

Nestor A Espenilla, Jr: Going back to basics

Speech by Mr Nestor A Espenilla, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at the 2018 MCPI Annual Conference, Manila, 26 July 2018.

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Honorable SEC Chair Emilio Benito Aquino, Citibank Philippine Country Head Aftab Ahmed, MCPI Chair Fr Jose Victor Lobrigo, fellow microfinance stakeholders, distinguished guests, ladies and gentlemen, it is a pleasure to be with you today for the 2018 MCPI Annual Conference and the launch of the 16th Citi Microentrepreneurship Awards.

As we gather here today, the digital revolution is fundamentally reshaping the financial inclusion landscape and traditional financial value chains. Rapid digital innovations in financial technologies have led to the emergence of new market players and more dynamic business models. Given this backdrop, what does your theme “Going Back to Basics” mean to the Philippine microfinance industry?

Keeping Things SIMPLE

It can be a lot of things. “Going Back to Basics” can be about MFIs fully embracing and welcoming this new operational reality. After all, you were once the original “disruptors” in the delivery of microfinancial services more than 20 years ago! You had pioneered the bold and novel idea that challenged mainstream thinking – that the poor could be as creditworthy as the rich.

“Going Back to Basics” can also mean stepping back in order to further strengthen foundations – returning and reinforcing your core values and fundamental objectives. To revisit what has made microfinance work in the first place... to what made it stand the test of time.

Going back to basics can also be about keeping things... SIMPLE.

And with this I mean having, first, INTEGRITY – by conducting all our dealings fairly and honestly. Mark Twain wrote, “If you tell the truth, you don’t have to remember anything”.

Integrity is doing what is right. We should ensure that all transactions with our customers and other stakeholders are open, transparent, fair and ethical.

Second, having a SOUND CORPORATE GOVERNANCE. This leads to achievement of our organization’s fundamental goals and objectives and attainment of long-term sustainability. Sound corporate governance is not just about simply conforming to the basic tenets of transparency and accountability. It is about instituting a culture that drives and creates value for our businesses and clients by safeguarding the interests of our stakeholders.

Third, we should MANAGE RISKS EFFICIENTLY AND EFFECTIVELY – therefore building trust and credibility in the industry and creating new opportunities for sustained growth. A sound risk management framework allows institutions to deliver competitive and appropriate products and services to its customers as well as assess new growth opportunities. This is especially crucial for MFIs as you virtuously take into account not only your financial performance but also both your social and environmental impact as well.

Fourth, it is important to espouse and instil greater PROFESSIONALISM and self-discipline across all levels of the organization. This is necessary to raise the profile of microfinance professionals and the Philippine microfinance industry as a whole. Greater professionalism is also essential to achieve operational excellence and improve sustainability efforts.

Fifth, become financial industry LEADERS in being client-centric. We can gain, build and maintain customer loyalty when we provide products and services that are designed to meet their needs and even exceed their expectations.

It is only when we think with our customers' best interests in mind when we deliver responsive and appropriate products and services, can we achieve industry leadership status.

And finally, sixth, by maintaining an enduring commitment towards EXCELLENCE – by benchmarking for success!

We must always aim to achieve a standard of excellence in everything we do. Excellence does not happen by default. Creating and cultivating a culture of excellence in our respective organizations is therefore a conscious decision to apply considerable thought and meaningful execution to everything we do.

Launching of the 16th Citi Microentrepreneurship Awards

At the core of our “going back to basics” mantra are, of course, our clients. Amidst all the talk about innovation, technology, and disruption, at the very heart of it are still, our clients.

It is only appropriate, therefore, that we continue to showcase truly inspiring success stories of microfinance clients as we launch the 16th Citi Microentrepreneurship Awards (CMA). The CMA was conceptualized in 2002 by the Bangko Sentral, MCPI and the Citi Foundation. Through the years, it has served as a vehicle that inspires micro entrepreneurs nationwide to achieve greater heights... to believe that by putting in the hard work, anything is possible!

May the stories of our clients serve as reminders of the value and nobility of our work.

Thank you to our partners, MCPI and Citi Foundation. Our partnership is a significant contribution to the BSP's Continuity Plus Plus Agenda – one aspect of which is ensuring that our financial system is inclusive and leaves no one behind.

While much has been accomplished, I hasten to remind you that much is still expected of us. In this light, we must therefore continue to challenge ourselves to become the best in service to our stakeholders. This requires us to evolve beyond who and what we are; to be innovative and adaptable to the dynamic environment within which we operate; to embrace change with a positive outlook because it presents opportunities for organizational growth and development; and most importantly, to safeguard our reputation and integrity as we continue to reinforce our role in nation building.

To the microfinance players, proudly carry along our legacy and identity as the original disruptors! Your capacity “to disrupt” runs deep in your DNA. Continue to “disrupt” in providing better and more efficient products and services to our clients.

Maraming salamat at mabuhay ang microfinance!