

Financial services firm eyes deeper Asia penetration

By **RUBY ANNE M. RUBIO**, *Reporter*

Global financial services software major Fiserv CBS Worldwide is bent on making a wider presence in the region and in the Philippines, even as restrictions are being lifted to enable banks to grow into adjacent market areas, its global head said.

Fiserv Asia Pacific, the subsidiary of United States-based Fiserv, Inc., will seek accreditation from the Bangko Sentral ng Pilipinas (BSP) to provide software solutions for microfinance to the banking sector.

"What we will do is leverage our core competency in the rural banking community, help commercial banks launch microfinance offering that is something we have done extensively around the world in helping large clients, traditional retail banks launch new brands. We have expertise in the system to help them do that very quickly," said David Hamilton Matthews, vice-president of product strategy, in an interview with *BusinessWorld*.

Providing banking technology solutions to Asia-Pacific financial institutions for 15 years, Fiserv is a global organization with over 230 clients in 45 countries worldwide. It is represented in the Philippines by its partner BSSI, Inc.

Mr. Matthews said financial service to the entrepreneurial poor can deliver 2.5% plus return on assets to financial institutions, thus, providing better returns than those of the regular banking services.

"If you take a look at opportunities banks have to grow their business, microfinance presents an enormous opportunity for them to leverage all the skills and knowledge they have, develop that in many years and bring that skill and knowledge down into an adjacent market currently worldwide growing at a rate of 30% per annum. There are very few markets in the financial services market growing at the same rate. The exception would be credit cards in specific geography," he said.

Microfinance loans are between P25,000 and P100,000, which are granted to small businesses to enable low-income households to improve living standards.

"As you make investments in strategic and high potential areas of the bank, look at microfinancing as a vehicle to gain and derive greater returns on investments you are making. We think there is growth and opportunity with the fact that banks have core competencies in credit assessment, credit underwriting and credit practices, they just need to take those down to a grassroots level to be successful in the market," said Mr. Matthews.

Eduardo C. Jimenez, BSP consultant for microfinance, appealed to the banks not to venture into microfinance if they are not serious in getting into the business.

"It can make or unmake you. If you don't know the technology and you don't know how to do it, please do a service to the BSP, the banking community and entrepreneurs not to go into microfinance. We like to see institutions and banks go into microfinance but if you don't know how to do it, your portfolio will suffer a lot. We like them to see that they do it in a sustainable basis," he said.

If provided on a sustainable basis, microfinance has shown that it can help increase income, build viable businesses, reduce vulnerability to external shocks, empower the client and increase the quality of their lives.

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance products to the poor and low-income households and their microenterprises.

There are six Fiserv users, namely, Banco de Oro Universal Bank, Rizal Commercial Banking Corp. Savings Bank, Philam Savings Bank, Asiatrust Development Bank, Inc., Planters Development Bank, and Export Industry Bank.

As an advocate of microfinance, the BSP is pursuing its three-part program to create a policy and regulatory environment for sustainable microfinance, enhancing training and capacity building within the sector, and actively taking part in microfinance promotion and advocacy