

Amando M Tetangco, Jr: The Credit Surety Fund – sustaining economic growth through increased credit flows

Speech by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the Launching of the Credit Surety Fund Program, Trece Martirez City, Cavite, 27 August 2008.

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Governor Ayong Maliksi, distinguished Board Members of the Sanguniang Panlalawigan ng Cavite and other officials from Cavite's local government units – mga Mayors at Vice Mayors, officers and members of Cavite's cooperatives, our partners from the Micro, Small, and Medium Enterprises Sector or what we call MSMEs, representatives from the Industrial Guarantee Loan Fund, representatives from the banking sector, fellow workers in government, special guests.

Magandang umaga po sa inyong lahat! Kami po sa Bangko Sentral ng Pilipinas ay natutuwa dahil ngayon ang panimula ng isang mahalagang programa na tinatawag nating Credit Surety Fund. At dahil mahalaga ito, karamihan sa mga opisyal ng Bangko Sentral ay nandirito ngayon.

Ipakikilala ko po sila, umpisa sa mga miyembro ng ating Monetary Board: Kasama po natin si Monetary Board Member Alfredo Antonio, dating Chairman ng Development Bank of the Philippines; at si Monetary Board Member Ignacio Bunye, dating Press Secretary at Presidential Spokesman.

Kasama ko rin po ang management team ng Bangko Sentral, kabilang si Deputy Governor Diwa Guinigundo, si Assistant Governor & General Counsel Juan de Zuñiga, Jr., at si Assistant Governor Rene Carreon, at iba pang mga opisyal ng BSP.

The level of our participation in this event speaks volumes about the way we at the Bangko Sentral ng Pilipinas value our MSMEs. The MSME sector represents the backbone of our economy as 99 per cent of registered firms belong to this sector. A recent report of the International Finance Corporation of the World Bank Group indicated that loans to MSMEs comprise twenty-five percent (25%) of the total loans of the banking system. Malaking bahagi po ito ng pautang ng ating mga bangko. Kaya masasabi natin na mahalaga rin ang MSMEs sa banking sector.

Kaya lamang, kulang pa rin ito sa tutuong panga-ngailangan ng ating MSMEs. Estimates indicate that roughly 60% of the credit needs of MSMEs remain unserved.

Simple ang dahilan nito: Marami sa ating MSME's ay walang collateral na maiharap para maka-utang sa mga bangko, maliban sa kanilang proven track record as successful and responsible small entrepreneurs. Dito po pumapasok ang Bangko Sentral at ang Credit Surety Fund. Sa ilalim po ng Credit Surety Fund Program ay mapapabilis ang pagbibigay ng pautang sa ating mga MSMEs dahil sa pag-tutulungan ng LGUs led here in Cavite by Governor Ayong Maliksi, ng ating mga kooperatiba, at ng IGLF na itatag ang Credit Surety Fund. With this as underlying surety, MSME entrepreneurs without collateral can now borrow from the banks.

This program therefore directly addresses the MSME's lack of collaterals. In other words, the program will democratize access to bank credit and help level the playing field for our MSMEs. Ito pong Credit Surety Fund ang magiging susi ng ating MSMEs para maka-utang sa mga bangko.

At the heart of this program is the spirit of "BAYANIHAN". To our mind, the foundation and success of the program will depend ultimately on the cooperation and collaboration of all the participants in this multi-sectoral program: the national government through IGLF, the local

government led by its Governor, MSMEs under the cooperatives, the banks that will provide the loans, and the Bangko Sentral which will provide rediscounting for up to 80% for the MSME loans.

Later, we shall have an audio-visual presentation that will explain the rationale, the process, and the objectives of this important public-private sector collaboration.

Sa ngalan po ng Bangko Sentral, binabati po namin ang lalawigan ng Cavite sa pamumuno ni Governor Ayong Maliksi (talaga pong magaling at maliksi ang inyong gobernador!) dahil kayo po ang first province na nag-launch ng groundbreaking program na ito.

Kaya po mahalaga ang inyong malakas na suporta sa credit surety fund program at sa pagtatayo ng Cavite Coopreneurs Surety Fund. Your pioneering efforts to implement the program will be the challenge to other provinces in the Philippines for them to establish their very own surety fund.

On the part of the BSP, you can be assured that we will continue to advocate and make room for future innovations that will further benefit our entrepreneurs and help uplift the lives of our people.

Sana po ay magka-isa tayo sa pag-sulong ng ating bansa sa pamamagitan ng ating credit surety fund program.

Mabuhay ang Cavite! Mabuhay ang ating bansang Pilipinas!

Maraming salamat po sa inyong lahat.