

Amando M Tetangco, Jr: Setting a milestone with the Quezon City Credit Surety Fund

Speech by Mr Amando M Tetangco, Jr, Governor of Bangko Sentral ng Pilipinas (the central bank of the Philippines), at the Quezon City Credit Surety Fund lunch, Manila, 18 August 2014.

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Good morning everyone!

On behalf of the Bangko Sentral ng Pilipinas and our partner institutions – the DBP, Land Bank and IGLF – we thank Quezon City under the distinguished leadership of Mayor Herbert Bautista, Vice Mayor Ma. Josefina Belmonte-Alimurung, and the members of the Sangguniang Panlungsod for launching its own Credit Surety Fund or CSF.

The Quezon City CSF is the first at the National Capital Region. This is therefore a significant milestone in our program to promote CSFs across the country. This tells us that the local government in Quezon City continues to find ways to support the further growth and development of local micro, small and medium enterprises – or what we call MSMEs.

We know that through its Sikap Buhay Entrepreneurship and Cooperative Office, the city government is pro-active in promoting access to credit, particularly for microfinance. This time, by setting up its own CSF, Quezon City is scaling up to help more members of cooperatives gain access to bank credit.

With the CSF, coop members with good credit standing can avail of bank credit even if they still lack collateral and sufficient credit history.

On the part of the banks, CSF is a welcome program, as it provides opportunities to comply with the mandatory 8pct credit allocation required under the law – RA 6977, as amended, also known as The Act to Promote, Develop and Assist SMEs – under a more manageable risk framework.

As a whole therefore, the CSF is a win-win program for coop members, banks and our national goal to have a more inclusive financial system that will support inclusive growth.

Indeed, we have seen the initial benefits from our partnerships under the CSF. As of May this year, roughly P1.1 billion in loans have been granted by 30 CSFs to nearly 10,000 MSMEs.

With Quezon City, we now have 31 CSFs: 14 in Luzon, 7 in the Visayas and 10 in Mindanao. We look forward to seeing the benefits of CSF in Quezon City, our country's biggest city in terms of population.

The importance of MSMEs to our country and our people cannot be overemphasized: they account for 35.7% of our economy as measured by GDP, constitute 99.6% of registered firms and employ 62% of our workforce. In other words, additional support granted to MSMEs will have strong multiplier effects.

We are happy to learn therefore that Quezon City-based coops in cooperation with the Office of the Mayor initiated discussions with the Bangko Sentral for the creation of its own CSF. Thus today, we have 12 cooperatives who have initially contributed P3.95 million to the CSF while the Quezon City government will give a counterpart contribution of P5 million.

Additional contributions will also come from DBP, LandBank and the IGLF. Let us therefore thank Land Bank as represented by its President Gilda Pico; the Development Bank of the Philippines represented by Chairman Jose Nuñez, Jr.; and the Industrial Guarantee and Loan Fund represented by its Chief Executive Officer Benellagua.

On our part, you can count on the Bangko Sentral's continued support to make this collaboration sustainable. We will continue to advocate and introduce more innovations, promote capacity building, and provide liquidity support through our rediscounting facility.

Finally, I can share that the Bangko Sentral is in final stages of discussions on new partnerships with other LGUs and cooperatives to set up additional CSFs in the country.

Indeed, the spirit of cooperation of Bayanihan is alive and well in our country. If we sustain this momentum, we can truly achieve sustained, balanced and inclusive growth.

Muli, maraming salamat. Mabuhay ang MSMEs! Mabuhay ang Quezon City! Mabuhay ang ating mahal na bansang Pilipinas!