



**Asia-Pacific  
Housing Forum  
Manila**



Organized by



**Terwilliger Center for  
Innovation in Shelter**

## **THE BUSINESS CASE FOR SOCIALIZED HOUSING FINANCE: PHILIPPINES AND ASIA PACIFIC**

July 29-31, 2019 | Manila, Philippines



A woman with long dark hair and glasses, wearing a pink patterned shirt, stands in front of a green metal grid display filled with various packaged snacks and candies. To the left, a large bag of rice is visible with the text 'PILIPINO' and 'L MILLED RICE'.

**Nanay Nancy, 48**

**5 Household Members**

**600 pesos per day**  
**Sari Sari Store**





# Housing Need

House damaged by fire

Limited space

Sub-standard walls

No bathroom door and  
ceilings

Soft title

Loan received

₱ 40,000

Tenure

12 months

Monthly Repayment

₱ 4,000

# Nanay Nancy

is just **one**

of the

**328, 114 Filipinos**

who was able to access  
housing finance through  
an MFI



# The Terwilliger Center By the Numbers:

In Fiscal Year (FY) 2018 we served 4.8 million people.  
Who are those people and how did we serve them?

## Latin Leadership



**68%**

of the capital  
mobilized is from  
**Latin America**

## Asia Accelerating



Individuals served grew by  
**197%** in FY18,

making Asia Pacific the  
fastest growing region

## Finance First



**78%**

of individuals served come from  
housing **microfinance** initiatives

## On the Rise

Individuals served with  
**products and services**  
grew from 14,000 (FY17)  
to 1 million (FY18)



**70x** increase!

## Influence

Despite its prominence,

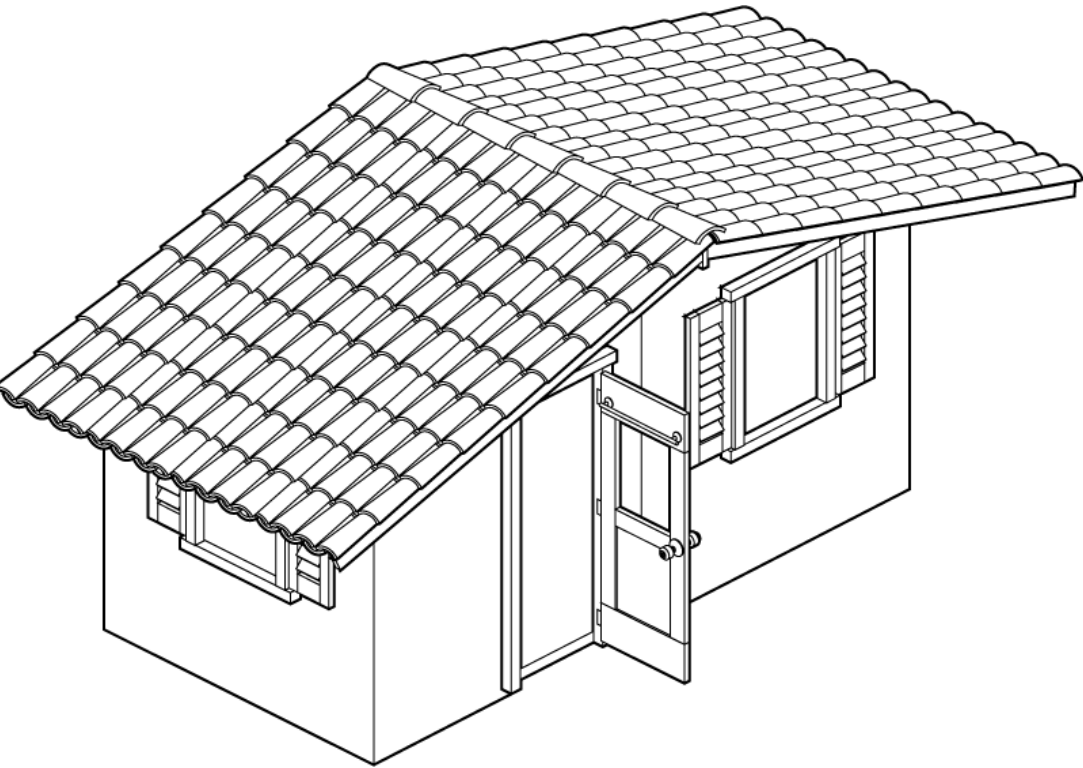
only **18%**

of individuals were served  
via the **MicroBuild Fund**.

But prominent projects help us influence the sector.



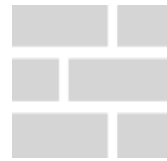
# FINANCIAL INCLUSION GLOBALLY



## At A Glance...



Global average of **housing portfolios** as a percent of overall portfolio was **16%**



More than half use loans for **home improvements**



Average microfinance loan size is **USD 1,000 – 2,000**




Average microfinance loan duration is around **32.7 months**

# FINANCIAL INCLUSION IN ASIA-PACIFIC



**8**  
Countries

As of FY 2018



**185K**  
Families

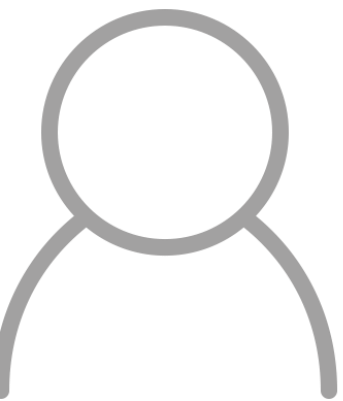


**21**  
MFI Partners

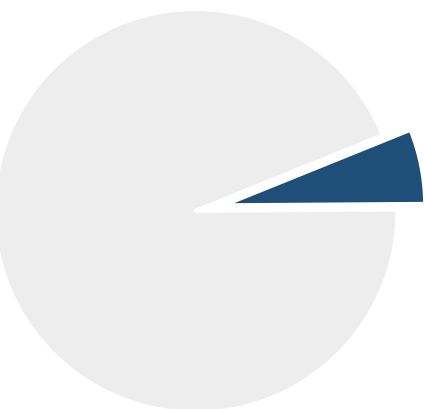


**USD 140 M**  
Capital





**5%** 328,114 out of  
7.2 M borrowers  
**Active Borrowers** avails  
HOUSING MICROFINANCE



**6%** PHP 2.7 B out of  
PHP 48 B  
Total **Loan Portfolio** is spent  
for HOUSING MICROFINANCE

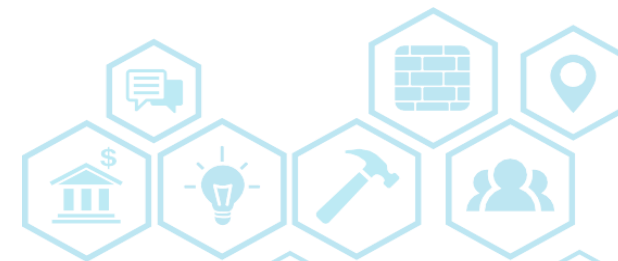


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# OUTREACH

**₱ 8,000**

Average Loan Size amount  
HOUSING MICROFINANCE



**Building and expanding** inclusive housing markets



# 88%

plans to  
improve their



## MARKET POTENTIAL

on the next three (3) years

# 85%

interested to loan  
through **Microfinance**



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*Building and expanding inclusive housing markets*



# PREFERRED LOAN FEATURES

LOAN SIZE

₱ 48,000

LOAN TENURE

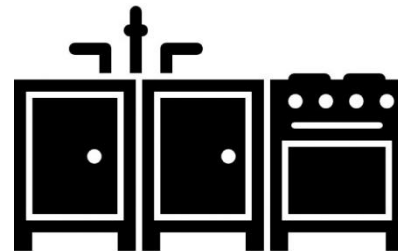
24 months

INSTALLMENT SIZE

₱ 2,000

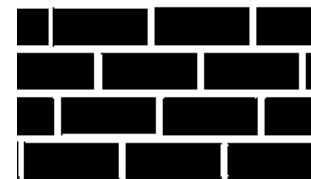
INTENDED LOAN UTILIZATION

21 %



Kitchen

20 %



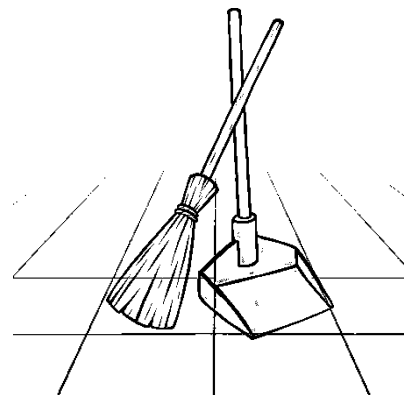
Wall

18 %



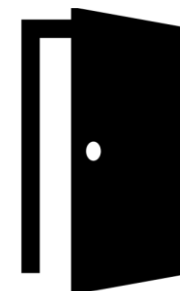
Roof

14 %



Floor

14 %



Room

11 %



Toilet

*Building and expanding inclusive housing markets*



# CONSTRAINTS & OPPORTUNITY

## CAPABILITY BUILDING NEEDS



Product Development

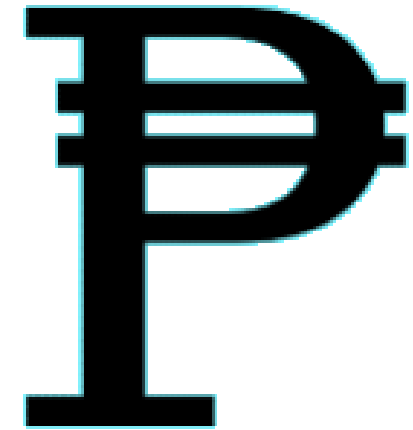


Technical Knowledge on HMF



Marketing and Promotion

## CAPITAL



**PHP 276 Billion**  
**6.2 million clients**  
**Average Loan Size P48K**

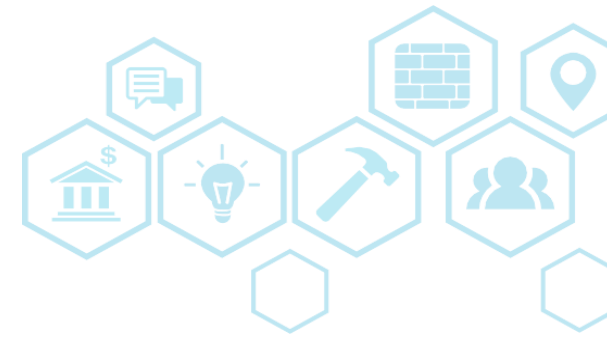
# What's the opportunity?

## Positive Performance

- **83,000 households or 415,000 people** benefited from improved shelter through MicroBuild Fund
- **Growth of housing microfinance sector** in response to client demand, social impact and/or portfolio diversification
- **Outperformance of housing microfinance portfolios** relative to traditional microfinance portfolios in both returns and lower delinquency

## Continued Demand

- Estimated affordable housing gap of **1.6 billion people** by 2025.<sup>1</sup>
- Housing finance remains a **luxury good** in many low-income countries.<sup>2</sup>
- Microfinance market grew to 130 million in 2014-15, only **20% of potential market** demand.<sup>3</sup>
- Housing recognized as a key motive for taking loans in developing countries.<sup>4</sup>



<sup>1</sup> Woetzel et al. McKinsey Global Institute. McKinsey & Company. 2014.

<sup>2</sup> Badev et al. "Housing Finance Across Countries: New Data and Analysis." The World Bank Development Research Group. Jan 2014.

<sup>3</sup> MixMarket.

<sup>4</sup> Responsibility Investments AG. *Microfinance Market Outlook*, 2016.



# Business Case: Key Takeaways

## Challenges Remain

Inadequate capital remains a leading constraint

## Opportunity

Respond to needs of low-income households

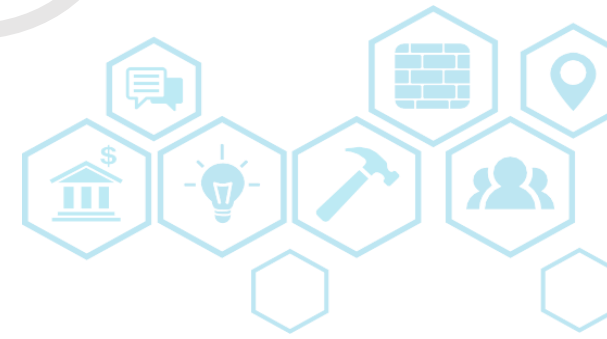
Deepen existing markets and unlock new ones

Contribute positive financial returns

Potential to comprise a larger portion of microfinance portfolios



**Potential to provide double bottom-line returns and to become a relevant subsector supporting low-income households**



**THANK YOU!**