

## **Amando M Tetangco, Jr: Improving lives through better access to credit**

Speech by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the Launching of E-Rediscounting in Mindanao, Davao City, 20 July 2007.

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Maayong udto sa inyong tanan! Honorable Members of the Monetary Board; fellow bankers; business leaders of Mindanao as represented by the Chamber of Commerce and Industry, the Small and Medium Enterprise Development Council and Micro-finance Council; special guests; government officials who are here today, Mayor Lobrigat; my colleagues at the Bangko Sentral ng Pilipinas; friends; Ladies and Gentlemen – I am very pleased to lead the launching here today of the BSP's Electronic or e-Rediscounting System.

Only a few weeks ago at the Mindanao Peace and Security Summit in Cagayan de Oro City the President identified two key priority programs for Mindanao, which is particularly relevant to our program today.

The first priority is to increase the funding for key government economic programs in Mindanao. The second is to strengthen the institutions of government to promote economic prosperity in the region.

Given this, the launching of the Bangko Sentral's e-Rediscounting System here in Mindanao is indeed very timely and appropriate. With this electronic loan refinancing facility, we expand and facilitate access to credit of countryside areas in Mindanao where there are micro, small and medium enterprises, as well as exporters. This should stimulate economic activities in the local communities here.

So far, the seven-month track record of our e-rediscounting system has been positive. Since its initial launching in Manila in December, the number of participating banks in our e-Rediscounting System has increased from 88 to 129 while the total loans processed and released during this period has reached an unprecedented level of over P14 billion.

The importance that the Monetary Board attaches to this initiative is clearly demonstrated by the presence of our Monetary Board members in this launching today and let me acknowledge them: First, MBM Vicente Valdepeñas, Jr., MBM Raul Boncan, MBM Juanita Amatong, MBM Alfredo Antonio, and earlier today MBM Nelly Favis-Villafuerte was also here.

The BSP Top Management is here with us as well today we have DG Diwa Guinigundo, DG Armando Suratos, DG Nestor Espenilla, Jr. and General Counsel and Asst. Governor Juan de Zuñiga, Jr.

What makes e-Rediscounting attractive to banks? Well, as an online rediscounting facility, banks file loan applications through the Internet and – if their application is approved -- receive the loan proceeds within minutes, through their demand deposit accounts with the Bangko Sentral. In other words, they same time, incur lower transaction costs and are spared the inconvenience of physically filing their applications and going through manual processing.

On the other hand, bank customers can look forward to lower borrowing costs when their banks start sharing the cost benefits of e-rediscounting.

At this point, let me also take the opportunity to acknowledge the dedication of the officers and staff of the pilot and participating banks who made their resources available for the success of this project. We also wish to thank the officials and staff of the BSP, particularly

from the Department of Loans and Credit and the Information Technology Sub-sector. Of course, we would also like to acknowledge the assistance and participation of the Davao Regional Office.

Let me assure our colleagues from the banking community and the business sector here in Mindanao that we shall continue to explore ways to enhance our operations so as to facilitate the greater flow of credit in the countryside. In line with this strategy, the BSP has approved a new project that will compliment the e-rediscounting system. We call this project the Collateral Information and Management System or CIMS. The CIMS is envisioned as a system by which the BSP can monitor, control and manage collaterals submitted by banks as security for their loans. The CIMS is expected to enable authorize users to electronically obtain information on the status of collateral documents particularly the collateral positions of borrower banks and end-user borrowers. This system will also further facilitate loan processing as well as ensure the BSP's protection against potential credit risk. Phase I of the CIMS is targeted for completion by the end of this year.

Indeed, the Monetary Board and the Bangko Sentral are committed to continuously find better ways of serving our country through the delivery of fast, adequate, and affordable credit, particularly to small- and medium-sized borrowers from the countryside.

We hope therefore that our partners from the banking community and the business sector will continue to work closely with us in ensuring sustained and balanced growth of our economy. Together, let us create more economic opportunities that will liberate our people from poverty and make our country a better place for all Filipinos.

Daghan Salamat sa inyong lahat, Mabuhay ang Pilipinas!