

# DO YOU KNOW THAT LENDING WITH NO COLLATERAL CAN INCREASE YOUR SME LOAN PORTFOLIO?

Find out how from the experts and experiences of various Financial Institutions that have implemented the risk-based lending approach.

Risk-based lending is a form of financing that utilizes credit assessment models that are focused on the borrower-enterprise itself, and less dependent on capacity to put up collateral. Since it is being acknowledged that the collateral culture has been restricting the growth of MSME finance in the country and in other parts of the world, there is an urgent need to go beyond the collateral mentality and build a more reliable and responsive credit system.

## FORUM ON RISK-BASED LENDING FOR SMES

Learn:

- ✓ What risk-based lending is and its benefits
- ✓ To assess specific credit risks for a more informed non-collateralized lending approach
- ✓ To examine the critical success factors to adoption and implementation of risk-based lending

### TARGET PARTICIPANTS:

- ✓ Board of Directors
- ✓ Presidents
- ✓ Members of Top Management
- ✓ Branch and Account Managers ... of rural, thrift, universal, commercial, and cooperative banks; microfinance institutions, and business assistance and lending centers

**Register Now!**

**June 7, 2012**

**Time: 8am-5pm**  
**Venue: E. Virata Hall, E. Jacinto St. UP**  
**Campus, Diliman QC**

**Severina P. Banaga / Juli F. Cardillo**  
**Tel: 9287076 to 79 loc 117 / 125**  
**Fax: 9279238**  
**Email: [sphanaga@yahoo.com](mailto:sphanaga@yahoo.com) or [juli.cardillo@gmail.com](mailto:juli.cardillo@gmail.com)**



From March 2007 to March 2011, a total of 602 bank personnel have attended the three-day Capability Enhancement Seminar for Financial Institutions, where they have been exposed to Credit Scoring System for SME lending. The trainings were conducted in 24 key areas from Laoag City in Region 1 to Sarangani Province in Region 11.

| NUMBER OF TRAINING GRADUATES |            |              |            |                    |            |
|------------------------------|------------|--------------|------------|--------------------|------------|
| LUZON                        | VISAYAS    |              | MINDANAO   |                    |            |
| NCR                          | 52         | Region 6     | 73         | Region 9           | 34         |
| CAR                          | 14         | Region 7     | 66         | Region 10          | 38         |
| Region 1                     | 35         | Region 8     | 18         | Region 11          | 38         |
| Region 2                     | 23         | <b>Total</b> | <b>157</b> | Region 12          | 36         |
| Region 3                     | 55         |              |            | Region 13          | 23         |
| Region 4A                    | 52         |              |            | <b>Total</b>       | <b>169</b> |
| Region 4B                    | 11         |              |            |                    |            |
| Region 5                     | 34         |              |            | <b>Grand Total</b> | <b>602</b> |
| <b>Total</b>                 | <b>276</b> |              |            |                    |            |

### What is the IGLF?

The Industrial Guarantee and Loan Fund (IGLF) can help you respond to your present requirements for sustainability and growth.

- IGLF was set up and administered by the Central Bank of the Philippines (CBP) in 1959; in 1990, fund administration was transferred to the Development Bank of the Philippines (DBP)
- IGLF assistance ranges from the provision of loans and guarantees, to technical assistance in the form of capacity- and institution-building
- The bulk of the IGLF support has been in the form of wholesale loans granted through accredited private financial institutions, such as commercial banks, thrift banks, and rural banks.
- The membership of the IGLF Review Committee comes from the National Economic and Development Authority, Bangko Sentral ng Pilipinas (BSP), Department of Trade and Industry (DTI), Department of Finance (DOF), UP Institute for Small-Scale Industries (UP ISSI) and the Development Bank of the Philippines (DBP).

| PROGRAM MANAGEMENT TEAM   |   |
|---|---|
| Conference Managers   | Conference Coordinators                                     |
| <b>LUZON</b>  |   |
| Severina P. Bañaga<br>(02) 9287076 loc. 117<br>spbanaga@yahoo.com   | Juli F. Cardillo<br>loc. 125<br>juli.cardillo@gmail.com     |
| <b>VISAYAS</b>  |   |
| Severina P. Bañaga<br>(02) 9287076 loc. 117<br>spbanaga@yahoo.com   | Berna D. Escoto<br>loc. 130<br>beginningtobelieve@yahoo.com |
| <b>MINDANAO</b>   |   |
| Jaime P. Guanzon<br>loc. 104<br>jsguanzon@yahoo.com   | Francis M. Sune<br>loc. 129<br>francis.sune@gmail.com       |
| Ma. Luisa S. Lee<br>Chairperson, Entrepreneurship Research & Development<br>Department<br>loc. 136<br>maluisa.solarte@gmail.com |   |

The Forum on Risk-Based Lending for SMEs is a joint undertaking of the



*Invest into the Future.*



**FORUM ON  
RISK-BASED LENDING  
FOR SMEs**

## FORUM ON RISK-BASED LENDING FOR SMES

The forum intends to increase the appreciation of financial institutions (FIs) on the benefits of risk-based lending. By having more financial institutions practice the new technology, more MSMEs will have increased access to credit.

## OBJECTIVES

- ✓ Discuss what risk-based lending is and its benefits.
- ✓ Assess specific credit risks for a more informed non-collateralized lending approach.
- ✓ Examine the critical success factors to adoption and implementation of risk-based lending.

## WHAT IS RISK-BASED LENDING?

It is a form of financing that utilizes credit assessment models that are more focused on the borrower-enterprise itself, and less dependent on capacity to put up collateral.

Since it is now being acknowledged that the collateral culture has been restricting the growth of MSME finance in the country and in other parts of the world, there is an urgent need to go beyond the collateral mentality and build a more reliable and responsive credit system.

Risk-based lending will help the MSME sector to “gain more access to financing, especially from formal sources, because collateral would no longer be the main determinant of borrower eligibility” (Angelo, 2008).

## TARGET PARTICIPANTS

- ✓ Board of Directors
- ✓ Presidents
- ✓ Members of Top Management
- ✓ Branch and Account Managers

...of rural, thrift, universal, commercial and cooperative banks and microfinance institutions, business assistance and lending centers

## FORUM PROGRAM

| Time        | Topic   |
|-------------|---|
| 7:00-8:00   | Registration  |
| 8:00-8:30   | Opening Ceremonies<br>Welcome Remarks<br>Keynote Speaker  |
| 8:30-9:00   | SME Financing and the Department of Trade and Industry (DTI)  |
| 9:00-9:30   | IGLF Programs and Policies  |
| 9:30-10:30  | Credit Risk Management and Trends in SME Lending  |
| 10:30-11:30 | SB Corp Model in Risk-Based Lending   |
| 11:30-12:00 | Regulatory Environment for Risk-Based Lending   |
| 12:00-1:00  | Break   |
| 1:00-2:30   | Best Practices in Risk-Based Lending for SMEs <ul style="list-style-type: none"> <li>• Rural Banks</li> <li>• Thrift Banks</li> <li>• Cooperative Banks</li> <li>• Cooperatives</li> <li>• Microfinance Institutions</li> </ul> |
| 2:30-3:30   | Workshop  |
| 3:30-4:00   | Presentation of Workshop Results and Open Forum   |
| 4:00-5:00   | Synthesis Integration and Closing Ceremonies/<br>Awarding of Certificates   |

Please confirm your participation with the conference management team and submit your registration form by fax or email a week before the forum (original copy to the Secretariat on forum day).

## FORUM SCHEDULE

| Region   | Schedule      |
|----------|---------------|
| Luzon    | Jun. 7, 2012  |
| Visayas  | Aug. 23, 2012 |
| Mindanao | Oct. 18, 2012 |

## FORUM RESERVATION

- Yes, I will attend on
- Jun. 7, 2012 (Manila)
  - Aug. 23, 2012 (Visayas)
  - Oct. 18, 2012 (Mindanao)
- No, I will not attend, but include me in your mailing list

Name: \_\_\_\_\_

Tel No.: \_\_\_\_\_

Position: \_\_\_\_\_

Office: \_\_\_\_\_

Office Address: \_\_\_\_\_

\_\_\_\_\_

Fax No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

What do you expect to learn from the forum?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature: \_\_\_\_\_

Date : \_\_\_\_\_