

# Creating Synergy Towards Financial Inclusion

**“A collaboration between the Philippine Postal Corporation  
and the Philippine Postal Savings Bank to improve access  
to financial services”**

Global Forum on Financial Inclusion for Development

International Conference Centre, Geneva, Switzerland October 24-25, 2013

Presented by:

**MA. JOSEFINA M. DELA CRUZ**

PHLPost, Postmaster General & CEO

PostBank, Chairperson of the Board of Directors

# THE COLLABORATORS



A government –owned and – controlled corporation created through Republic Act No. 7354 or “Postal Service Act of 1992” on April 2, 1992.

Its vision is to become the preferred universal service provider for the delivery of goods, communications, and postal payment services.

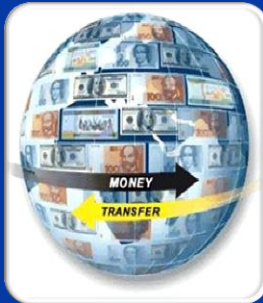
A subsidiary corporation of PHLPost which was reopened last July 21, 1994. The Postal Service Act of 1992 granted PHLPost with the authority to reopen the PostBank.

Its vision is to become a strong and dynamic national institution that will mobilize savings and promote entrepreneurship to widen economic opportunities

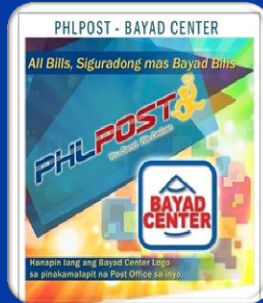
# Scaled - Up Postal Payment Services of PHLPost



Electronic and Paper-Based Domestic Money Order Service



Electronic and Paper-Based International Money Order Service  
Credit-to Account



Bills Payment



Collection Services



Insurance Claim Payout



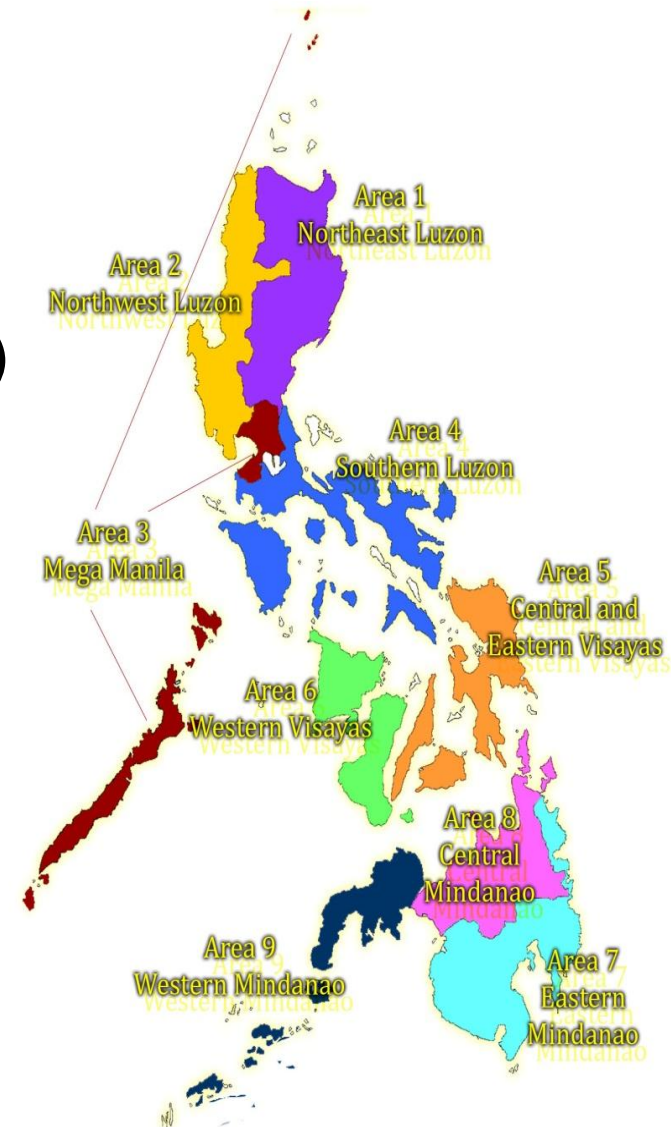
Conditional Cash Transfer Payout

Social Pension for Indigent Senior Citizens Payout

**PHLPost undertakes the delivery of financial assistance of the Philippine Government to more than 1 million poor households mostly located in rural/far-flung/unbanked/underbanked areas**

# THE UNBANKED AND UNDERBANKED POPULATION

- About 50.5 million (55 percent) Filipinos live in rural/ partially-rural municipalities in the Philippines;
- 1,512 municipalities (almost 93 percent) are considered rural/partially-rural;
- Almost 68 percent of the rural/partially-rural municipalities have post offices. **PHLPost still does the last mile delivery to the remaining 32 percent;**
- More than 61 percent of the rural/ partially-rural municipalities are unbanked/underbanked.



# PostBank Development Thrusts Towards Countryside Development

- Create a strong presence especially in the local communities not reached by banks;
- Offer a full range of traditional banking products and services as well as new products that will service specific target markets on the countryside, particularly in areas where there are no banks like the **Financial Assistance to Local Government Units for local infrastructure and other socio-economic development projects**;
- The Philippine PostBank launched its Remittance Service for Overseas' Filipinos in partnership with an international remittance company, Agilivant, and following the “synergy” arrangement it entered into with PHLPost in May 2012. Agilivant will provide the electronic technology while Postbank will establish the remittance centers.

## PostBank Rolls Out Remittance Service



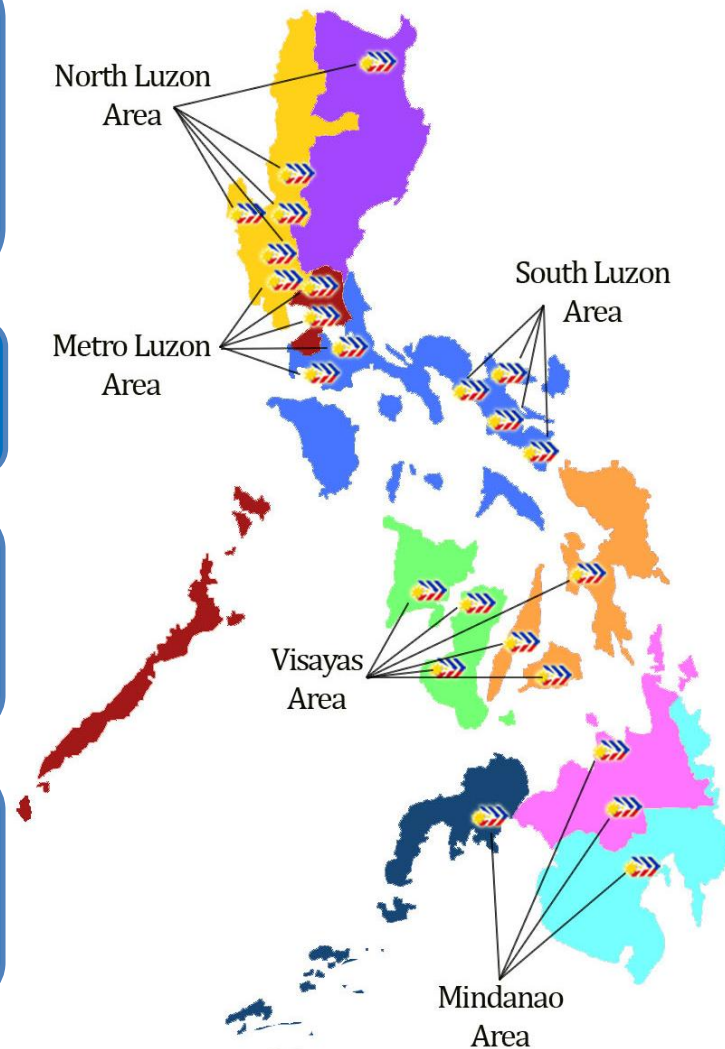


- Incorporated on June 22, 1994 and was formally reactivated/reopened last July 21, 1994. The Philippine Postal Corporation was granted the power to reopen/reactivate Postbank by Republic Act 7354 “Postal Service Act of 1992”.

- Operates nationwide with twenty-five (25) branches – fifteen (15) in Luzon, six (6) in the Visayas, and four (4) in Mindanao.

- Total Deposits of USD146.06 million – 58 percent represent government deposits and 42 percent represent private deposits. (As of September 2013)

- Total Loans of USD90.12 million – 86 percent represent loans granted to private and 14 percent represent loans granted to government entities. (As of September 2013)



# VISION AND MISSION



shall...

**Be a strong and dynamic national institution that will mobilize savings and promote entrepreneurship to widen economic opportunities.**

**Provide the Filipino people with a full range of professional banking and financial services accessible in all areas of the country and shall**

promote the values of thrift, industry and prudence especially in the youth

# POSTAL BANK CHARTER



Provide financial support to small farmers and other Agri-ventures. Make means of shelter, health, education, livelihood, and food accessible to all;



Engage in the general business of savings and mortgage banking;



With prior approval of the Monetary Board, to invest in financial allied undertakings such as leasing companies, banks, investment houses, credit card operations and other allied undertakings; and



To undertake such other forms of loans, investments, credit facilities, or financial intermediation. With prior approval of the Monetary Board, to act as managing agent, adviser, consultant for the administration of investment accounts.



## LGU Loans

FALGU was developed to finance the Local Government Units' (LGUs) local infrastructure and other socio-economic development projects in support to the government's thrust towards accelerating countryside economic growth and development.

## Consumer Loans

A Term Loan offered by the Bank to accredited Micro-Finance Institutions (MFIs) and Cooperative Banks which in turn re-lend the funds to eligible borrowers.

## Commercial Loans

A credit facility offered by the Bank to supplement the operating capital of Accredited Financial Institutions / Rural banks / Cooperatives.

## Remittance

Under the agreement, Agilivant will provide the electronic technology along with the generation of foreign remittances while Postbank will establish the remittance centers, which shall be in its bank branches, and the post offices spread out across the of Philippines.

## Deposit Products

Includes Dollar Time Deposit, Peso Savings Account, Postal Cash ATM, Peso Checking Account, Peso Time Deposit, Premium Savings Plan, and Dollar Savings Account

## PRESENCE

**Create a strong presence especially in the local communities not reached by banks by increasing the number of branches to 50 and providing the network that would interconnect the main office, the branches and the post offices located in all the municipalities/cities/ provinces of the country for greater operational**

**efficiency and service enhancement.**

## FINANCIAL STRENGTH

- ✓ **Achieve P17 billion (USD395 million) in terms of assets**
- ✓ **Lend at least P9 billion (USD209 million)**
  - ✓ **Generate P15 billion deposits**
  - ✓ **Increase capitalization to at least P1.5 billion (USD35 million)**
  - ✓ **Attain Return on Equity (ROE) of ranging from 7-10%**
- ✓ **Lower NPL ratio to at least 9% or within the industry average**

## RELEVANCE

- ✓ **Offer the full range of traditional banking products and services as well as new products that will service specific target markets on the countryside, particularly in areas where there are no banks;**
- ✓ **Source soft loans / grants from international and regional financial institutions and partner with NGOs as conduit, for people empowerment / countryside development**
- **More consumer financing, but on a more diversified scale;**
  - **Promoting community development projects;**
  - **Relating more to LGUs and getting involved as conduit for ODAs (actively source funds from international/ regional**

**banks); and**

# THE AGREEMENT TO SYNERGIZE



Synergy agreement to optimize the use of post offices to jumpstart remittance and electronic financial services under a micro-finance banking officer/other banking office (MBO/OBO) environment, among others

# THE MICRO-FINANCE BANKING OFFICE (MBO) PROGRAM

Postbank is expected to have its presence felt in the countryside, utilizing the post offices located all over the country. Specifically, the Postbank will establish its presence in the unbanked and underserved municipalities.

Postbank hopes to contribute its share towards achieving the government's major objective of inclusive growth.

Postbank will provide the following financial services in the unbanked and unserved municipalities: (1) Mobilize Savings; (2) Make available micro-financing to individuals and organized groups; (3) Provide credit to LGUs to finance the delivery of basic services, specifically water, renewable energy, health , and sanitation.



**You Send. We Deliver.**

**Thank You!**

**MA. JOSEFINA M. DELA CRUZ**

Postmaster General & CEO

Email: [pmg@philpost.gov.ph](mailto:pmg@philpost.gov.ph)