

Late and/or erroneous reporting of the said reports shall be subject to penalties prescribed under Subsection X192.2 of the Manual of Regulations for Banks for Category A-2 report.

Section 3. Records in MF-OBOs/MBOs. Microfinance-oriented other banking offices (MF-OBOs)/micro-banking offices (MBOs) are authorized to engage in limited transactions, subject to certain requirements, as stated under Section X151 and Subsection X151.6, MORB. MF-OBOs/MBOs are directed to maintain within their respective premises pertinent records and other documents. These documents shall be made available for examination to verify compliance.

Section 4. Reconciliation with FRP and other prescribed reports. Further to the reconciliation rules identified under Circular Letter No. CL-2011-012 dated 3 March 2011, "Micro Loans" shall reconcile with the total "Microfinance Loans" of the FRP Schedule 11a. In addition, details of Barangay MicroBusiness Enterprises and Wholesale Microfinance shall also reconcile with its corresponding account in the MSME report as identified in the footnotes of the Report on Microfinance Products.

Unreconciled entries should require correction through the submission of the corresponding amendment/s subject to penalty for erroneous/defective reporting prescribed under existing regulations.

For information and guidance.


NESTOR A. ESPENILLA, JR.
Deputy Governor

10 January 2012

Report on Microfinance Products

Particulars	Account Code	Sequence Number	No. of Borrowers	No. of Accounts	Amount
A. Classified as to Type of Client	140150000500000000		0	0	0.00
1. Farmers - Peasants	140150000505000000				
2. Artisanal Fisherfolk	140150000510000000				
3. Workers in the Formal Sector	140150000515000000				
4. Migrant Workers	140150000520000000				
5. Workers in the Informal Sector	140150000525000000				
6. Barangay MicroBusiness Enterprises (BMBEs) ^{1/}	140150000530000000				
7. Others (e.g. Cultural Minorities, Senior Citizens, etc.)	140150000595000000		0	0	0.00
		1			
B. Classified as to Purpose	140150001000000000		0	0	0.00
1. Microenterprises and small businesses	140150001005000000				
2. Microenterprise Loan Plus/Microfinance Plus	140150001020000000				
3. Micro-Agri Loan	140150001010000000				
4. Micro-Housing	140150001015000000				
5. Others	140150001095000000				
C. Classified as to Interest Rate (Per Annum)	140150001500000000		0	0	0.00
1. 20% and below	140150001505000000				
2. Over 20% to 25%	140150001510000000				
3. Over 25% to 30%	140150001515000000				
4. Over 30% to 40%	140150001520000000				
5. Over 40% to 50%	140150001525000000				
6. Over 50%	140150001530000000				
D. Classified as to Size of Loans	140150002000000000		0	0	0.00
1. Up to P3,000	140150002005000000				
2. Over P3,000 to P5,000	140150002010000000				
3. Over P5,000 to P10,000	140150002015000000				
4. Over P10,000 to P20,000	140150002020000000				
5. Over P20,000 to P50,000	140150002025000000				
6. Over P50,000 to P100,000	140150002030000000				
7. Over P100,000 to P150,000	140150002035000000				
8. Over P150,000 to P300,000	140150002040000000				
E. Classified as to Security	140150002500000000		0	0	0.00
1. Secured	140150002505000000				
2. Unsecured	140150002510000000				
F. Classified as to Terms of Loans	140150003000000000		0	0	0.00
1. 3 Months or Less	140150003005000000				
2. Over 3 Months to 6 Months	140150003010000000				
3. Over 6 Months to 12 Months	140150003015000000				
4. Over 12 months	140150003020000000				
G. Repayment Schedules	140150003500000000		0	0	0.00
1. Daily	140150003505000000				
2. Weekly	140150003510000000				
3. Semi-monthly	140150003515000000				
4. Monthly	140150003520000000				
5. Others (Pls. Specify)	140150003595000000		0	0	0.00
		1			
H. Aging of Accounts	140150004000000000		0	0	0.00
1. Current	140150004005000000				
2. Past Due/Portfolio at Risk (PAR)	140150004010000000		0	0	0.00
a. 1 to 30 Days	140150004015000000				
b. 31 to 60 Days and/or Loans Restructured Once	140150004020000000				
c. 61 to 90 Days	140150004025000000				
d. over 90 days and/or Loans Restructured More than Once	140150004030000000				
I. Loan Releases					
1. New Clients	140150004505000000				
2. Repeat Loans	140150004510000000				

Additional Information					
1. Funds Generated					
1. Deposit Component (a+b)	140150000000611000			0	0.00
a. Beginning Balance	140150000000611100				
b. During the Month (Net Increase/Decrease)	140150000000611200				
2. Borrowings	140150000000612000			0	0.00
a. Bangko Sentral ng Pilipinas	140150000000612100				
b. Land Bank of the Philippines	140150000000612200				
c. Peoples Credit Financing Corporation	140150000000612300				
d. Development Bank of the Philippines	140150000000612400				
e. Phil. Business for Social Progress	140150000000612500				
f. National Livelihood Development Corp	140150000000612600				
g. Other Government Institutions	140150000000612700				
h. Private Financial Institutions	140150000000612800				
i. Others (Pls. Specify)	140150000000612900			0	0.00
		1			
3. Grants/Donations	140150000000613000				
2. Wholesale Microfinance Loans					
1. Classified as to Type of Conduit	140150000000621000		0	0	0.00
a. Bank /Quasi Bank ^{2/}	140150000000621100				
b. Non-bank ^{3/}	140150000000621200				
2. Classified as to Terms of Loans ^{4/}	140150000000622000		0	0	0.00
a. Under 12 months	140150000000622100				
b. 1-3 years	140150000000622200				
c. Over 3 years	140150000000622300				
3. Classified as to Security ^{5/}	140150000000623000		0	0	0.00
a. Secured	140150000000623100				
b. Unsecured	140150000000623200				
3. Others					
1. Micro-Loans ^{6/}	140150000000631000		0	0	0.00
a. Microfinance (as defined under Appendix 45) ^{6/}	140150000000631100				
b. Other Loans - Microenterprises ^{7/}	140150000000631200				
2. Deposits of Microfinance Borrowers/ Micro-deposits	140150000000632000		0	0	0.00
a. Regular Deposits ^{8/}	140150000000632100		0	0	0.00
i. Embedded Deposits	140150000000632110				
ii. Regular Savings of clients with micro-credits	140150000000632120				
b. Micro Deposits	140150000000632200		0	0	0.00
i. From clients with micro-credits	140150000000632210				
ii. From clients without micro-credits	140150000000632220				

1/ Amount and Number of Borrowers should reconcile with MSME Sched 2 item I. Loans Directly Granted to BMBEs and Additional Information item 1. Number of borrowers, respectively (140150000530000000)

2/ Amount should reconcile with MSME Sched 1B item I.4.a Participating banks/quasi-banks (140180502500113000)

3/ Amount should reconcile with MSME Sched 1B item I.4.b. Participating non-bank financial institutions without quasi-banking authority (140180502500114000)

4/ Amount should reconcile with MBS Additional Information item 2.1. Classified as to Type of Conduit (140150000000621000)

5/ Amounts should reconcile with FRP Sched 11a item 4. Microfinance Loans (140150002000100000)

6/ Amount should reconcile with MBS item A. Classified as to Type of Client (140150000500000000)

7/ All loans granted to microenterprises, regardless of loan sizes and not classified as "microfinance loans"

8/ Amount should reconcile with MBS Additional Information 1.1. Deposit Component (140150000000611000)

☐ Not Applicable

INCOME STATEMENT ON RETAIL MICROFINANCE OPERATIONS

Particulars	Account Code	Amount
INTEREST INCOME	505050000000600001	0.00
a. Microfinance loans	505056502000600001	0.00
(1) Current	505056502005600001	
(2) Past due/Portfolio-at-risk	505056502010600001	
(3) Items in-litigation	505056502015600001	
b. Due from other banks	505059000000600001	
c. Others	505059500000600001	
INTEREST EXPENSE	605100000000600001	0.00
a. Deposits	605101500000600001	
b. Bills payable	605102000000600001	
NET INTEREST INCOME	505000000000600001	0.00
NON-INTEREST INCOME	510000000000600001	0.00
a. Fees and commissions	510100000000600001	
b. Other income	510450000000600001	
NON-INTEREST EXPENSE	610000000000600001	0.00
a. Compensation/Fringe Benefits	610050000000600001	
b. Depreciation / Amortization	610200000000600001	
c. Provision for credit losses	700050000000600001	
d. Other administrative expenses:	610150000000600001	0.00
(1) Rent	610150000500600001	
(2) Power, light and water	610150001000600001	
(3) Fuel and lubricants	610150006500600001	
(4) Others	610150099500600001	
NET PROFIT OR LOSS	920000000000600001	0.00

Number of field staff:

0

Number of other banking offices:

0