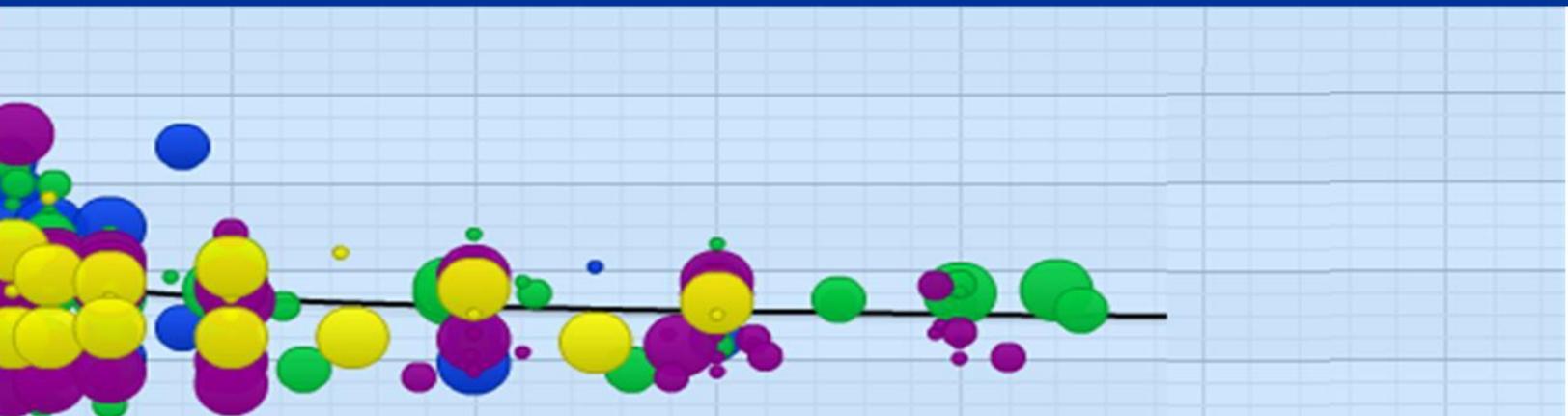


PRICING DATA REPORT

TRANSPARENT PRICING INITIATIVE IN THE PHILIPPINES

31 December 2011



LE GOUVERNEMENT
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EXECUTIVE SUMMARY

The Philippines has one of the oldest and largest microfinance markets after Bangladesh and Indonesia, with over 2 million clients and hundreds of service providers. Over the past decade, the sector has experienced rapid growth, both in terms of outreach and innovation in services offered. It has received attention and support from both government and private institutions, based locally and globally.

As microfinance institutions make progress towards achieving financial stability, there is also growing movement towards focusing on their social mission and impact. In relation to this, the issue of pricing has been brought up in several conferences organized by the sector. Currently, there is no consistent way to track and disseminate the prices of microfinance loan products. This leads to a market in the Philippines, like that in other countries, where microfinance lenders use a variety of methods of charging interest and fees that make it difficult for clients to compare one loan product with another. Banks, cooperatives and NGOs report to different supervisory bodies, and none of these have comprehensive pricing disclosure policies in place.

MicroFinance Transparency (*MFTransparency*), a US-based non-profit institution, aims to address this problem by enabling transparent communication between suppliers and consumers of microcredit products. *MFTransparency* collects product prices on all micro-loan products and reports them through a common, objective measurement system, thereby allowing all microfinance stakeholders to work with a full understanding of the costs paid by clients. Aside from publication of prices, *MFTransparency* also engages in dialogues with regulators and assists in the development of education materials and tools to better understand the concept and function of interest rates and product pricing.

In March 2011, *MFTransparency* launched the *Transparent Pricing Initiative in the Philippines*. Over a period of seven months, pricing data was collected from microfinance institutions throughout the country. In addition, trainings were conducted with MFIs and discussions undertaken with regulators and networks. This resulted in product pricing for 43 MFIs representing US\$351 million/PHP 15 billion in outstanding loan portfolio to 2 million clients.

Among the findings of this Initiative is the common practice of using the flat method for computation of interest and mandatory collections for insurance and savings deposits. This has contributed to a wide range of annual percentage rates from 17% to 340% (including interest, fees, insurance, tax and savings), across different loan amounts and different types of institutions.

Using the data from MIX Market, it is apparent that Philippine MFIs give loans with small loan amounts. As seen in other countries, not only in the Philippines, as the loan amounts get smaller, the operating expense ratio starts to dramatically increase. Logically, in order to cover these costs, higher prices will have to be charged. Note however that higher prices do not necessarily mean higher profits for the MFIs.

A few months after the Initiative was launched, the Bangko Sentral ng Pilipinas (BSP) released a circular on enhancing pricing transparency. This circular provides for the use of declining balance method for the computation of interest and use of Effective Interest Rate (EIR) to communicate prices. This circular which will

take effect in July 2012 is expected to apply to all credit-granting institutions, including banks, NGOs and cooperatives.

The Transparent Pricing Initiative in the Philippines and the new pricing disclosure policies are complementary initiatives aimed to further enhance pricing transparency within the sector. The data presented in this report hopes to assist the sector as they re-think their pricing strategies and operations in preparation for when the disclosure policies take effect. No doubt, moving towards a more transparent market presents the industry with several challenges. However, with stakeholders working together, these can be overcome, bringing about a more robust, efficient and market-focused microfinance industry.

THE IMPORTANCE OF PRICING TRANSPARENCY

The true price of micro-loan products has never been accurately measured or reported. For an industry born to displace moneylenders by providing low-cost credit to the working poor, this is hard to imagine and even harder to explain.

The current predicament of widely practiced non-transparent pricing in microfinance has evolved and perpetuated for several reasons. One is the fact that the cost of borrowing is higher the smaller the size of the loan, meaning the poorer clients pay the higher prices. And why is that? Because the cost of providing a micro-loan is relatively similar for all loan sizes. Therefore, the smaller the micro-loan the higher the price a microfinance institution (MFI) must charge, as a percent of the loan amount, to cover the costs of that loan. Many see this aspect of microfinance as unethical. This also makes it difficult for MFIs to serve the poorest of the poor, since by offering smaller loans they must charge higher interest rates and therefore do not appear to be charging a competitive price.

Due to the challenges of explaining why MFIs need to charge higher interest rates than the commercial sector, and to charge the *highest* interest rates to the *poorest* clients, the easier alternative has been to use non-transparent pricing. Microfinance organizations often use a confusing set of pricing mechanisms, such as employing “flat” monthly interest rates¹ and adding additional fees, where a quoted price is generally significantly lower than the actual price. This practice of obscure pricing has proliferated in the absence of a strong regulatory framework for microfinance.

Once the industry began widely employing confusing product pricing, it became very difficult for any one MFI to convert to transparent pricing. To do so would leave that MFI advertising what appears to be the highest price in the market, even though their true price could actually be the lowest. As a result, the vast majority of MFIs practice non-transparent pricing even though many would prefer to do otherwise.

This lack of transparency on interest rates is problematic in many ways. It creates room for providers with different motivations to use the same pricing mechanisms to exploit poor people, charging much more than they need to cover their costs and making it difficult for the client to determine the true price of his or her loan. When MFIs are operating in a very opaque pricing environment – where nobody really knows how the price of one product compares to the price of another product – there exists a very real opportunity for an MFI to charge a price that results in excessively high profit levels.

This is a bad situation for the poor and a bad situation for the microfinance industry. High profits generated off of the poor by charging high non-transparent prices can damage the public image of the microfinance industry and result in a strong backlash. The mainstream media is already regularly reporting the level of interest rates typically charged in microfinance. What was little known just a few years ago is now publicly-available

¹ Flat interest rates, very common in microfinance, mean that the interest each period is calculated on the original amount of the loan, rather than the current balance.

knowledge, but there is little explanation or understanding of why microfinance interest rates are higher than previously believed, or why there is significant variation in interest rates among different institutions.

IMPLEMENTING TRANSPARENT PRICING

It is in this context that MicroFinance Transparency (*MFTransparency*) was born. Established in July 2008, *MFTransparency* is a US-based a non-profit agency that addresses pricing transparency through two joint activities. *MFTransparency* collects product prices on all micro-loan products around the world and reports those prices by a common, objective measurement system. Second, *MFTransparency* has also undertaken the equally important role of developing and disseminating straightforward educational materials to enable all microfinance stakeholders to better understand the concept and function of interest rates and product pricing. ***MFTransparency* believes that an industry-wide effort to practice transparent pricing is essential to the long-term survival, growth and effectiveness of the microfinance industry.**

THE EVOLUTION OF THE TRANSPARENT PRICING INITIATIVE IN THE PHILIPPINES

LAUNCH OF THE TRANSPARENT PRICING INITIATIVE IN THE PHILIPPINES

Funded by Luxembourg Cooperation and MicroNed, the *Transparent Pricing Initiative in the Philippines* was launched in March 2011 through a series of regional workshops held in key cities throughout the country. The workshops, attended by more than 150 participants, were designed to facilitate discussion on the need for transparent pricing in microfinance, provide training on computation of loan prices and to encourage MFIs to participate in the Initiative.

DATA COLLECTION

Data collection ensued for seven (7) months from April to October. During this phase, MFTransparency staff based in the country met with MFIs to discuss the *Initiative* and to assist them in complying with the requirements. Aside from accomplishing the data collection tool which gathers general information on the pricing of loan products, participating institutions were also required to submit loan documents of actual loan samples disbursed, preferably within the last two (2) months. The final dataset includes product pricing for 43 MFIs representing US\$351 million/PHP 15 billion in outstanding loan portfolio to 2 million clients.

From the start of the project, MFTransparency got the support of the Microfinance Council of the Philippines, Inc. (MCPI) and the Rural Bankers Association of the Philippines (RBAP). Endorsements for the project were also received from Oikocredit, PlanET Finance, SEEDFinance, Foundation for a Sustainable Society (FSSI) and Opportunity International.

The data set is now available to viewers globally, free of cost. You can access the data at our website, www.mftransparency.org.

THE PUSH FOR PRICING DISCLOSURE IN MICROFINANCE

A few months after the *Transparent Pricing Initiative in the Philippines* was launched, the Bangko Sentral ng Pilipinas (BSP) released Circular 730, Updating the Truth in Lending Act to Enhance Pricing Transparency. This Circular aims to promote financial inclusion goals and to intensify consumer protection. It also focuses on disclosure and transparency and veers away from imposing any price caps. Ultimately, it aims to facilitate healthy and market-based competition among financial institutions. Basically, this policy prescribes the use of declining balance as a method of computation of interest and requires communicating prices using the Effective Interest Rate (EIR).

The Circular is to take effect in July 2012, giving the institutions one year from date of issuance to transition to the new policy. The Securities and Exchange Commission (SEC) has released a parallel circular applying the same regulation to NGOs. The Cooperative Development Authority is expected to follow suit for Cooperatives. Given the recent developments, it is expected that the same standards for transparency shall apply to the whole industry.

CALCULATING TRANSPARENT PRICES IN THE PHILIPPINES – OVERVIEW OF THE METHODOLOGY

The true price of a loan takes into account the different factors that influence the amount of money a client actually has and the amount of time the client has use of that money. It is not enough to just consider the interest rate. Other compulsory charges, such as service fees, insurance premium and savings and deposits must be factored in the computation of the loan price.

The Annual Percentage Rate (APR) and the Effective Interest Rate (EIR) are used as standardized measures of price. Both calculations use the same data and the same process to determine the interest rate for the loan payment frequency, e.g., weekly. However, they differ in how they convert that weekly interest rate into an annual rate. The APR converts nominally, multiplying the weekly rate by 52, whereas the EIR annualizes with compounding, raising the figure to the 52nd power. As a result, the EIR figures are always higher (and sometimes much higher) than the APRs, but they represent exactly the same price. To reflect the pricing strategies employed by MFIs in the Philippines, the *MFTransparency* dataset presents several gradations of price calculations. The different formulas provide a better understanding of the effects of the different loan components (interest, fees, insurance, savings and tax) to the overall price.

Table 1: APR/EIR Formulas for the Transparent Pricing Initiative in the Philippines

	Interest	Fees	Insurance	Tax	Deposits
(1) EIR (int + fees + insurance + tax)	X	X	X	X	
(2) APR (int + fees + insurance + tax)	X	X	X	X	
(3) EIR (int + fees)	X	X			
(4) APR (int + fees)	X	X			
(5) EIR (int + fees + insurance + tax + deposits)	X	X	X	X	X
(6) APR (int + fees + insurance + tax + deposits)	X	X	X	X	X

The first formula, EIR (int + fees + insurance + tax), is the nearest to the prescribed BSP formula. It differs in that BSP only includes credit and credit-life types of insurance. These are the types of insurance which are incidental to the extension of the loan. Life, crop and other types of insurance, even if mandatory to avail of the loan, do not form part of their computation. *MFTransparency*, following practice common in many countries, is to include in its price calculations any and all insurance charges that are mandatory for receiving a loan. The client thus has the price of the full package of services she is buying, and can compare that price to other products that may be “credit-only”, possibly at a lower price.

CURRENT PRICING IN THE PHILIPPINES

MFTransparency collected comprehensive product and pricing data from 43 microfinance institutions in the Philippines over the course of seven months. The data posted on the MFTransparency website reflects all 43 institutions, and any additional institutions that choose to submit data to the Initiative in the future will be added to the website.

TYPES OF INSTITUTIONS

The 43 participating institutions represent approximately 53% of the known market by gross loan portfolio and 51% by number of active borrowers.² The final dataset includes product pricing for US\$351 million/PHP 15 billion in outstanding loan portfolio to 2 million clients, over 80% of whom are women.

Figure 1: Institution Types

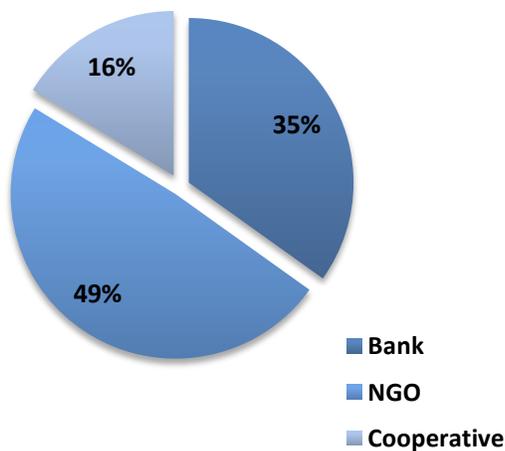
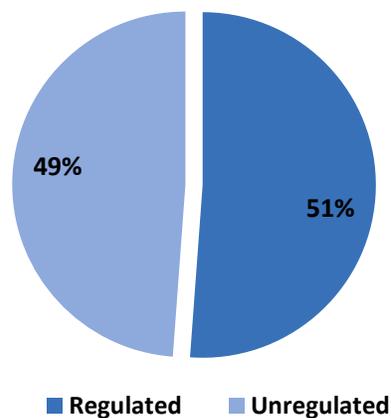


Figure 2: Regulation Status



As summarized in the pie chart above, of the 43 MFIs that submitted data to MFTransparency, 49% (21) are registered as non-governmental organizations. The other 51% of institutions participating in our study include 15 banks and 7 cooperatives.

Among the 43 MFIs represented in this project, the vast majority responded that they are unregulated under Philippine law. The unregulated institutions refer to the NGOs (49%). Although NGOs are required to register with the Securities and Exchange Commission (SEC) upon beginning their operations, the SEC performs limited regulation over their microfinance activities. On the other hand, banks are regulated by the Bangko Sentral ng Pilipinas (BSP) and cooperatives by the Cooperative Development Agency (CDA).

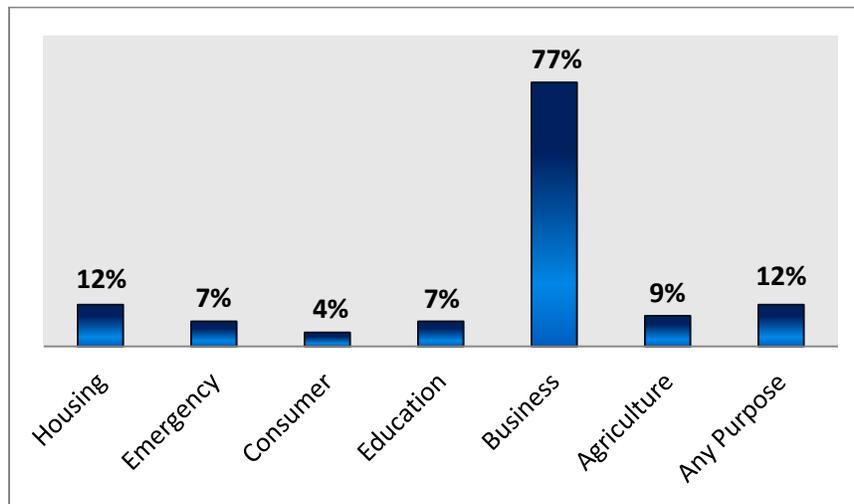
² These market share figures were compiled primarily using data from the MIX market. As the true scale of the Philippine microfinance market is unknown, these figures are approximations.

PRODUCT FEATURES

PRODUCT PURPOSES

In the Philippine microfinance market, business loans are by far the most common type of product regardless of the type of institution. As the following chart illustrates, 77% of all loan products may be used for business purposes. Other reported product purposes include housing (13% of products), agriculture (9%), emergency (7%), education (7%) and consumption (4%). Nine percent have more than one purpose. Twelve percent of loan products can be used for any purpose. Because products may have more than one indicated purpose, the totals of the figures in the graph sum to more than 100%.

Figure 3: Product Purposes as a Percentage of Loan Products



PRODUCT ELIGIBILITY

It is generally widely documented that microfinance clients in the Philippines are mostly into retail or trading microenterprises. Thus, as expected, the majority of the loans are designed for business purposes. Consequently, results reveal that 62% of all products require clients to run a business. Furthermore, while women are heavily favored in most microfinance markets worldwide, this is not the case in the Philippines. Of all the products, only 14% of products are offered exclusively to women.

Figure 4: Gender Focus

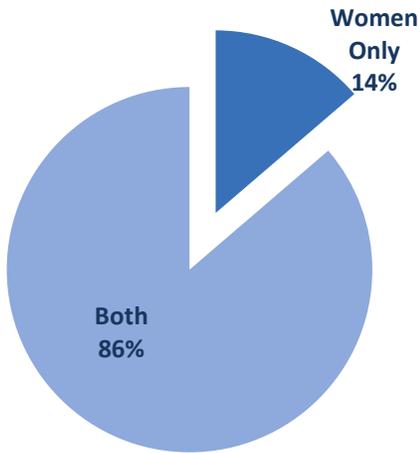
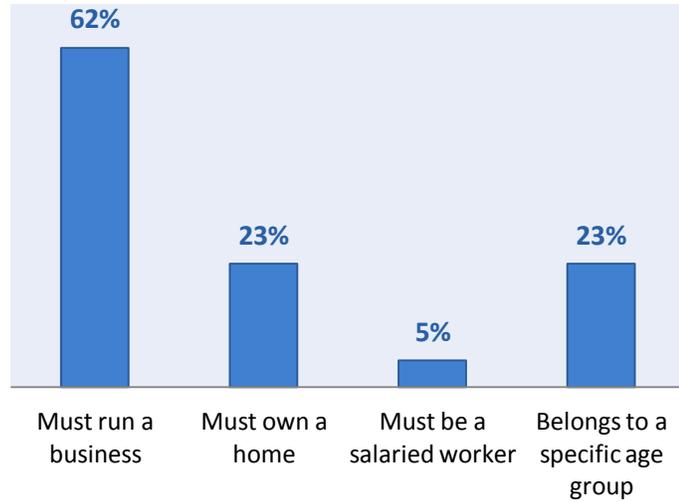


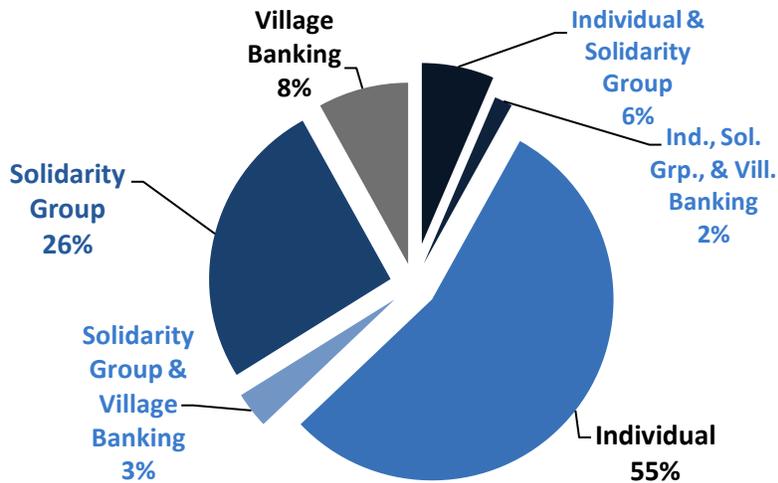
Figure 5: Product Eligibility



LENDING METHODOLOGY

The most commonly practiced lending methodology is individual lending with 38 institutions citing individual lending on 63% of all loan products, followed by 24 institutions using solidarity group lending across 37% of all loan products, and with village banking cited by 9 institutions representing only 13% of all loan products. Note that there are cases where institutions reported multiple lending methodologies for a particular loan product.

Figure 6: Lending Methodology



OTHER ADDITIONAL SERVICES

Along with the focus of the Philippine microfinance industry on poverty reduction, inclusive growth and promotion of social performance management, most institutions in the Philippines offer a variety of additional services along with their loan products. Results indicate that all 43 institutions offer at least one additional service in some or all of their loan products. Table 2 below details the number of institutions and the number of products offering a specific additional service.

Table 2: Other Additional Services Offered by Institutions

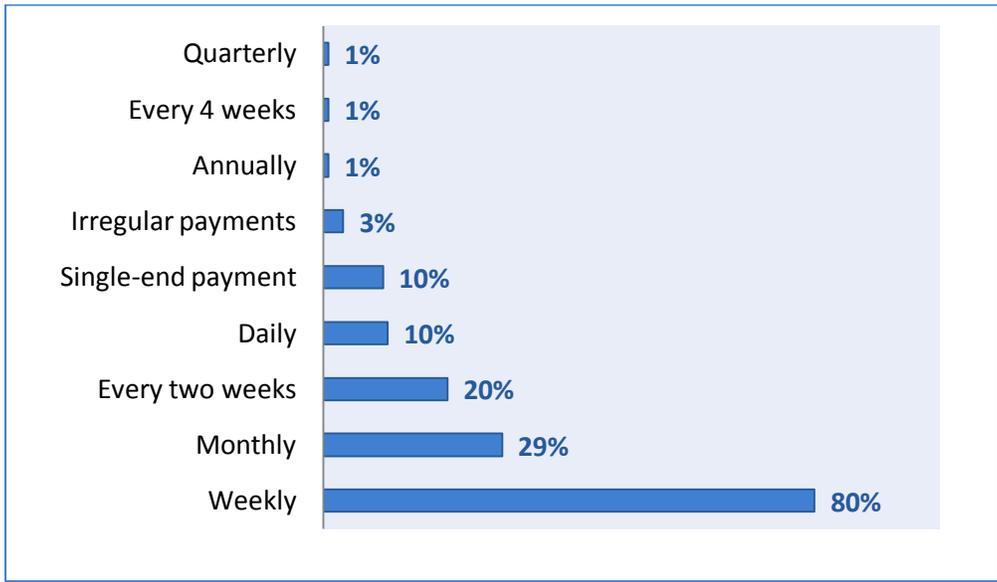
Other Additional Service	No. of Institutions	Percent	No. of Products	Percent
Credit Education	27	63%	72	58%
Group Meetings	35	81%	76	61%
Credit Insurance	34	79%	90	73%
TA Visits to Client's Workplace	29	67%	69	56%
Business Training	33	77%	77	62%
Other Training	15	35%	31	25%

Out of 124 loan products, 120 products have at least one additional service. Notably, 72 products or 58% of all products offer more than 3 additional services. Of all services reported, the most common are credit insurance, representing 73% of all products, as well as business training (62%), group meetings (77%), credit education (58%), and technical assistance visits to the client's workplace (56%). Other services that are less commonly offered include other types of training (25%). Other training includes values formation trainings, community development programs, environment programs, and other specific trainings. Other services mentioned include market linkages and social services such as medical missions and burial assistance.

REPAYMENT FREQUENCIES

Institutions in the Philippines offer loans with different repayment frequencies. The predominant repayment frequency is weekly payment, accounting for 80% of all cited frequencies. Monthly payments (29%) and payments every two weeks (21%) are also common. Some institutions also mentioned daily (10%), single end (10%), irregular (3%), every four weeks (1%), quarterly (1%), and annual repayment frequencies (1%) for their loan products. Results are as expected as most products are designed to address the business requirements of their clientele who are microentrepreneurs in the retail/trading sector who mostly generate daily, weekly, or monthly income. Most products with irregular, single end and annual payments are for housing and those whose purpose also generates irregular, seasonal or long term income such as agri-based activities.

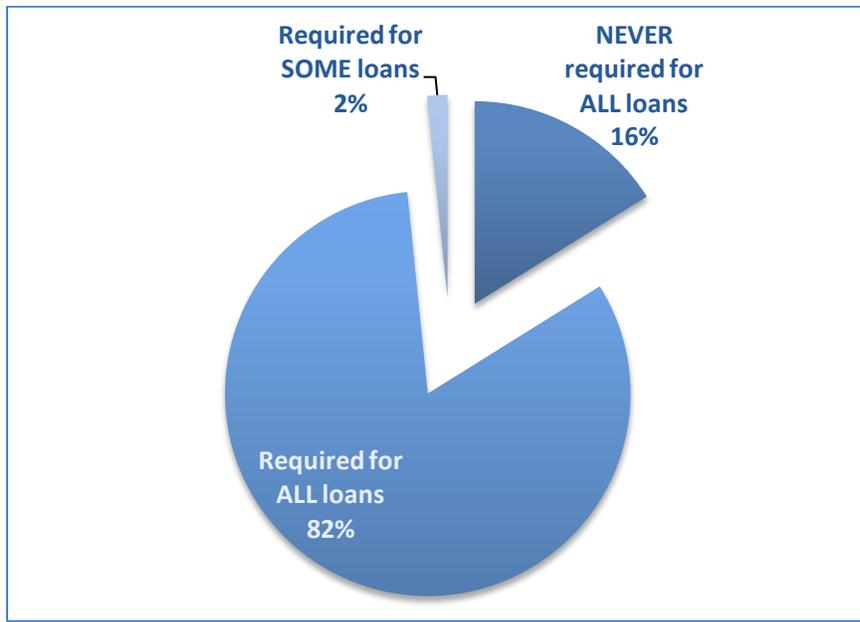
Figure 7: Repayment Frequency



COMPULSORY SAVINGS

It is interesting to note that 82% of all products require compulsory savings. Only 16% of products never require savings for all loans, and 2% for some loans of the product. This implies that compulsory savings is a salient feature in most loan products and would be critical in assessing the true prices charged by institutions.

Figure 8: Compulsory Savings Requirements



Of the 102 products with compulsory savings, the borrowers control these savings internally for 9% of the products. As is common in most microfinance markets, only 51% of the products disclose compulsory savings on the repayment schedule.

Figure 9: Borrower Control of Savings

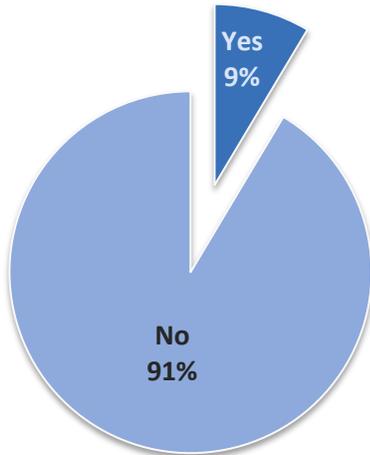
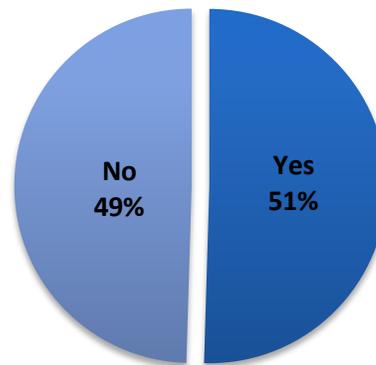


Figure 10: Disclosure of Compulsory Savings Requirements



As the following figure illustrates, irregardless of of the type institution, most institutions require compulsory savings . By design, cooperatives are operated first and foremost as a saving facility which require either or both Capital Build-Up (CBU) and savings from their members. Therefore, 100% of all cooperatives require savings. Of the 21 NGOs, 76% of their products require savings. As for the 15 banks, 88% of their products require savings. Initially, there is a misconception that only cooperatives and banks in the Philippine microfinance sector which require savings from their clients. Apparently, not far behind, NGOs as well require savings in most of their loan products as well.

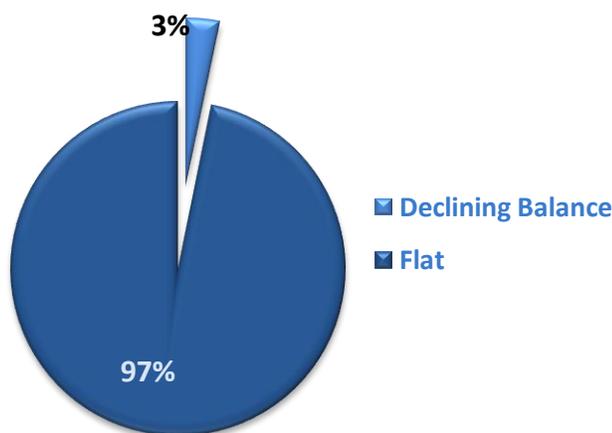
Figure 11: Compulsory Savings by Institution Type



INTEREST CALCULATION METHOD

Similar to disclosing compulsory savings on the repayment schedule, the use of declining balance interest rate calculation method is equally important to achieving further transparency in pricing. Results reveal that in the case of the Philippines, the vast majority of the loan products use the “flat” instead of the declining balance method accounting for 97% or almost all of the products. This explains that for most of the loan products in the country, interest is charged on the initial loan amount throughout the loan term thereby making it appear that the prices of the loans are lower than what their actual prices are. This also implies that it is expected that most products in the Philippines will likely have high levels of pricing when their prices are standardized.

Figure 12: Interest Calculation Method



FEES

Almost all products included in our analysis (114 out of 124) have at least one fee or insurance charge. More importantly, 97 out of 124 products (78%) have both insurance and fees. Most of these fees and insurance are paid at disbursement (85%) and 86% of these are not disclosed on the repayment schedule.

With these key loan components at hand, analyzing the price of loans both as an aggregate or individually as products will be a much more enlightened exercise. In the following section, we will highlight two APR calculations in this report: the **APR (Interest + Fees + Insurance + Tax)** and the **APR (Interest + Fees + Insurance + Tax + Deposit)**. The current price default for the Philippines is EIR (Interest + Fees + Insurance + Tax). For purposes of analysis, we used APR instead of EIR since APR is more applicable to microfinance loans in calculating and showing the impact of key loan components on the cash flow of a borrower. Results of the EIR calculations are shown in the annex.

Figure 13: Fee Types

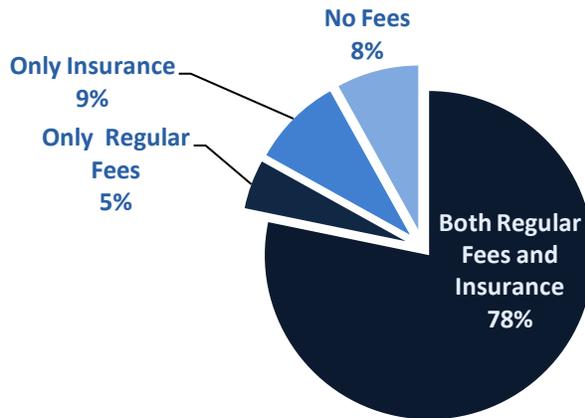


Figure 14: Share of Products with Upfront and Ongoing Fees

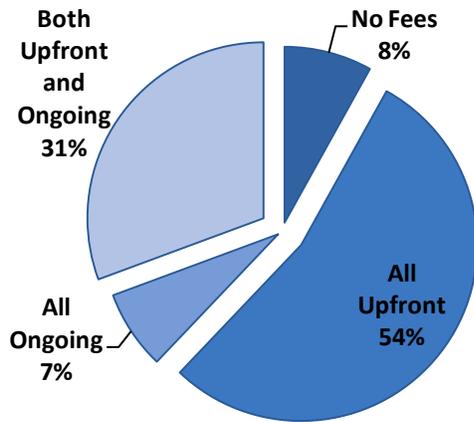
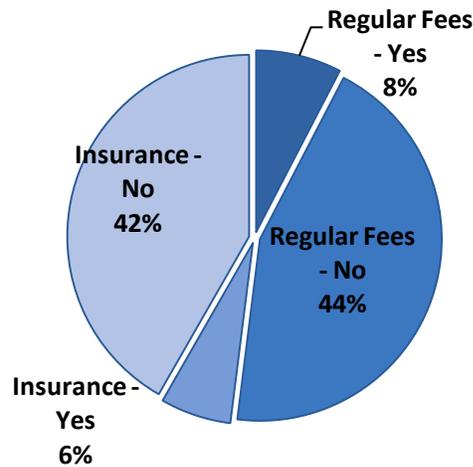


Figure 15: Disclosure of Fees on Repayment Schedules



CALCULATING STANDARDIZED PRICES

The prices for the complete Philippine dataset calculated as **APRs (Interest + Fees + Insurance + Tax)** and as **APR (Interest + Fees + Insurance + Tax + Deposit)** are shown below in Figures 16 and 17 respectively. The price is plotted against loan size in both graphs. Each bubble represents the price of one loan of a product, with the size of the bubble indicating number of clients with that loan product.

Figure 16: APR (Interest + Fees + Insurance + Tax)

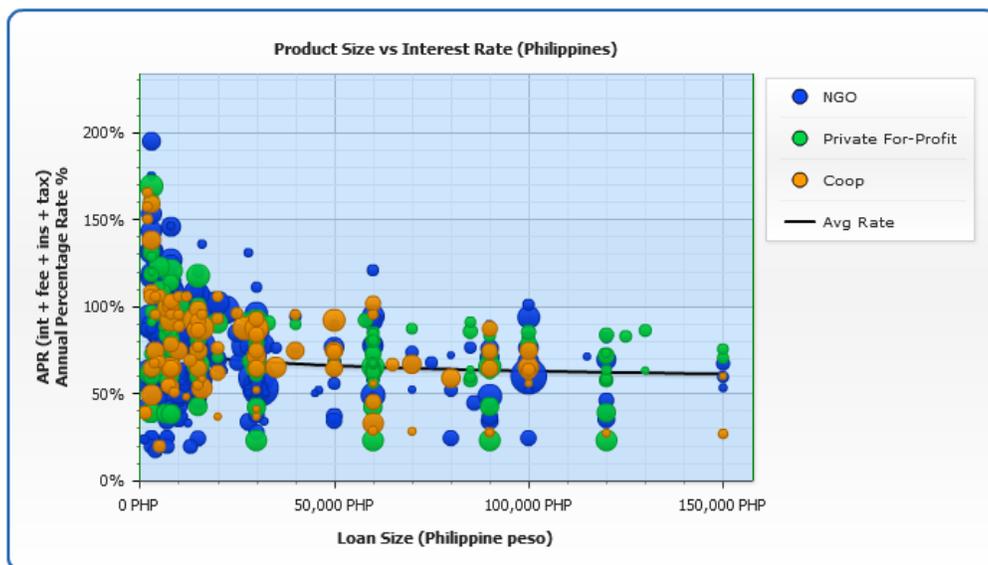
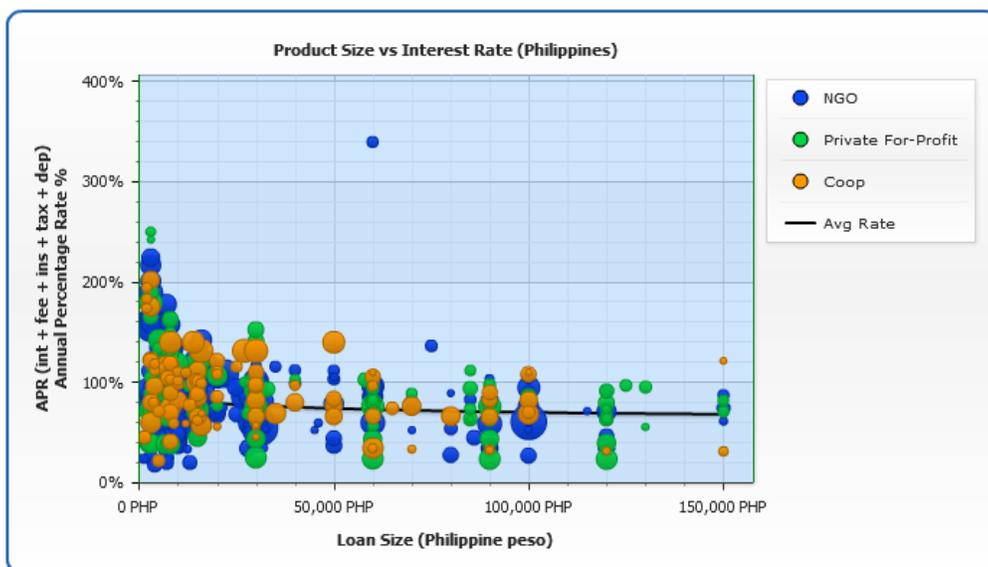


Figure 17: APR (Interest + Fees + Insurance + Tax + Deposit)



A gradual curve can be observed where prices decline as loan amount increases. This relationship is discussed at length later in this report, and put into context through analysis of the Philippine market relative to several other countries.

APR, BY INSTITUTION TYPE

In the Philippines, a frequent discussion topic is the prices charged by different types of institutions. As the pricing data shows, prices are highly correlated to loan size. Therefore, whether NGOs, for-profits, or cooperatives charge higher prices depends heavily on the loan amount. Discussion often turns to “average price”, but that is a deceptive approach when prices follow a curve. For example, if for-profits give larger loans, as they do in many countries, they are likely to have lower average prices.

In most countries where MFTransparency has collected data, we find significant differences in “average price” for different institutional types because of clustering along the loan size spectrum correlated to institutional type. As you can see from the previous graphs, institutions in the Philippines work more broadly. You find all three institutional types working with loans of all sizes.

Therefore, with a high degree of caution, we can present some min/max and average price data calculated by institutional type. In the following table, you will see that the average **APR (Interest + Fees + Insurance + Tax)** for all institutions is 81% while the average **APR (Interest + Fees + Tax + Deposit)** for the group is 109%. Average prices do not differ significantly for the different institutional types. The results, however, capture that as expected cooperatives will have higher prices when deposits are taken into account.

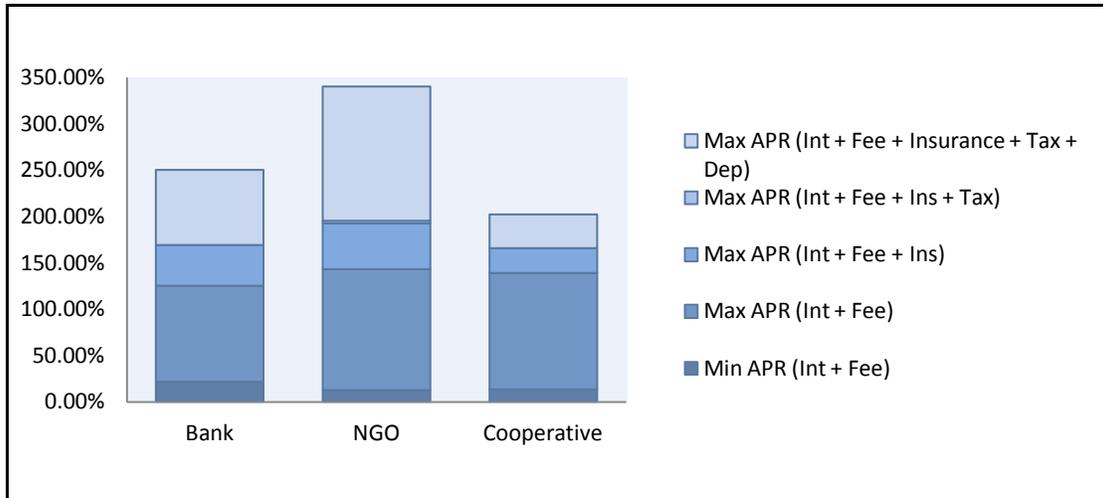
Table 3: APR, by Institution Type

Institution Type	APR (Interest + Fees + Insurance + Tax)			APR (Interest + Fees + Insurance + Tax + Deposit)		
	Minimum	Maximum	Average	Minimum	Maximum	Average
Bank	23%	169%	77%	23%	250%	87%
NGO	17%	195%	81%	17%	340%	96%
Cooperative	20%	166%	81%	22%	202%	109%
AGGREGATE	17%	195%	81%	17%	340%	96%

As demonstrated in the figure below, when using the **APR (Interest + Fees)** calculation then gradually including insurance, taxes and security deposits, there are clear and distinct results as far as what type of institution charges the most. The highest and lowest APR were reported by NGOs thus giving the NGOs the widest range in price. The trend continues when insurance and tax are added **APR (Interest + Fees + Insurance)** and **APR (Interest + Fees + Insurance + Tax)**. On average, at this point, the average price of every type of institution is

very close to the aggregate average price. As institutions variably include different loan components to their price, lines are blurred as far as the impact of the type of institution on the prices charged.

Figure 18: APR Ranges, by Institution Type



With the inclusion of deposit, however, it does show clear differences between institutions. The NGOs still have the widest range of prices, suggesting that deposit requirements are a significant factor in price-setting for some of these institutions and not for others. The industry average prices is clearly influenced by NGOs who have the most number of clients.

On the overall though, looking at the weighted averages of the APRs by institution, cooperatives as expected generated the highest weighted average APR since savings generation is a common practice among most cooperatives. Initially, it can be surprising that banks generated the lowest weighted average APR among all types of institutions. However, this could be a factor that banks are supervised and monitored by the Bangko Sentral ng Pilipinas (BSP) while NGOs and cooperative are largely unsupervised in comparison with the banks.

APR, BY LOAN PURPOSE

The purpose of a loan product is also a recognized as a defining factor when analyzing pricing data. Oftentime, it can be heard among microfinance practitioners worldwide that housing loans are generally cheaper compared with consumption loans. For the Philippines, the most common purpose is the business loan. Usually, a client must avail of a business loan first before they can avail of other types of loans for other purposes. It is expected that the business loan will be the most expensive type of loan when compared with other loan purposes. With the exception of emergency loans, the Philippine data does follow initial assumptions, as business loans are priced higher compared with other loans. It also shows the largest spread of APRs, from 20% to 169% using the **APR (Interest + Fees + Insurance + Tax)** calculation and 22% to 340% **APR (Interest + Fees + Insurance + Tax + Deposit)**. On average though, emergency loans are priced higher than business loans when deposits are included with APRs of 106% and 97% respectively. This is as expected since most emergency loans are in small amounts paid on a shorter period and which at times still require savings.

Table 4: APR, by Loan Purpose

Loan Purpose	APR (Interest + Fees + Insurance + Tax)			APR (Interest + Fees + Insurance + Tax + Deposit)		
	Minimum	Maximum	Average	Minimum	Maximum	Average
Housing	23%	175%	48%	23%	175%	51%
Emergency	17%	166%	81%	17%	195%	106%
Consumption	23%	108%	40%	23%	123%	42%
Education	23%	125%	42%	23%	125%	43%
Business	20%	169%	81%	22%	340%	97%
Any Purpose	23%	195%	60%	23%	224%	64%

APR, BY GEOGRAPHIC FOCUS

We examined the pricing data using their geographic focus, i.e. urban or rural settings³. Significant differences in APR were observed based on the loan products’ geographic focus. While the average **APR (Interest + Fees + Insurance + Tax)** in an urban setting (94.21%) is much higher than the rural (77.76%), the spread between the minimum and maximum rates is larger for rural loans (177.81% for rural loans and 108.94% for urban). The spread increases dramatically for rural loans as **deposit is included in the calculation** (322.45% for rural loans and 141.31% for urban). On the overall including deposit in the calculation, urban loans still has the higher average APR (92.08% for rural loans and 117.62% for urban). Institutions which offer loans for both rural and urban locations, follow a similar trend with the urban loans in terms of the spread but it resembles more of the rural loans in terms of the average APR.

³ We defined those products with >50% of active borrowers in urban areas as urban and products with >50% of active borrowers located in rural areas as rural.

As expected, rural loans have lower prices on the average than urban loans because of economies of scale. Poverty is higher in rural than in urban areas in the Philippines. Thus, rural loans can be disbursed to more clients than urban loans. The highest APR was also observed in rural areas despite having the lower average APR. This can be attributed to proximity of clients to institutions offering specific types of loans. Some institutions are operating in high risk rural areas and this could be the reason why prices are high in those areas. For the similar reason of economies of scale, those loan products offered in both rural and urban areas were revealed to have the lowest spread and average APR.

Table 5: APR (Interest + Fees + Insurance + Tax), by Urban/Rural Focus

Urban/Rural	APR (Interest + Fees + Insurance + Tax)			APR (Interest + Fees + Insurance + Tax + Deposit)		
	Minimum	Maximum	Average	Minimum	Maximum	Average
Urban	37%	147%	94%	37%	178%	118%
Rural	17%	195%	78%	17%	340%	92%
Both (50/50)	23%	169%	75%	23%	179%	84%

MFTRANSPARENCY TRANSPARENCY INDEX

To measure the level of an MFI’s adherence to these transparent practices, *MFTransparency* calculates a Price Transparency Index by product, comparing the nominal interest rate quoted to the client relative to the calculated APR. For example, if a product has a nominal interest rate of 30%, but because of fees or other cost factors has an APR of 40%, the loan has a Transparency Index of 75, calculated as 30% / 40%. This means that only 75% of the true cost of the loan is communicated to the client through the interest rate, so the closer the two figures, the more transparent the price is. A 100 is considered a “perfect score” on the Transparency Index, or a completely transparent price.

In the Philippines, there are only 16 products with a transparency index 60% and above, as follows:

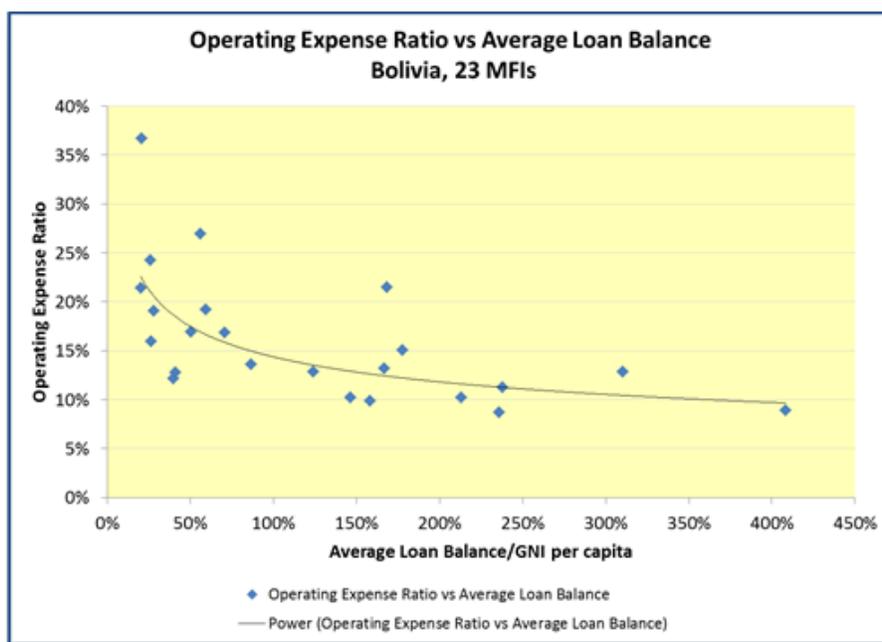
MFI	Product	Transparency Index
Tulay sa Pag-unlad, Inc.	Livestock Loan	99
Tulay sa Pag-unlad, Inc.	TSPI Palayan Program	85
Ecumenical Church Foundation, Inc.	Agricultural Production Loan	78
Alalay sa Kaunlaran, Inc.	Alalay sa Pabahay Program (APP)	78
Paglaum Multi Purpose Cooperative	Motorcycle Loan	75
Paglaum Multi Purpose Cooperative	Housing Loan Program	75
Lorenzo Tan Multi-Purpose Cooperative	Micro Non-Grameen	74
Ad Jesum Development Foundation, Inc.	Micro-Agri Loan	74
Peoples Bank of Caraga, Inc.	Farm Financing Loan	73
Maranding Women Investors Multipurpose Cooperative	KAPA Loan	72
Rangtay sa Pagrang-ay, Inc.	Agriculture Loan	69
Rangtay sa Pagrang-ay, Inc.	Livestock Loan	68
Lorenzo Tan Multi-Purpose Cooperative	Regular Loan	65
Ahon sa Hirap, Inc.	Center Loan	64
Maranding Women Investors Multipurpose Cooperative	Individual Loan	60
Alalay sa Kaunlaran, Inc.	Alalay sa Magsasaka Program (AMP)	60

Since very few products use the declining balance method, most of the products have very low transparency indices. The table above means 108 products or 87% of all products have transparency indices of less than 60. Pricing methods used by institutions use flat interest method on loans with varied rates of fees, insurance, and repayment frequencies. This has contributed to a market operating on dubious pricing trends and ultimately leaving room for varied practices and rates in applying mandatory charges such as service charge, credit insurance, life insurance, and compulsory savings. *MFTransparency* recognizes that with a new pricing policy which is due to be implemented in 2012, pricing transparency across loan products in the Philippines will surely be achieved at a much a better degree than it currently is as institutions will be required to use the declining balance basis and prices would be quoted in EIR. It is highly encouraged that institutions charge fewer and more straightforward fees and to make additional services such as insurance and savings optional rather than mandatory.

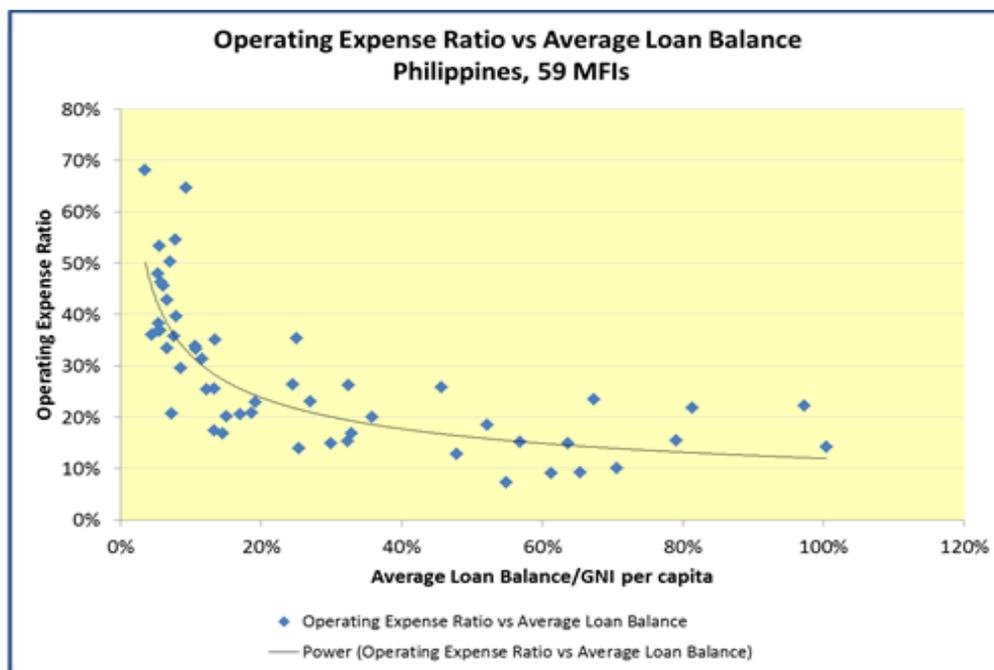
RATIONALE OF THE SIGNIFICANT PRICE CURVE IN THE PHILIPPINES

For years we have heard many references to low prices in Bolivia and high prices in the Philippines. How can we interpret this information? Are prices lower in Bolivia? If so, why? We can learn a lot by looking at data from MIX for the very important financial indicator – Operating Expense Ratio (OER). In previous graphs in this paper, the y-axis has been price, but in these graphs it is OER. In previous graphs, the x-axis has been the loan amount. In these graphs it is average loan balance of all clients of that MFI, expressed as a percentage of GNI per capita. This conversion to GNI allows us to evaluate the scale of the loan relative to the local economy.

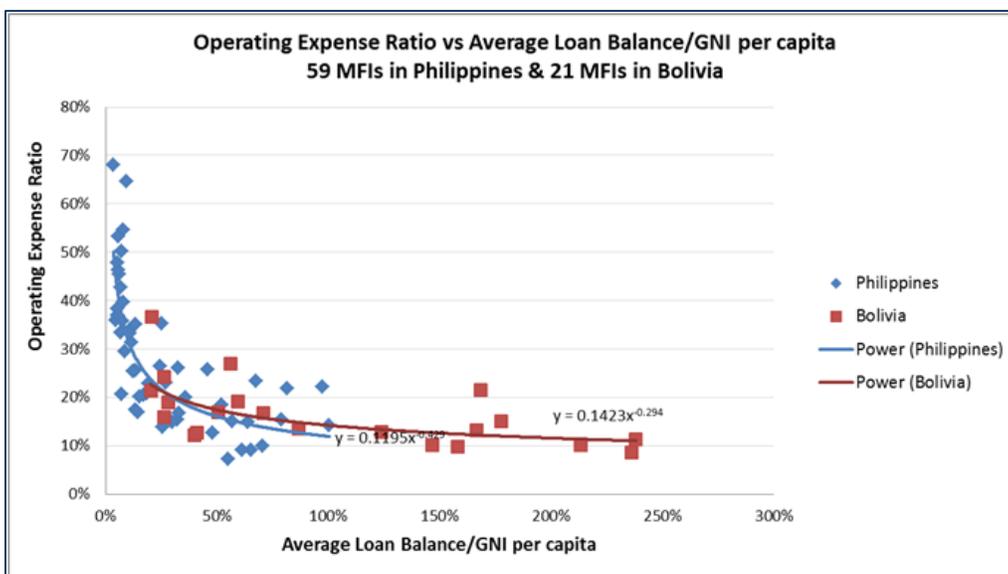
In this first graph, we see that Bolivian MFIs have OERs in the 10-15% range for those MFIs with average loan balances greater than 100% of GNI/capita. For those MFIs giving smaller loans, the OER increases to 15-25%. Thus, there is a curve that starts sloping upwards as loan balances get smaller.



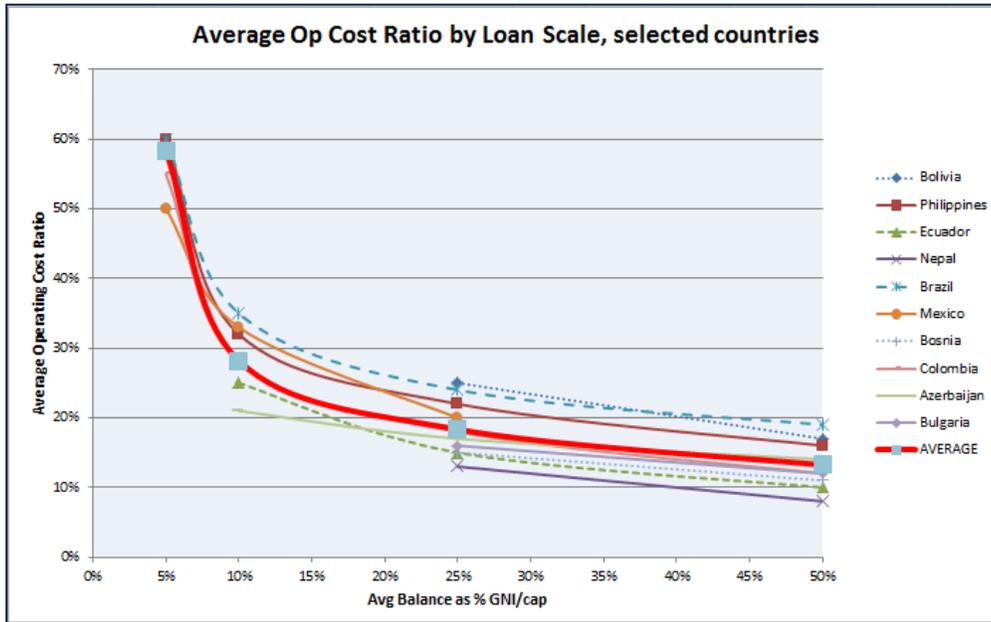
The next figure shows the OER for the Philippines. First, note that no MFIs have average loan balances greater than 100% of GNI/capita. Those who are above 60% of GNI/capita are as “efficient” as the Bolivian MFIs, showing an OER of 10-20%. Note a considerable number of MFIs in the Philippines have average loan balances below 20% of GNI/capita, whereas no MFI in Bolivia had loan balances this small.



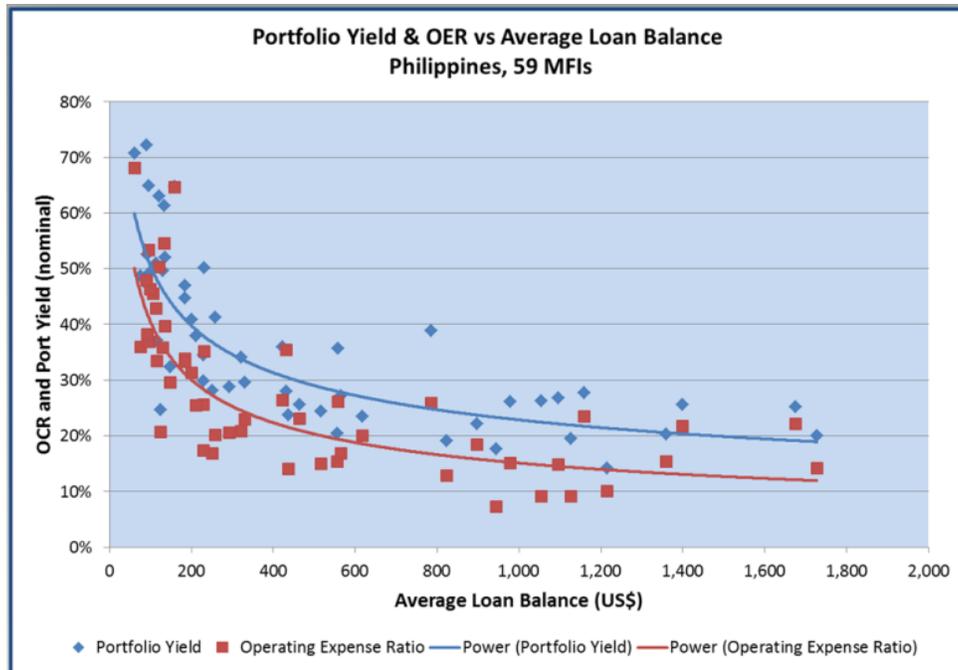
The next graph overlays the data for Bolivia and Philippines and we can see clearly that as an MFI in *any* country, not just the Philippines, gives smaller and smaller loans, the operating expenses expressed as a percentage of loan balance start to dramatically increase.



The next graph shows average OERs for those MFIs with average loan balances less than 50% of GNI/capita in ten different countries. The bold red line shows the average of all the countries. One can see that the data for the Philippines is very closely in line with other countries that have MFIs providing very small loans. The conclusion is quite clear: Because MFIs in the Philippines target extremely small average loan sizes when expressed as a percentage of GNI/capita, those MFIs on the left side of the curve have considerably higher operating cost ratios. In order to cover these costs, they will need to charge much higher prices.



This final graph shows MIX data for Philippines for both operating expense ratio (red) and portfolio yield (blue).⁴ Clearly, portfolio yields are strongly correlated to the operating costs. The most significant conclusion of this data is that higher prices in microcredit do not mean higher profits. The gap between portfolio yields and operating costs is needed to cover financial costs and loan loss. If anything remains, it is profit.



⁴ Portfolio yield is the only MIX data that approximates loan price.

CONCLUSION

This report provides valuable insight on the pricing of Philippine MFIs. Over the past years, there has been a growing movement among MFIs towards practicing social performance management and client protection. However, the issue of calculating and communicating the true price of their products has never been addressed. The decision made by the MFIs participating in the *Transparent Pricing Initiative in the Philippines* to share their pricing data was entirely voluntary, neither required by law nor encouraged by any influence outside the industry. For this, the 43 institutions that persisted in participating must be commended. Admittedly, there were difficulties encountered in the data collection. The use of flat method of computation of interest and collection of savings and insurance on top of other fees is a very common practice among MFIs. Naturally, this will yield much higher true prices, which brought about some discomfort among practitioners.

With the recent developments in the regulatory framework on pricing disclosure, it is inevitable that MFIs will have to raise their level of transparency by July 2012. The *Transparent Pricing Initiative in the Philippines* is an industry-led, complementary initiative that can help MFIs to prepare for when the regulation takes effect, giving participating MFIs a “first mover advantage.” The pricing information will be a valuable input into their decision-making as they start to re-think their pricing strategies and adjust their operations. It will be useful also for other industry stakeholders. No doubt, the new regulation presents challenges for the industry as new and most likely higher prices will have to be communicated, not only to clients, but to the public. With an industry working together towards promoting greater transparency, these can be overcome, bringing about a more robust, efficient and market-focused microfinance industry.

ANNEXES

There are three annexes in this report:

Annex 1: Participation by Institution

Annex 2: Pricing graphs from website

Annex 3: Pricing data by Institution and Product

ANNEX 1: PARTICIPATION BY INSTITUTION

Overall Participation in the <i>Transparent Pricing Initiative in India</i> – By Institution		
#	Participating Institutions	Institutions that Declined Participation ⁵
1	ASA Philippines Foundation	CARD Bank, Inc
2	ASHI (Ahon sa Hirap)	CARD-NGO
3	Rizal Microbank	Lifebank Foundation
4	Kasagana-Ka Development Center, Inc. (KDCI)	First Isabela Cooperative Bank (FICO)
5	JVOFI (Jaime V. Ongpin Found., Inc.)	SECDEP
6	RSPI (Rangtay sa Pagrang-ay, Inc.)	SPFI
7	CEVI (Community Economic Ventures, Inc.)	Non-Participating Institutions ⁶
8	KGI (Kazama Grameen)	ABRASA
9	ASKI (Alalay sa Kaunlaran, Inc.)	Agdao Multipurpose Cooperative
10	PBC (People's Bank of Caraga)	Alima Devt. Cooperative
11	RB Liloy	Asian Hills Bank
12	Bangko Kabayan	BCB (Bukidnon Cooperative Bank)
13	HSPFI (Hagdan sa Pag-Uswag Foundation, Inc)	BCS (Bansalan Cooperative Society) Credit Coop.
14	Simbag sa Pag-Asenso	Cooperative Bank of Davao Del Sur

⁵ Institutions that declined to participate formally communicated their decision not to submit pricing data to MFTransparency.

⁶ Non-participating institutions neither submitted data to MFTransparency nor conclusively declined to participate. Though they may have intentions to participate at some future date, they are considered as non-participating for the purposes of this report.

15	1st Valley Bank (formerly RB Kapatagan Valley)	CBMO (Cooperative Bank of Misamis Oriental)
16	Banco San Enrique	CMEDFI (Cebu Micro-Enterprise Devt. Found., Inc.)
17	Rural Bank of Angeles (RBA)	Dumaguete Cathedral Credit Cooperative
18	Paglaum MPC	Enterprise Bank
19	TSPI Development Corp.	FICCO (First Community Cooperative)
20	Katipunan Bank	Gata Daku Multi-Purpose Cooperative (GDMPC)
21	RB Montevista	Green Bank of CARAGA
22	Cantilan Bank	KCCDFI (Kasanyangan-Mindanao Foundation, Inc.)
23	TSKI (Taytay sa Kauswagan, Inc.)	Metro Ormoc Community Cooperative (OCCCI)
24	FMB (First Macro Bank)	Nabunturan Integrated Cooperative (NICO)
25	Milamdec Development Foundation	Pagasa Philippines Lending Comp.
26	Caritas Salve Credit Cooperative	Pag-Inupdanay
27	Lorenzo Tan MPC	PALFSI (People's Alternative Livelihood Foundation of Sorsogon, Inc.)
28	RB Labason	Pantukan Chess Club Cooperative (PCCC)
29	NWTF (Negros Women for Tomorrow Found.)	Rural Bank of Camalig
30	KMBI (Kabalikat para sa Maunlad na Buhay, Inc.)	Rural Bank of Digos
31	Mallig Plains RB	Rural Bank of Dipolog
32	FCB Foundation, Inc.	Rural Bank of Kapalong
33	Valiant RB	Rural Bank of Oroquieta
34	CCT Credit Cooperative	Rural Bank of Rizal
35	AJDFI (Ad Jesum Devt. Foundation, Inc.)	RBT Bank, Inc. (Rural Bank of Talisayan)
36	DSPI (Daan sa Pag-unlad, Inc.)	Rural Bank of Pres. M. A. Roxas, Inc
37	ECLOF-PHL	Serviamus
38	People's Center for Sustainable Development (PCSD)	Silangan MPC
39	San Francisco Growth Enhancement Multi-Purpose Cooperative (SAFRAGEMC)	Socorro Empowered People's Multi-Purpose Cooperative (SOEMCO)
40	GM Bank	Surigao Economic Development Foundation (SEDF)
41	Omaganhan Farmers Multi-Purpose Cooperative (OFMPC)	Tagum Cooperative
42	ARDCI (Agriculture and Rural Devt. For Catanduanes, Inc.)	TPKI (Talete king Panyulung Kapampangan, Inc.)
43	Maranding Women Investors Multi-Purpose Cooperative (MWIMPC)	USPD Savings and Credit Cooperative

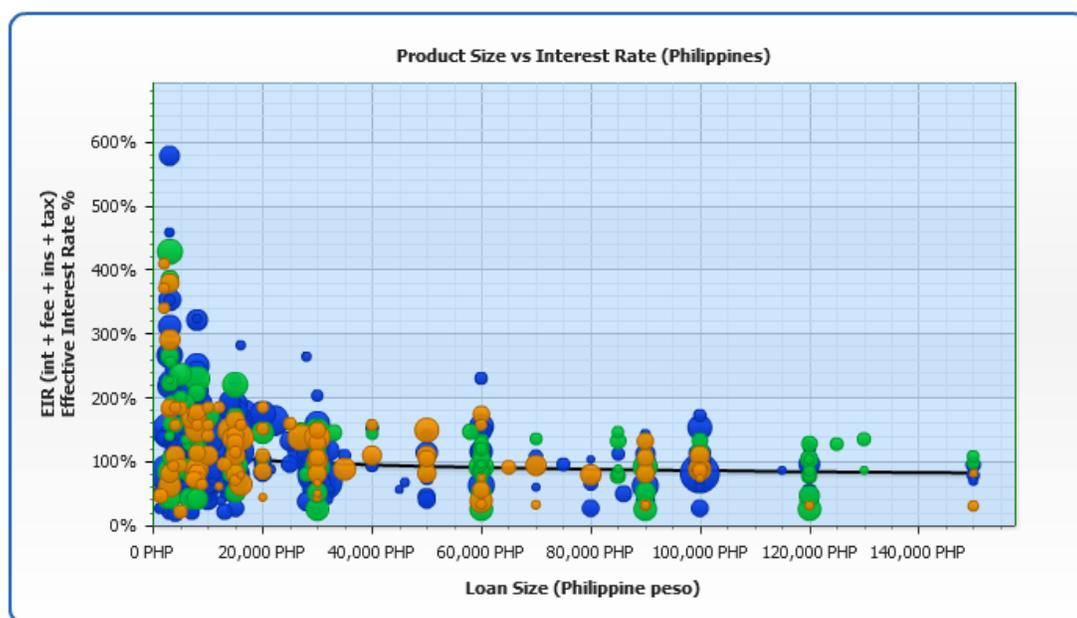
ANNEX 2: PRICING GRAPHS FROM WEBSITE

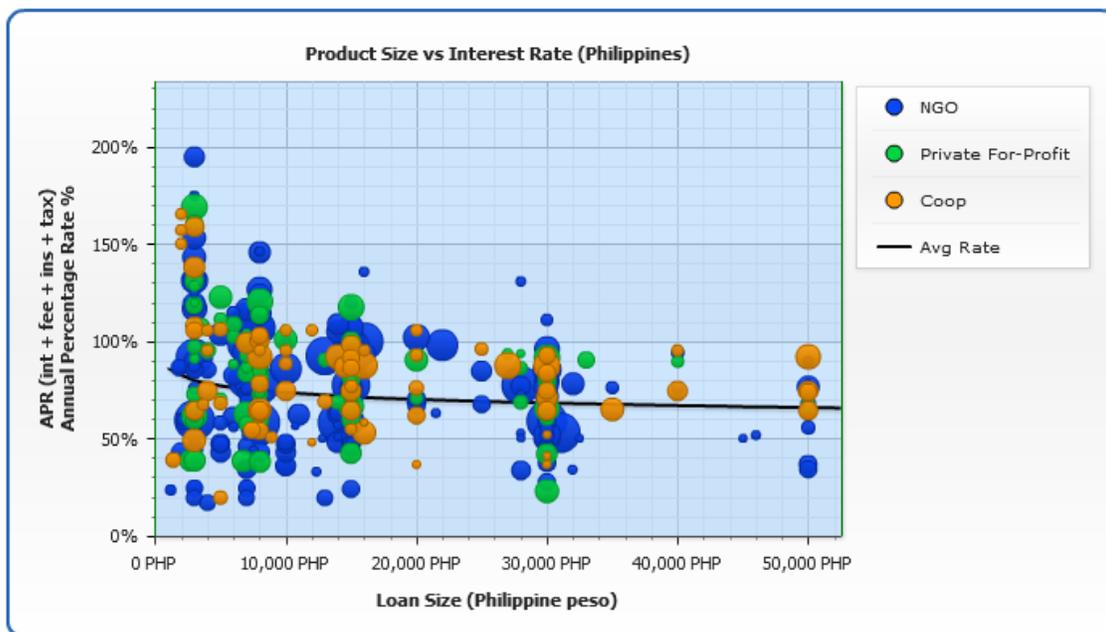
For each country where MFTransparency works, we publish interactive pricing graphs that allow the viewer to filter according to a range of variables and analyze our dataset in more detail. These graphs also reflect the relative scale of the loan products included in the dataset in terms of number of active borrowers, represented by the size of the bubbles. Each bubble in this analysis represents a single loan, so most products are represented by multiple loans (i.e. bubbles) in different loan-size buckets. The color coding of the bubbles represents the type of institution, specifically NGO (blue), Private For-Profit (green), Coop (orange), Public For-Profit (purple), and Other institutions (yellow).

The interactive graph for the Philippines features the option to filter for variables such as loan size, number of clients, loan term, purpose, institution type, interest rate type, and interest rate range. The following series of graphs illustrates the level of detail with which our dataset can be analyzed, and makes some interesting observations about the Philippines dataset.

- EIR (Interest + Fees + Insurance + Tax) and APR (Interest + Fees + Insurance + Tax) < PHP 50,000. Purpose: Any Purpose. Institution Type: All MFIs**

The following graphs shows interest rates calculated with both the EIR (Interest + Fees + Insurance + Tax) and the APR (Interest + Fees + Insurance + Tax) formula for loans smaller than Php 50,000 that may be used for any purpose. We can observe a relatively broad range in interest rates for a given loan-size bucket, especially as loan amounts get smaller. Note that there does not seem to be any significant distinction among the prices of NGOs, banks and cooperatives.

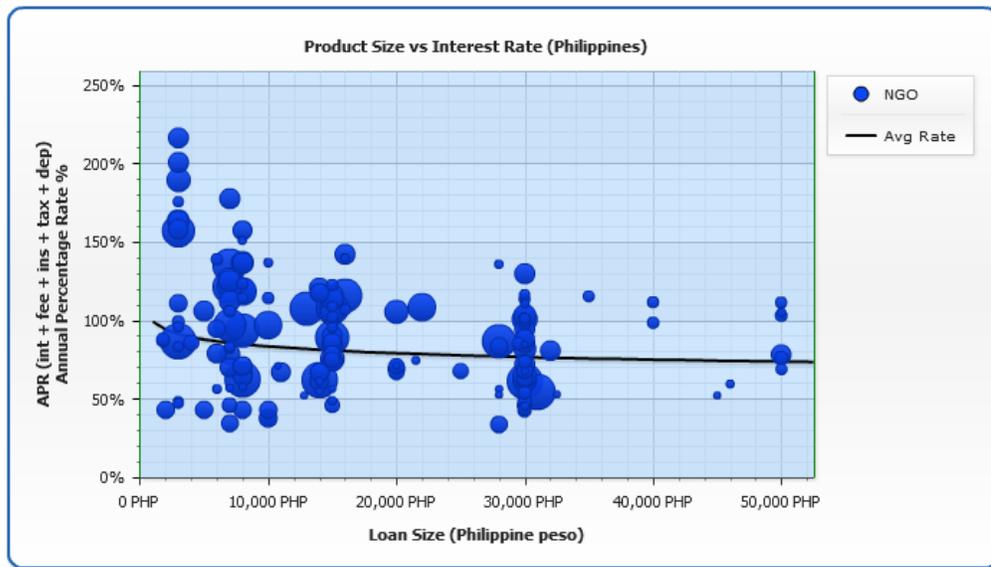
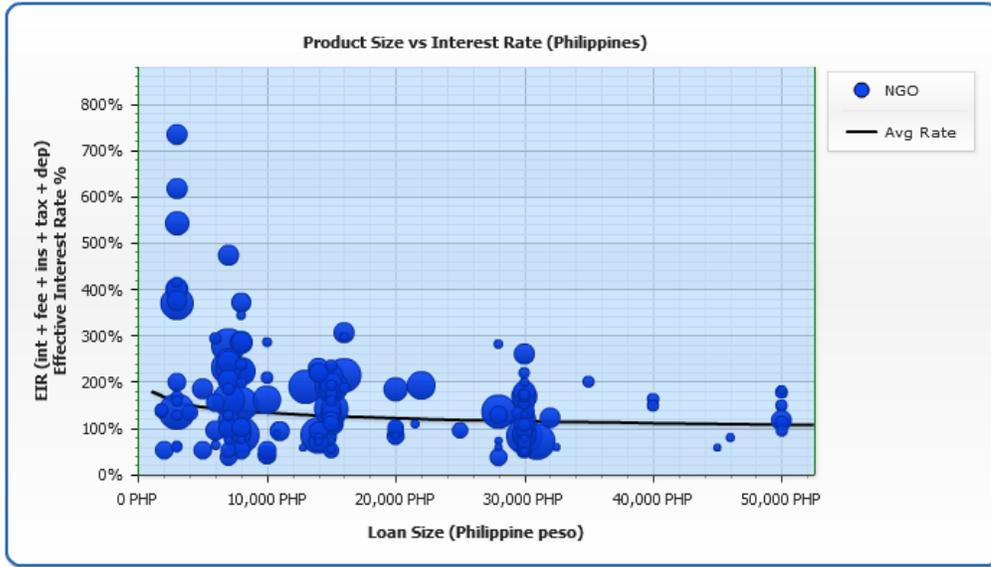




2. EIR (Interest + Fees + Insurance + Tax + Deposits) and APR (Interest + Fees + Insurance + Tax + Deposits): loans < PHP 50,000. Purpose: Business. Institution Type: NGO MFIs

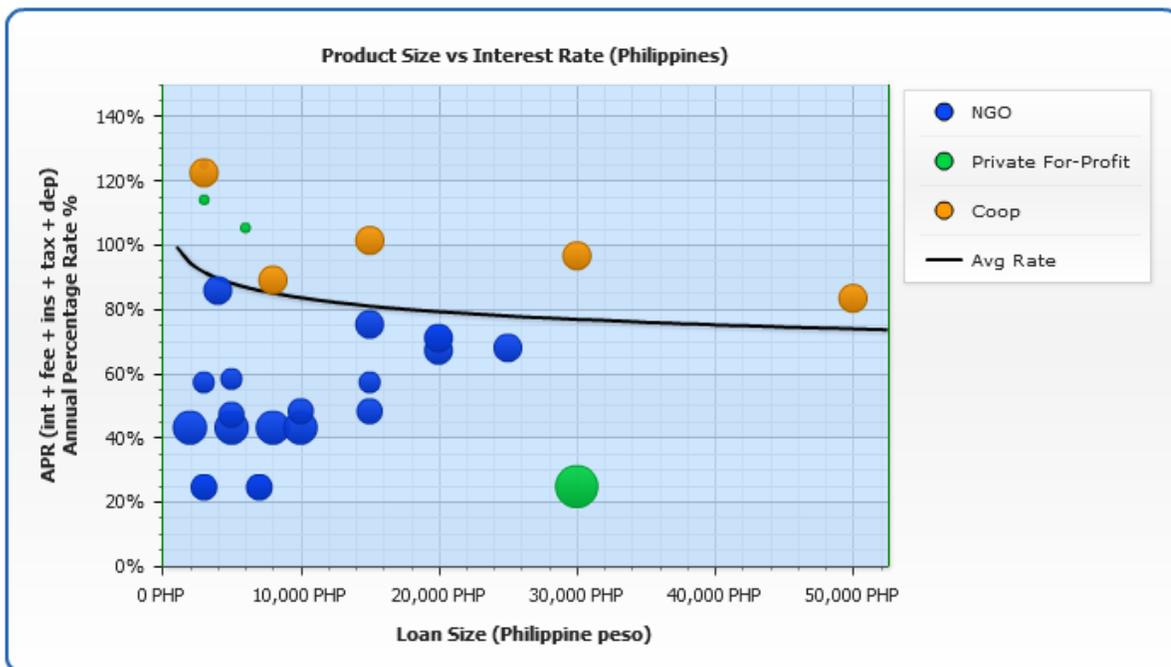
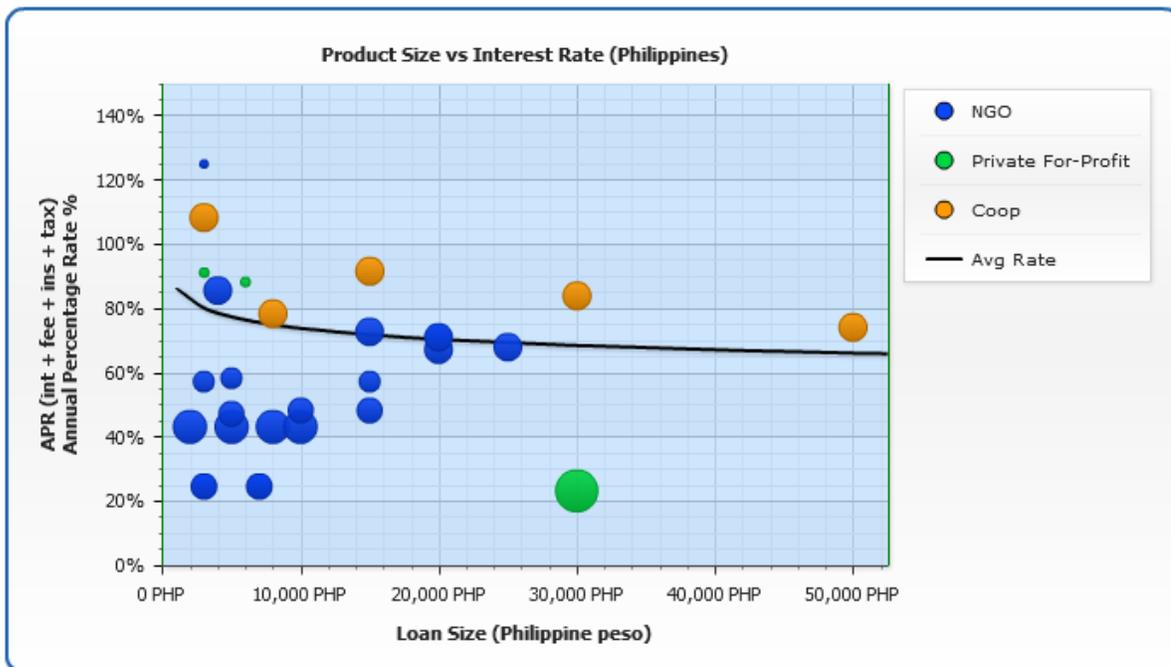
Applying additional filters, the next graphs examine loans below Php 50,000 offered by NGOs for business purposes. The filtered graph allows for a comparison of business loan products across the same type of institutions. We observe that particularly for loans with an amount of approximately Php 30,000, prices may vary considerably.

A common pricing strategy among MFIs is to offer a basic loan where fees, insurance and savings are part of the loan package. Upon availing of the loan, the borrower has access to other loan products, which no longer charge fees, insurance and savings, lowering the price of the loan. This may account for the variation in prices. Other factors might include geographic differences, additional services offered with the loan product, or the characteristics of the target market.



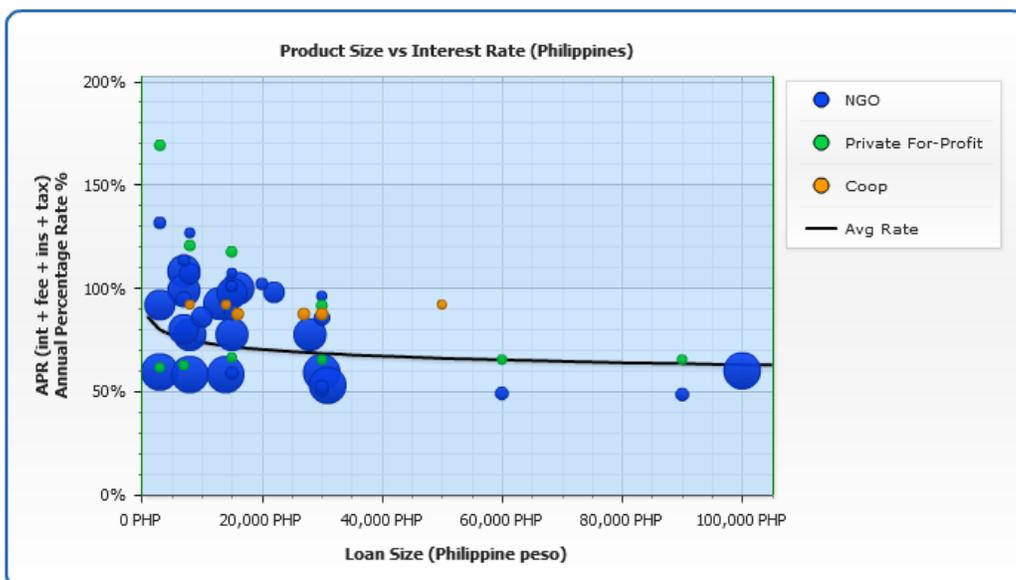
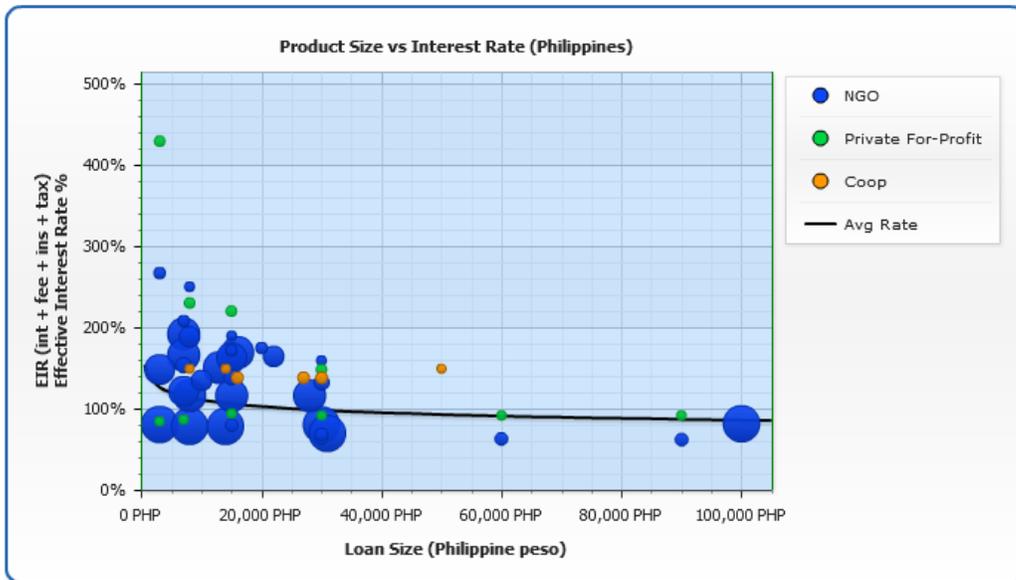
3. APR (Interest + Fees + Insurance + Tax) and APR (Interest + Fees + Insurance + Tax + Deposits): loans < PHP 50,000. Purpose: Education

Most of the loans for the purpose of education are below Php 50,000. Some of these loans however are considered general purpose loans, including education.



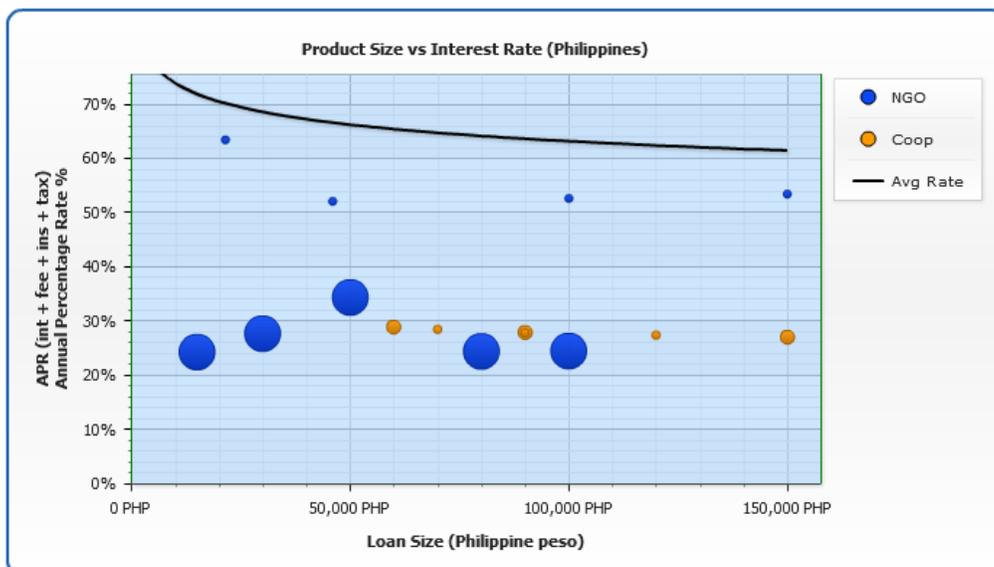
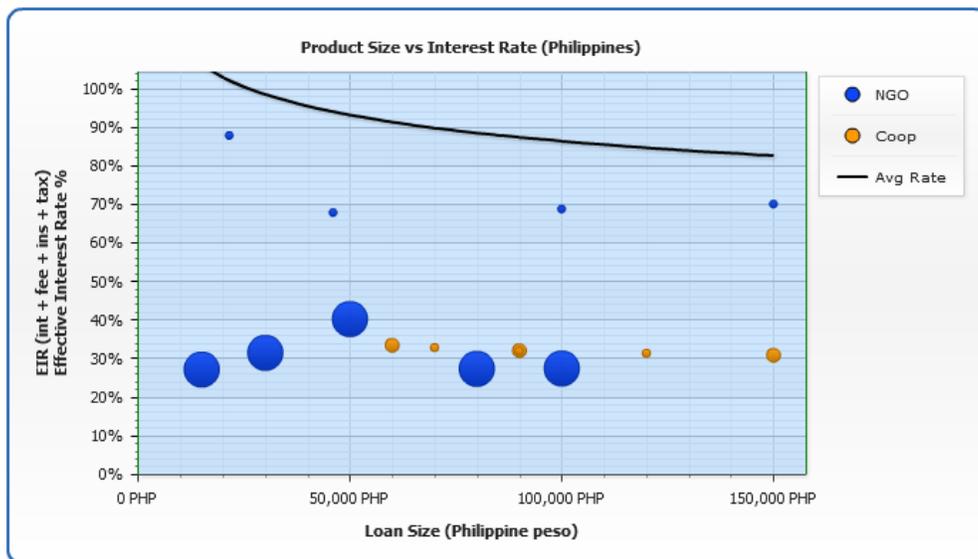
4. EIR (Interest + Fees + Insurance + Tax) and APR (Interest + Fees + Insurance + Tax): loans < Php 50,000. Number of Active Borrowers > 30,000

In the following graph we are only considering loans of relatively large amounts with more than 30,000 active borrowers. The filtered graph suggests that loans of this scale are mostly offered by NGOs. Also, products with a significant number of clients, with a few exceptions, tend to have relatively lower prices and are located nearer to the market curve.



5. EIR (Interest + Fees + Insurance + Tax) and APR (Interest + Fees + Insurance + Tax): Interest Calculation Method: Declining balance

This graph shows all loans which use the flat interest calculation method. Note that all loans using this method fall below the market curve.



ANNEX 3: PRICING GRAPHS FROM WEBSITE

MFI Name and Products	Portfolio (PHP)	APR (Int+ Fees + Ins + Tax)	APR (Int +Fees + Ins + Tax + Deposit)	EIR (Int + Fees+ Ins + Tax)	EIR (Int + Fees + Ins + Tax + Deposit)
1st Valley Bank, Inc. A Rural Bank	2,018,566,687	23.1%-107.9%	23.5%-120.9%	25.7%-190.8%	26.2%-230.4%
Microfinance Loan	47,613,749	72.9%-107.9%	80.2%-120.9%	106.3%-190.8%	121.5%-230.4%
Barangay and LGU Livelihood Loan	352,707,483	39.1%-42.8%	39.4%-45.1%	47.0%-52.2%	47.4%-55.7%
DepEd APDS Loan	1,618,245,455	23.1%-23.3%	23.5%-24.8%	25.7%-25.9%	26.2%-27.8%
Aakay ang MILAMDEC Microfinance Foundation, Inc	137,052,263	76.4%-121.0%	82.0%-339.7%	94.0%-230.9%	121.1%-2586.9%
Regular Loan	124,052,263	79.8%-117.0%	82.0%-163.7%	116.5%-218.2%	121.1%-401.3%
Agricultural Loan	13,000,000	76.4%-121.0%	111.6%-339.7%	94.0%-230.9%	149.8%-2586.9%
Ad Jesum Development Foundation, Inc.	36,987,786	44.4%-195.1%	44.4%-224.0%	49.4%-578.8%	49.4%-796.4%
Grameen I or Regular Loan	19,276,410	79.1%-195.1%	87.0%-224.0%	119.3%-578.8%	137.0%-796.4%
Micro-Agri Loan	11,093,018	44.4%-56.4%	44.4%-56.4%	49.4%-64.3%	49.4%-64.3%
Multi Purpose Loan	3,405,503	90.1%-114.8%	102.6%-139.1%	144.4%-211.3%	176.2%-294.7%
Asset Acquisition - Land	2,688,607	78.7%	78.7%	118.4%	118.4%
House Repair Loan	365,855	174.9%	174.9%	458.4%	458.4%
Educational Loan	158,393	125.0%	125.0%	243.9%	243.9%
Ahon sa Hirap, Inc.	218,681,596	17.3%-103.8%	17.3%-106.2%	18.8%-179.6%	18.8%-186.1%
General Loan	146,270,315	71.8%-103.8%	72.1%-106.2%	104.0%-179.6%	104.6%-186.1%
House Repair Loan	33,517,496	47.3%-47.6%	47.3%-47.6%	60.2%-60.6%	60.2%-60.6%
Educational Loan	15,432,103	47.3%-48.4%	47.3%-48.4%	60.1%-61.8%	60.1%-61.8%
Recovery Loan	1,983,595	47.3%-48.4%	47.3%-48.4%	60.1%-61.8%	60.1%-61.8%
Group Fund Loan	21,128,765	17.3%-19.8%	17.3%-40.9%	18.8%-21.8%	18.8%-50.4%
Center Loan	349,322	33.1%-44.3%	33.1%-44.3%	39.1%-55.5%	39.1%-55.5%
Alalay sa Kaunlaran, Inc.	637,364,356	24.3%-146.0%	26.8%-157.5%	27.2%-321.9%	30.3%-372.1%
AKP - Alalay sa Kabuhayan Program (Group Loans)	160,657,950	96.2%-126.9%	103.3%-137.0%	159.5%-250.4%	178.0%-286.4%
Individual Loan Program (ILP)	219,300,668	69.5%-146.0%	71.0%-157.5%	96.6%-321.9%	99.4%-372.1%
Alalay sa Magsasaka Program (AMP)	152,630,925	32.7%-69.3%	32.7%-69.3%	35.8%-83.9%	35.8%-83.9%
Alalay sa Pabahay Program (APP)	104,774,813	24.3%-34.3%	26.8%-53.9%	27.2%-40.3%	30.3%-69.5%
ARDCI NGO Group, Inc.	393,049,790	48.6%-59.0%	58.5%-75.7%	62.2%-79.8%	78.9%-112.0%
Micro Business (MB)	393,049,790	48.6%-59.0%	58.5%-75.7%	62.2%-79.8%	78.9%-112.0%
ASA Philippines	1,223,998,400	53.2%-60.1%	54.6%-86.8%	69.7%-81.8%	72.2%-136.5%
Microfinance Loan	1,223,998,400	53.2%-60.1%	54.6%-86.8%	69.7%-81.8%	72.2%-136.5%

MFI Name and Products	Portfolio (PHP)	APR (Int+ Fees + Ins + Tax)	APR (Int +Fees + Ins + Tax + Dep.)	EIR (Int + Fees+ Ins + Tax)	EIR (Int + Fees + Ins + Tax + Dep.)
Banco San Enrique, Inc. (A Rural Bank)	3,072,220	93.7%-128.8%	100.2%-250.2%	153.1%-256.9%	169.7%-1051.0%
POWER	297,246	93.9%-120.1%	100.2%-242.3%	153.6%-227.7%	169.7%-968.3%
Fast Cash	2,774,974	93.7%-128.8%	100.2%-250.2%	153.1%-256.9%	169.7%-1051.0%
Bangko Kabayan, A Rural Bank, Inc.	99,231,442	57.9%-67.5%	63.1%-76.4%	77.9%-95.5%	87.3%-113.5%
Kabayan Loan	51,086,475	57.9%-67.5%	63.1%-76.4%	77.9%-95.5%	87.3%-113.5%
Kapitan Loan	48,144,967	60.1%-63.5%	67.9%-72.3%	81.8%-88.0%	96.4%-105.0%
Cantilan Bank, Inc. (A Rural Bank)	84,037,000	60.6%-98.5%	61.0%-114.1%	80.6%-165.3%	81.3%-197.5%
KITA Loan	54,660,000	80.7%-98.5%	80.9%-101.7%	121.4%-165.3%	121.9%-173.9%
MAKITA Loan	8,180,000	72.9%-72.9%	86.9%-93.6%	106.2%-106.3%	136.6%-152.8%
Pag-Uma (Micro-Agri) Loan	13,840,000	60.6%-97.4%	61.0%-104.9%	80.6%-159.7%	81.3%-179.2%
HOME Loan	6,390,000	65.0%-73.5%	65.1%-75.0%	88.2%-104.0%	88.4%-107.0%
Pang-Eskwela Loan (PEL)	967,000	88.3%-91.2%	105.4%-114.1%	134.5%-140.9%	174.7%-197.5%
Caritas Salve Credit Cooperative	49,822,782	74.6%-105.9%	77.5%-118.2%	109.8%-185.2%	115.8%-221.9%
Regular Loan - 23 weeks	43,114,455	74.6%	77.5%-96.2%	109.8%	115.8%-159.5%
Regular Loan - 11 weeks	2,629,085	105.9%	108.1%-118.2%	185.2%	191.7%-221.9%
Regular Loan - 15 weeks	4,079,242	95.5%	96.4%-111.7%	157.5%	160.0%-202.0%
CCT Credit Cooperative	397,272,571	36.9%-92.2%	55.6%-139.9%	44.5%-149.5%	73.9%-297.8%
Regular Business Loan 4 months	164,394,434	92.20%	139.90%	149.50%	297.80%
Regular Business Loan 6 months	221,374,459	87.60%	131.3%-131.4%	149.50%	265.9%-266.0%
Growth Enterprise Loan	7,003,678	56.1%-60.2%	109.8%-121.5%	74.6%-82.0%	196.4%-232.5%
Housing Loan	4,500,000	36.9%-37.0%	55.6%-56.3%	44.50%	73.9%-75.1%
Community Economic Ventures, Inc.	213,648,874	48.3%-132.9%	61.5%-200.9%	54.7%-271.5%	71.9%-618.1%
Asenso Loan	3,008,874	59.8%-76.5%	69.1%-115.5%	79.2%-109.8%	95.8%-201.3%
Yaman Loan	119,000,000	85.9%-132.9%	130.0%-200.9%	134.4%-271.5%	261.0%-618.1%
CROP Loan	91,000,000	48.3%-61.1%	61.5%-79.0%	54.7%-71.4%	71.9%-96.3%
BABE Loan	640,000	57.00%	71.10%	68.50%	89.30%
Daan sa Pag-Unlad, Inc.	153,669,900	52.2%-101.7%	52.2%-137.1%	60.3%-173.7%	60.3%-286.9%
Group Loan	146,251,900	85.8%-94.7%	101.0%-122.1%	132.5%-153.5%	169.4%-229.9%
Individual Loan	3,018,000	82.5%-101.7%	93.9%-137.1%	126.7%-173.7%	153.5%-286.9%
Agriculture Loan	4,400,000	52.2%-71.4%	52.2%-71.4%	60.3%-86.7%	60.3%-86.7%
Ecumenical Church Foundation, Inc.	76,768,469	131.0%-146.5%	44.8%-151.3%	49.8%-324.1%	49.8%-344.5%
Micro Individual Loans	18,125,692	76.4%-119.9%	82.9%-122.7%	112.4%-227.1%	126.1%-236.1%
SMID	1,616,813	131.0%-146.5%	135.9%-151.3%	264.6%-324.1%	282.6%-344.5%
Agricultural Production Loan	54,073,112	44.8%-46.1%	44.8%-46.1%	49.8%-52.4%	49.8%-52.4%
Agri. Asset Acquisition & Carabao Loan	2,952,852	50.3%-50.6%	52.5%-53.2%	56.7%-57.0%	59.4%-60.2%

MFI Name and Products	Portfolio (PHP)	APR (Int+ Fees + Ins + Tax)	APR (Int +Fees + Ins + Tax + Dep.)	EIR (Int + Fees+ Ins + Tax)	EIR (Int + Fees + Ins + Tax + Dep.)
FCB Foundation	129,700,000	39.7%-111.6%	41.1%-134.3%	47.7%-201.6%	49.8%-276.5%
Hiram (Group Loan)	70,000,000	75.9%-90.3%	81.7%-111.2%	112.5%-144.8%	125.0%-200.4%
Help (Individual)	30,000,000	39.7%-58.2%	41.1%-60.3%	47.7%-76.6%	49.8%-80.0%
Unlad	25,000,000	85.2%-92.9%	92.7%-102.3%	132.9%-151.1%	150.7%-175.5%
Sikap	4,700,000	97.7%-111.6%	113.4%-134.3%	163.1%-201.6%	207.1%-276.5%
GM Bank of Luzon, Inc.	64,943,396	56.2%-122.9%	56.6%-142.7%	74.9%-237.0%	75.6%-308.5%
Asenso Loan	64,676,195	90.7%-122.9%	107.0%-142.7%	145.8%-237.0%	188.5%-308.5%
ASAP Loan Program	42,501	83.8%-108.9%	91.4%-120.1%	128.1%-193.7%	145.6%-227.8%
Micro-Agri Loan Product	224,700	56.2%-77.8%	56.6%-85.8%	74.9%-116.6%	75.6%-134.1%
Hagdan Sa Pag-uswag Foundation, Inc.	79,395,976	83.6%-153.4%	94.6%-216.6%	129.1%-353.7%	155.4%-734.9%
Individual Loan	2,100,000	87.6%-91.5%	99.6%-108.9%	138.4%-147.8%	168.3%-193.8%
Group Loan	77,295,976	83.6%-153.4%	94.6%-216.6%	129.1%-353.7%	155.4%-734.9%
Jaime V. Ongpin Foundation, Inc.	11,778,115	55.3%-69.8%	99.4%-136.3%	73.3%-100.0%	167.6%-283.8%
Microloan	11,778,115	55.3%-69.8%	99.4%-136.3%	73.3%-100.0%	167.6%-283.8%
Kabalikat para sa Maunlad na Buhay, Inc.	631,134,086	92.7%-108.3%	107.7%-135.2%	150.7%-192.1%	190.4%-279.9%
Group Loan	631,134,086	92.7%-108.3%	107.7%-135.2%	150.7%-192.1%	190.4%-279.9%
Kasagana-Ka Development Center, Inc.	87,590,565	57.2%-119.5%	57.2%-158.3%	76.6%-225.8%	76.6%-375.6%
K-Negosyo	83,154,134	76.3%-119.5%	66.0%-158.3%	113.2%-225.8%	92.8%-375.6%
K-Edukasyon	3,967,152	57.2%-58.3%	57.2%-58.3%	76.6%-78.6%	76.6%-78.6%
K-Kalusugan	469,279	57.8%-60.3%	57.8%-60.3%	77.6%-82.2%	77.6%-82.2%
Katipunan Bank (ZN), Inc. "A Rural Bank"	222,595,208	71.9%-169.3%	79.2%-179.2%	104.2%-429.0%	119.5%-482.0%
ASENSO Loan	75,062,850	71.9%-93.3%	79.2%-103.5%	104.2%-152.1%	119.5%-178.6%
Proyekto Maasenso	147,532,358	91.7%-169.3%	92.2%-179.2%	148.2%-429.0%	149.5%-482.0%
Kazama Grameen, Inc.	143,000,000	43.1%-83.9%	43.1%-95.1%	53.7%-129.9%	53.7%-156.7%
Project Loan 1	65,000,000	62.5%-64.1%	67.0%-71.2%	86.0%-89.0%	94.6%-102.8%
Project Loan 2	32,000,000	74.2%-83.9%	83.3%-95.1%	108.8%-129.9%	128.6%-156.7%
Project Loan 3	10,000,000	63.4%-68.1%	73.7%-76.3%	87.9%-96.8%	107.9%-113.3%
Multi-Purpose Loan	36,000,000	43.10%	43.10%	53.70%	53.70%
Lorenzo Tan Multi-Purpose Cooperative	373,492,142	32.9%-159.1%	34.3%-202.2%	38.3%-379.4%	40.2%-626.8%
Micro Grameen	67,214,449	98.3%-159.1%	112.2%-202.2%	164.7%-379.4%	203.4%-626.8%
Micro Non-Grameen	93,277,693	64.60%	65.7%-80.0%	81.90%	83.6%-107.2%
Regular Loan	213,000,000	32.9%-65.2%	34.3%-74.5%	38.3%-88.8%	40.2%-106.1%
Mallig Plains Rural Bank (Isabela), Inc.	26,800,000	81.3%-96.0%	85.1%-137.3%	124.0%-159.0%	132.7%-287.7%
Micropinay	16,000,000	81.3%-83.8%	85.1%-86.8%	124.0%-129.7%	132.7%-136.4%
Masipag Loan	10,800,000	90.0%-96.0%	103.0%-137.3%	144.1%-159.0%	177.2%-287.7%

MFI Name and Products	Portfolio (PHP)	APR (Int+ Fees + Ins + Tax)	APR (Int +Fees + Ins + Tax + Dep.)	EIR (Int + Fees+ Ins + Tax)	EIR (Int + Fees + Ins + Tax + Dep.)
Maranding Women Investors Multipurpose Cooperative	72,748,378	39.2%-74.8%	40.8%-121.3%	47.0%-106.6%	50.1%-231.6%
Individual Loan	40,662,043	45.4%-74.8%	40.8%-121.3%	56.2%-106.6%	50.1%-231.6%
Trinity Loan	29,689,334	54.70%	104.40%	72.20%	181.10%
Life Protection Loan	1,863,000	39.2%-39.2%	45.2%-45.2%	47.00%	55.9%-55.9%
KAPA Loan	534,000	41.4%-58.5%	45.5%-69.0%	50.3%-78.9%	56.3%-98.4%
Negros Women for Tomorrow Foundation, Inc.	530,800,000	52.1%-107.1%	59.6%-118.7%	67.9%-188.8%	80.8%-223.4%
General Loan	496,900,000	86.1%-107.1%	97.2%-118.7%	134.8%-188.8%	161.9%-223.4%
Individual Loan	9,300,000	73.9%-92.4%	81.2%-101.6%	108.4%-149.9%	123.8%-173.4%
Special Loan	17,900,000	67.2%-85.6%	67.2%-85.9%	94.9%-133.6%	94.9%-134.5%
Green Loan	1,900,000	86.3%-87.3%	87.2%-88.2%	135.3%-137.7%	137.4%-139.8%
Special Loan - Asset Acquisition Loan	4,800,000	52.1%-63.4%	59.6%-74.7%	67.9%-87.9%	80.8%-110.0%
Omaganhan Farmers Agrarian Reform Cooperative	40,300,000	86.5%-105.9%	88.4%-121.4%	130.5%-185.2%	134.6%-232.0%
SUMMED	40,300,000	86.5%-105.9%	88.4%-121.4%	130.5%-185.2%	134.6%-232.0%
Paglaum Multi Purpose Cooperative	232,637,039	20.0%-165.6%	22.1%-194.8%	21.9%-410.4%	24.5%-576.8%
Regular Loan	91,512,080	74.1%-108.3%	83.2%-122.6%	105.3%-182.0%	123.5%-221.2%
Project Loan (Micro-Regular Loan)	66,101,331	58.9%-138.2%	66.2%-175.4%	79.6%-291.3%	93.1%-461.3%
MEDAL 1	3,701,020	20.0%-106.4%	22.1%-114.2%	21.9%-183.6%	24.5%-205.6%
Housing Loan Program	18,917,541	27.0%-28.9%	31.1%-34.2%	30.9%-33.4%	36.3%-40.7%
Pension Loan	33,313,118	63.8%-76.2%	70.1%-85.5%	86.1%-109.4%	97.6%-128.4%
Motorcycle Loan	8,101,655	27.4%-28.5%	31.6%-33.4%	31.4%-32.8%	37.0%-39.5%
Emergency Loan	710,253	150.3%-165.6%	174.0%-194.8%	340.2%-410.4%	453.7%-576.8%
Barangay Official Livelihood Assistance	10,280,042	38.3%-67.7%	59.2%-79.8%	64.7%-93.2%	78.2%-116.6%
Peoples Bank of Caraga, Inc.	436,170,478	38.3%-69.0%	38.3%-76.3%	42.0%-94.1%	42.0%-113.4%
Cycled Loan / Enterprise Loan	254,217,055	61.8%-66.7%	70.7%-76.3%	84.9%-94.1%	101.7%-113.4%
Allied Undertakings Loan	28,116,388	62.9%-65.7%	62.9%-65.7%	86.8%-92.2%	86.8%-92.2%
Farm Financing Loan	106,059,590	38.3%-39.0%	38.3%-39.0%	42.0%-42.8%	42.0%-42.8%
ISAPA-PPP	47,777,445	67.4%-69.0%	67.4%-69.0%	78.7%-80.8%	78.7%-80.8%
People's Center for Sustainable Development	7,000,000	85.2%-160.9%	88.9%-175.8%	134.3%-352.7%	143.1%-415.7%
Livelihood Loan	7,000,000	85.2%-160.9%	88.9%-175.8%	134.3%-352.7%	143.1%-415.7%
Rangtay sa Pagrang-ay, Inc.	118,492,931	51.2%-131.6%	55.0%-189.6%	65.1%-266.8%	71.2%-543.6%
General Business Loan	110,184,265	101.1%-131.6%	105.8%-189.6%	172.2%-266.8%	184.9%-543.6%
Agriculture Loan	1,066,985	51.2%-53.0%	55.0%-56.5%	65.1%-68.0%	71.2%-73.6%
Livestock Loan	5,376,606	51.2%-57.0%	55.1%-61.4%	65.1%-74.6%	71.4%-82.0%
Salary Loan	1,865,075	73.2%-79.3%	73.2%-79.3%	103.5%-115.4%	103.5%-115.4%

MFI Name and Products	Portfolio (PHP)	APR (Int+ Fees + Ins + Tax)	APR (Int +Fees + Ins + Tax + Dep.)	EIR (Int + Fees+ Ins + Tax)	EIR (Int + Fees + Ins + Tax + Dep.)
Rizal Microbank (A Thrift Bank of RCBC)	7,264,101	63.3%-78.1%	55.4%-80.2%	87.0%-117.2%	73.0%-121.6%
Pitaka Microenterprise Loan	7,264,101	63.3%-78.1%	55.4%-80.2%	87.0%-117.2%	73.0%-121.6%
Rural Bank of Angeles	61,800,000	58.4%-78.3%	69.7%-97.3%	78.2%-117.5%	98.9%-162.2%
Kaantabe Loan	61,800,000	58.4%-78.3%	69.7%-97.3%	78.2%-117.5%	98.9%-162.2%
Rural Bank of Labason, Inc.	12,118,482	63.7%-95.4%	64.0%-97.7%	86.0%-157.5%	86.5%-163.3%
KUGI	12,118,482	63.7%-95.4%	64.0%-97.7%	86.0%-157.5%	86.5%-163.3%
Rural Bank of Liloy (ZN), Inc.	42,889,358	82.9%-118.7%	93.2%-165.2%	127.7%-223.4%	151.8%-408.6%
SIPAG (Sinugdanan sa Paglambo) Loan	26,449,639	82.9%-96.2%	97.0%-113.0%	127.7%-159.5%	161.5%-205.8%
PMPK - GRASA "Panginabuhian Mo Palambo-on Ko" Program	16,439,719	90.5%-118.7%	93.2%-165.2%	145.3%-223.4%	151.8%-408.6%
Rural Bank of Montevista (Davao), Inc.	73,157,222	67.1%-160.5%	128.4%-178.0%	94.8%-385.7%	255.5%-548.1%
PCFC	33,803,696	79.4%-160.5%	136.8%-190.3%	120.0%-385.7%	286.0%-548.1%
KUUP	39,353,526	67.1%-131.2%	128.4%-178.0%	94.8%-265.4%	255.5%-475.5%
San Francisco Growth Enhancement Multi-Purpose Cooperative	9,589,793	77.1%-96.3%	98.2%-115.6%	114.9%-159.7%	164.6%-213.7%
Cycle Loan	9,589,793	77.1%-96.3%	98.2%-115.6%	114.9%-159.7%	164.6%-213.7%
Simbag sa Pag-Asenso, Inc.	163,609,775	63.8%-143.5%	69.8%-163.5%	88.5%-311.7%	100.0%-400.4%
Productive Loan	140,366,390	68.6%-143.5%	75.4%-163.5%	97.6%-311.7%	111.3%-400.4%
Balay Asenso	21,130,731	63.8%-85.5%	69.8%-94.1%	88.5%-133.6%	100.0%-154.2%
Sagip Asenso	2,112,654	75.0%-87.2%	82.2%-96.0%	110.6%-137.4%	126.1%-158.9%
Taytay Sa Kauswagan, Inc.	1,052,841,254	58.7%-97.6%	63.0%-157.2%	79.3%-163.1%	87.0%-370.4%
PKK	883,407,050	80.1%-97.6%	97.0%-157.2%	121.5%-163.1%	161.4%-370.4%
OKEY	169,434,204	58.7%-72.7%	63.0%-79.0%	79.3%-105.8%	87.0%-119.1%
Tulay sa Pag-unlad, Inc.	1,307,926,155	23.7%-77.7%	23.7%-93.7%	26.7%-116.3%	26.7%-153.2%
TSPI Kabuhayan Program	1,056,578,483	77.6%-77.7%	87.0%-93.7%	116.1%-116.3%	136.9%-153.2%
Housing and Sanitation Loan Program	90,071,216	36.7%-45.6%	36.7%-45.6%	44.1%-57.5%	44.1%-57.5%
TSPI Palayan Program	60,821,763	40.3%-45.8%	42.7%-48.5%	48.7%-56.8%	52.1%-60.9%
Educational Loan Assistance Program	6,475,098	24.6%-24.7%	24.6%-24.7%	27.90%	27.90%
Livestock Loan	89,428,379	36.20%	37.90%	40.60%	42.70%
TSPI Maunlad Program	4,274,666	49.0%-72.2%	65.1%-89.7%	62.4%-103.6%	90.2%-141.6%
PhilHealth Loan	276,550	23.70%	23.70%	26.70%	26.70%
Valiant Rural Bank (Iloilo City), Inc.	28,130,269	70.6%-95.4%	70.6%-149.9%	98.6%-157.5%	98.6%-338.4%
BUGANA	14,342,924	70.6%-75.4%	70.6%-75.4%	98.6%-110.0%	98.6%-110.0%
LEADS ME	13,787,345	74.6%-95.4%	81.8%-149.9%	106.2%-157.5%	120.5%-338.4%



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