

CARD Bank, Inc.

Brief History

CARD Bank, Inc.'s roots can be traced from the Center for Agriculture and Rural Development, Inc. (CARD NGO), which was organized in December 1986 by rural development practitioners as a social development foundation to address the need of a growing number of poor Filipinos in depressed communities. Discussions on the establishment of a bank started in December 1995. This was meant to address CARD's expansion plan of reaching 1 million poor people through savings mobilization. In August 1997, CARD obtained a license to operate as a rural bank from the Bangko Sentral ng Pilipinas. On September 1, 1997, CARD Bank officially opened its doors to the public. Using a phased-approach, four of thirteen CARD NGO branches were transformed into banks. Presently, CARD NGO and CARD Bank continue to operate as separate entities.

The CARD group now operates with four mutually reinforcing institutions – CARD NGO, CARD Bank, CARD Mutual Benefit Association, and CARD MRI Development Institute. The institutions aim to provide the poor with diverse financial and non-financial services.

Methodology

CARD Bank initially modified the Grameen Bank methodology. However, in 2004, the bank adopted the use of the ASA methodology. This methodology is a shift from group to individual liability. CARD Bank offers loans for use in business ventures, emergency purposes, and housing improvement. Likewise, it also offers individual loans based on the cash flow of a business. CARD Bank's individual loan product was adopted from its partnership with Microenterprise Access to Banking Services (MABS). In addition to providing loans, it also mobilizes voluntary savings from the public.

Area of Operations

CARD Bank operates 15 branches in the provinces of Laguna, Quezon, Masbate, and Marinduque.

Clients

As of December 31, 2004, CARD Bank had 42,041 active clients, 26,034 of whom are active borrowers. 99.7% of borrowers are women. Its loan portfolio reached PhP 273.9 million. In addition, CARD Bank had 17,795 active voluntary savers with a savings balance of PhP 108.1 million.

Active clients	Active savers	Active borrowers	Gender
42,041	17,795	26,034	99.7% women

As of December 31, 2004

Poverty Focus

CARD Bank's group loans target poor women that have per capita income of not more than PhP 1,500 per month, productive assets that are not more than PhP 100,000, and House Index score of not more than 6 points. Its average loan balance is PhP 10,521, equivalent to 17.2% of per capita GNP.

Average loan outstanding	Average outstanding loan size/ GNP per capita	Average deposit size
US\$187	17.2%	n/a

As of December 31, 2004

Exchange rate: US\$1 = PhP 56.27

GNP per capita: PhP 60,859

Distinctive Features

CARD Bank is the first formal financial institution in the Philippines that was established by a microfinance NGO. It is a microfinance-oriented rural bank owned by the poor. On February 14, 2000, ownership was shared among clients. In addition, CARD Bank is a member of the group known as the CARD Mutually Reinforcing Institutions, together with CARD NGO, CARD Mutual Benefit Association, and CARD MRI Development Institute. The institutions aim to provide the poor with diverse financial and non-financial services.

Innovations

CARD Bank's microinsurance program is handled by CARD Mutual Benefit Association. CARD MBA is a non-stock, non-profit mutual benefit association formed to promote the welfare of marginalized women; to extend financial assistance to its members in the form of death benefits, medical subsidy, pension and all loans redemption package; and to actively involve the members in the direct management of the association.

Financial Results

As of December 2004, CARD Bank's assets stood at PhP 326.2 million. It had liabilities and equity worth PhP 250.8 million and PhP 75.4 million, respectively. CARD Bank achieved an OSS ratio of 108.7% and an FSS ratio of 105.2% in December 2004. Outstanding loans at the end of December 2004 reached PhP 273.9 million with PAR > 30 days of 3.8%. (Source: MCPI Database – OSS, FSS, PAR)

Loan portfolio	Portfolio at risk > 30 days	Savings deposits	OSS / FSS	RoE / RoA
US\$ 4.9 million	3.8%	n/a	108.7 % / 105.2%	n/a

As of December 31, 2004

Exchange rate: US\$1 = PhP 56.27

Challenges and Development Plans

By 2009, it is envisioned that CARD Bank will have grown from a rural bank into a development bank to cater to the evolving needs of its clients. Another challenge faced by CARD Bank is maintenance of the quality of its portfolio while reaching more poor clients through its loans and savings products.

Inclusion in the Financial Sector

CARD Bank is the first formal financial institution in the Philippines that was established by a microfinance NGO. It was given a license to operate as a rural bank in August 1997 by the Bangko Sentral ng Pilipinas. On September 1, 1997, CARD Bank officially opened its doors to the public as a rural bank. Presently, CARD Bank manages 15 branches with employees totaling 204 as of December 2004.

Sources

CARD Annual Report 2004

CARD Annual Report 2003

www.cardbankph.com

Microfinance Council of the Philippines Database