

# The Benefits of Being Rated

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Planet Rating Asia



**2009 RBAP ANNUAL NATIONAL CONVENTION**

**Sofitel Philippine Plaza - Manila**

**May 15, 2009**

- Value Added of Ratings to Rural Banks
- Use of Ratings
- Planet Rating: Independence, Objective, Excellence
- Advancing Microfinance: Expectations of Rating Agencies

## Value Added of Ratings

## BENEFIT 1: INCREASE YOUR ACCESS TO FUNDING

- In a Context Where:
  - Deposits are flowing out
  - Investors and lenders are more cautious and conservative
  
- By Undergoing a Rating You:
  - Increase your visibility towards the investor community
  - Position yourself in the national and international capital markets

→ DETERMINATION OF INVESTMENT-WORTHY RURAL BANKS

## BENEFIT 2: KNOW WHERE YOU STAND IN COMPARISON TO THE GLOBAL MICROFINANCE COMMUNITY

- In a Context Where:
  - Microfinance is becoming a global sector
  - International investors are increasingly looking at Asia and the Philippines as investment targets
  
- By Undergoing a Rating You:
  - Benchmark your rural bank's performance to the light of international best practices and not only Philippines practices

→ COMPARISON OF YOUR RURAL BANKS TO NATIONAL, REGIONAL AND INTERNATIONAL BENCHMARKS

## BENEFIT 3: IMPROVE YOUR OPERATIONS TOWARDS INTERNATIONAL BEST PRACTICES

- In a Context Where:
  - You want to know how to improve your operations and upgrade your staff capacities
  - You want to learn more about other international practices in small lending
  
- By Undergoing a Rating You:
  - Better understand the inner strengths and weaknesses of your rural bank
  - Determine appropriate measures for improvement

→ CAPACITY ENHANCEMENT FOR RURAL BANKS

## BENEFIT 4: PROVE THAT YOU ARE TRANSPARENT AND RELIABLE

- In a Context Where:
  - Rural banks are facing public mistrust following the legacy scandal
  
- By Undergoing a Rating You:
  - Differentiate yourself as trend setter within the rural bank community
  - Prove that your rural bank is transparent and accountable

→ DIFFERENTIATION AND INCREASE OF VISIBILITY

## Use of Ratings

- **Management Team of MFIs:** an internal tool to identify weak areas in their microfinance operations and determine appropriate measures for improvement
- **Investors:** guideposts to decide whether to invest in a certain MFI
- **Wholesale Funders:** assess the creditworthiness of an MFI
- **Donor Agencies:** more appropriately identify the type or area of assistance that is needed for a specific MFI
- **Regulators:** aid in the due diligence of financial institutions under their supervision



**Planet Rating**  
Independence, Objectivity, Excellence

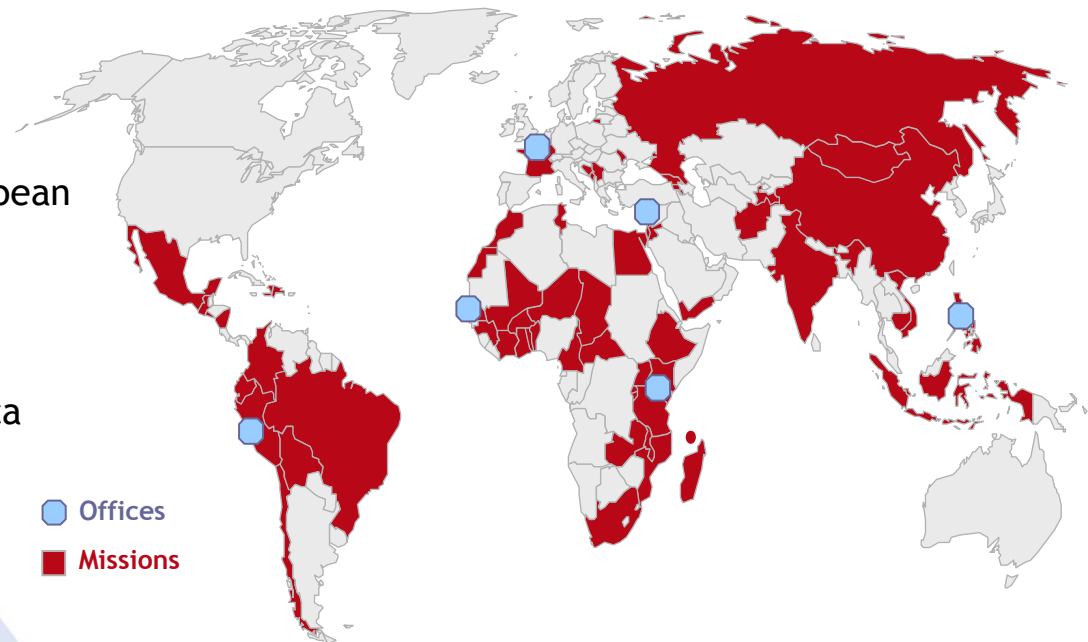
# Planet Rating: The Global Microfinance Rating Agency



Created in 1999 and transformed into a private, independent rating firm in 2005, Planet Rating has over ten years of experience rating microfinance institutions

Planet Rating boasts the most extensive global coverage, thanks to a network of 6 offices spread over 4 continents

- Paris HQ: covering Eastern Europe
- Lima Office: covering Latin America & the Caribbean
- Dakar Office: covering West & Central Africa
- Nairobi Office: covering East & Southern Africa
- Beirut Office: covering Middle East & North Africa
- Manila Office: covering Asia



## Qualified & experienced team

- Each senior analyst has conducted at least 12 rating missions on 3 different continents
- Analyst backgrounds: investment banking, management consulting, non-profit, microfinance

# Diversified experience in Eastern Europe and Central Asia

**Bosnia Herzegovina**

- 9 MFIs: Mikrofin, Benefit, EKI, LOK micro, Mi-Bospo, Partner, Prizma, Sunrise, Women for Women International
- 18 ratings

**Serbia**

- AgrolInvest
- 2 ratings

**Kosovo**

- KEP

**Moldova**

- MicroInvest
- 2 ratings

**Georgia**

- Constanta
- 2 ratings

**Armenia**

- 3 MFIs: Aregak, MDF-Kamurj, Nor Horizon

**Russia**

- 5 MFIs: FFECCC, RWMN, VRFSBS, Doveriye, Narodnyi
- 6 ratings

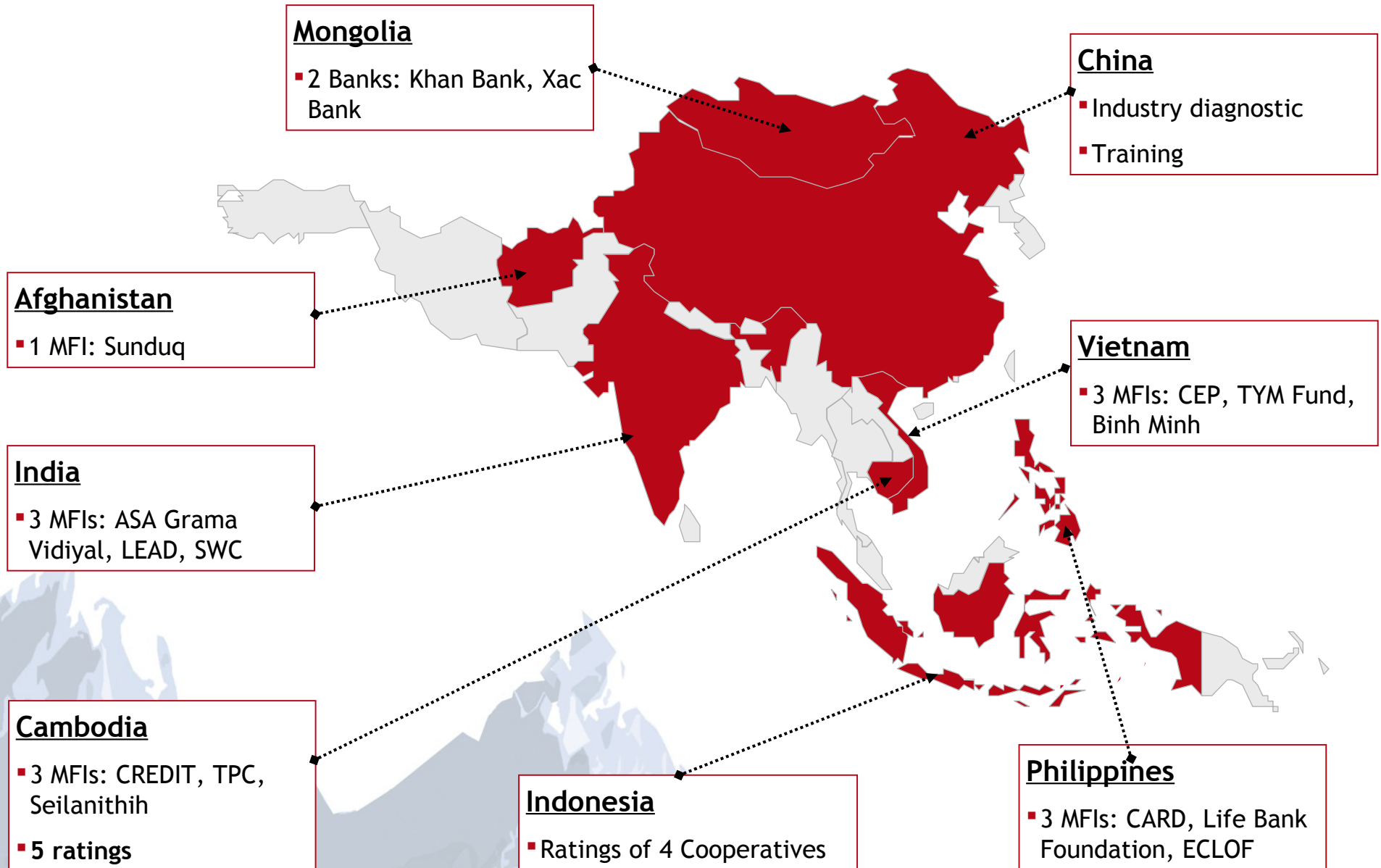
**Mongolia**

- 2 Banks: Khan Bank, Xac Bank

**Tadjikistan**

- 1 Bank: Bank Eskhata

# Growing experience in Asia



# A Full Range of GIRAFE-based Rating Products

## I) GIRAFE Institutional Rating

- Comprehensive analysis of the MFI risk profile and organizational performance
- Valuable tool for mature MFIs in search of new financing and greater international visibility

## II) Social Performance Rating

- Evaluation of the MFI's ability to reach its social mission and objectives
- Identification of strengths and weaknesses of its social performance management system

## III) GIRAFE Interactive Assessment

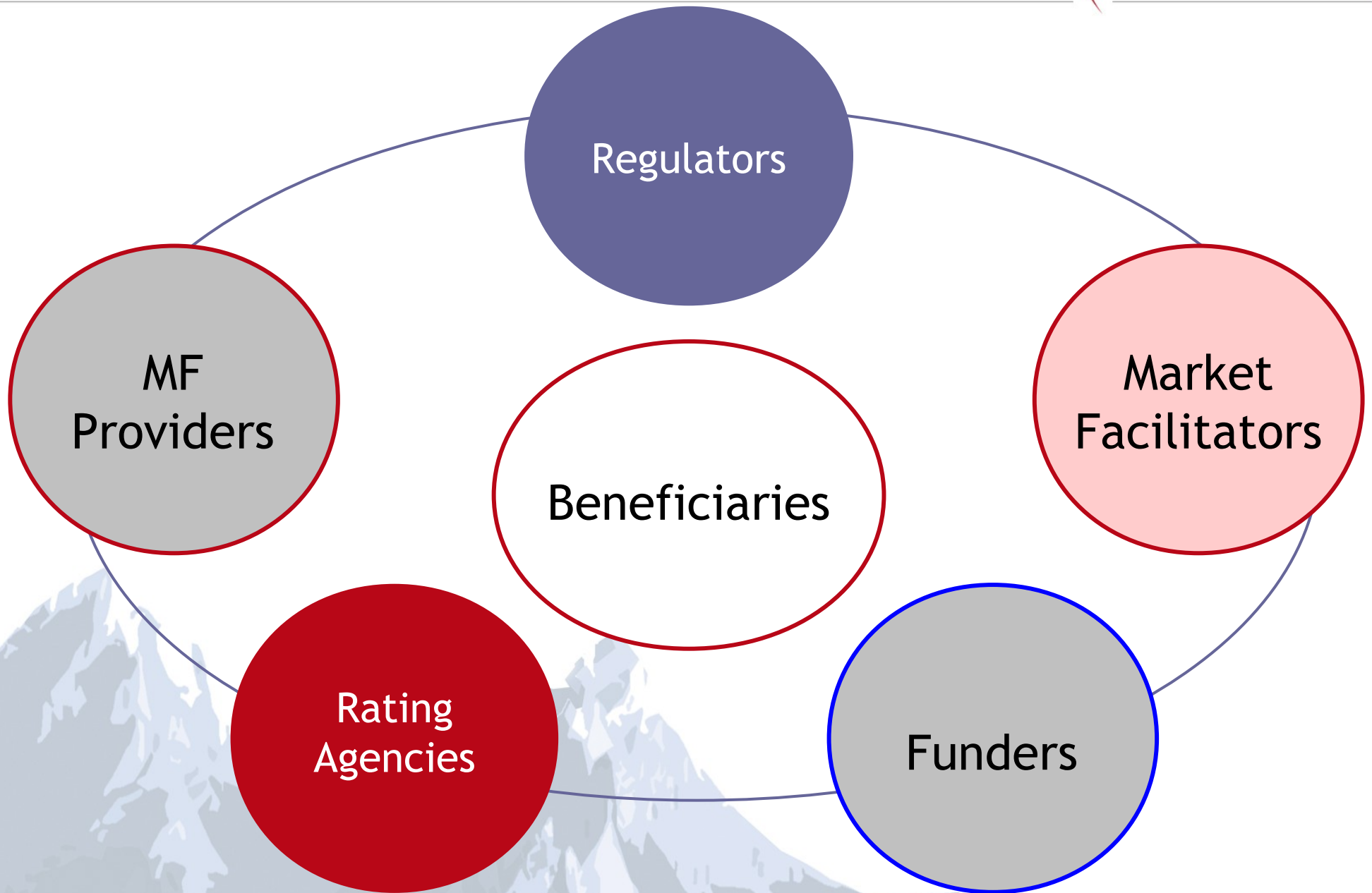
- Interactive approach to the rating analysis that includes training
- Management and internal communication tool for young MFIs in search of technical assistance and donor funding

## IV) GIRAFE Training Module

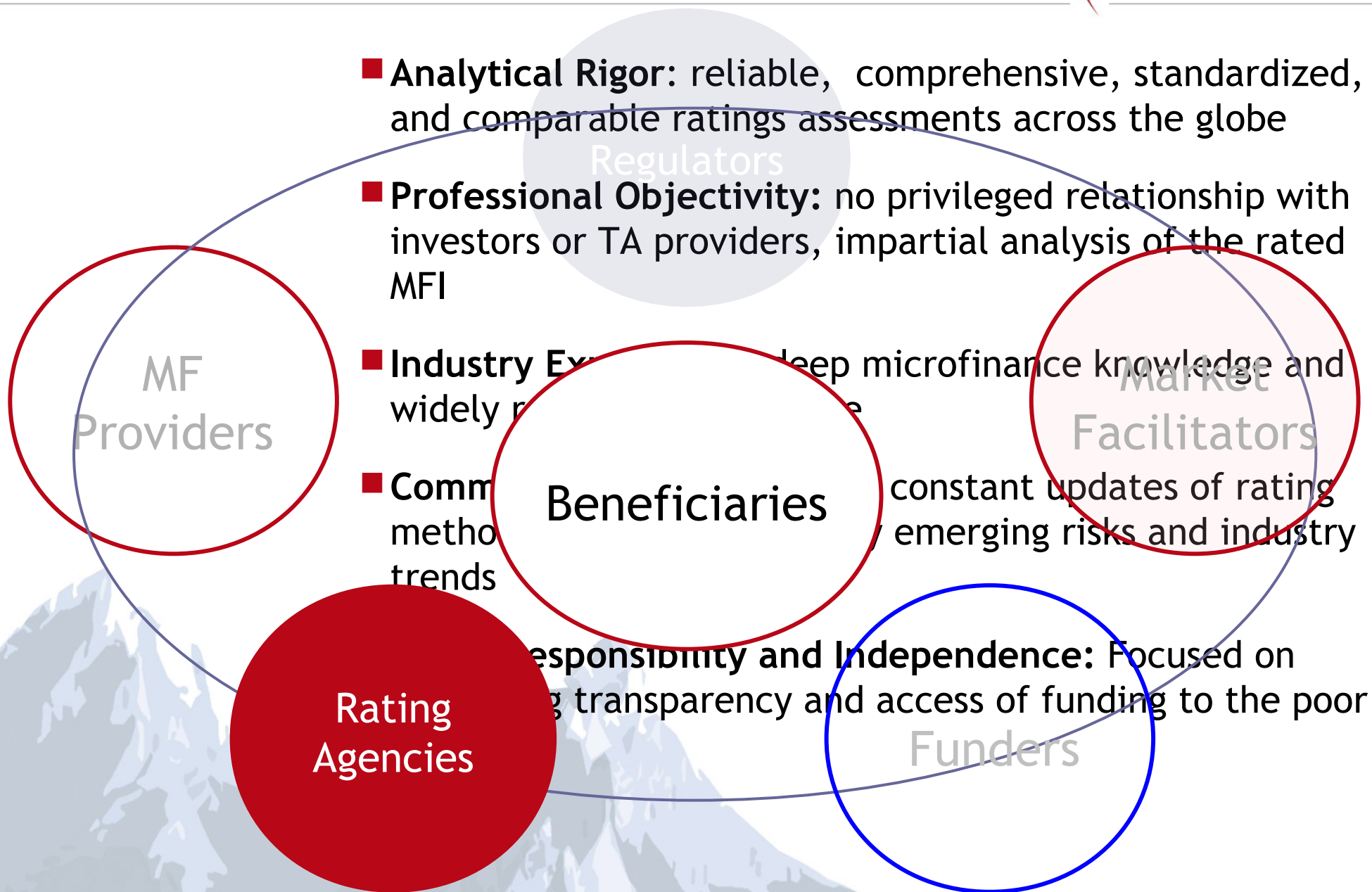
- Theoretical and practical training with case studies over the course of 2-3 days
- Flexible content and modules suitable for all kinds of participants, regardless of prior knowledge of microfinance



**Advancing Microfinance**  
Expectations of Rating Agencies



# What should be expected from Rating Agencies?



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