



MARKET FILES

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the convergence of the entire industry, with the aim of further realizing ways to enhance the capability of the industry to better serve the needs of the unserved and underserved segments of the population.

According to the RBAP, in the more than 60 percent of areas nationwide where rural banks are located, there are no other forms of financial institutions that service the financial needs of the people. In places such as Lagawe in Ifugao, Jordan in Guimaras and Alabat in Quezon, only rural banks are present to address the banking needs of people in the countryside. Without the financial assistance of rural banks, a *sari-sari* store owner may not be able to buy additional goods for her store, a farmer may not be able to buy the pesticides needed to protect his crops, and a fisherman may not be able to repair the damage in his fishing boat. These are concrete examples of how important the services of rural banks are to people in the countryside, where only the rural banks are present to serve their financial needs.

To make the industry even more responsive to the needs of the countryside folks, RBAP spearheaded the move to innovate the industry through technological upgrade. With the backing of Globe Telecoms and USAID's MABS program, RBAP recently adopted the pioneering technological platform of mobile banking. Mobile banking gives depositors fast and easy access to a wide range of banking transactions using the mobile phone. The banking services available through mobile phones are paying microloans, paying bills, making deposits and withdrawals, sending or receiving both domestic and international remittances, disbursing and receiving salaries, and accepting mobile payments to buy and sell goods. This pioneering mobile-banking technology is a first in the Philippine banking system and is being recognized globally for its significant impact in upgrading rural-banking services.

In addition to mobile banking, rural banks are now engaged in electronic banking. Automated teller machines (ATMs) are currently available in several strategically located rural banks. This is still in line with the industry's goal of making financial services more accessible to people in the countryside. With the ATMs serving even the far-flung areas, the locals need not travel many miles to the nearest city where there is an ATM. The rural banks' electronic-banking service proves to be of great benefit, especially to the families of overseas Filipino workers that are now able to get the remittances of their loved ones through the ATMs installed in the nearest rural bank.

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Rural banks evolving

Rural banks, the ubiquitous corner financial storehouses in the countryside, are quietly evolving into catalysts for extensive rural development, providing easy reach and access to financial services. Now numbering over 650, rural banks have morphed from their initial purpose of supporting the agricultural structures of the country, to institutions addressing the various needs of people in the countryside. Some of the basic services offered by rural banks are loans for farmers, *sari-sari* store owners, fishermen and microentrepreneurs.

These loans may be the smallest types that can be found in the Philippine banking system, but these are the types that create the biggest impacts on the lives of people in the rural communities, as well as in the overall development of the countryside. The umbrella organization of the industry, the Rural Bankers Association of the Philippines (RBAP), serves as the focal point for