

Partner profile - TSKI

Of the 91 million people living in the Philippines, 43% survive on US\$2 or less a day. The need is immense. Taytay Sa Kauswagan, Inc. (TSKI) is a leading microfinance institution (MFI) in the Philippines, providing small loans to over 200,000 clients.

Established in 1986, TSKI is a Christian organisation committed to “total human and community transformation through microfinance and other related services”.

TSKI provides a variety of services to cater for the needs of various clients. For example, the individual lending program allows those with business acumen and entrepreneurial drive to fulfill their potential, while seminars provide new clients with basic knowledge on how to run a business.

Each of TSKI’s lending programs include a savings component, which aims to impart the importance of saving to clients. It also helps them prepare for unexpected financial difficulty, whether caused by changing economies, natural disasters or family illness.

PKK2—a new era for group loans

With support from specialist consultancy MicroSave, TSKI has designed and piloted an innovative group product called PKK2. With Opportunity International Australia’s support, TSKI has been successful in transferring 94% of its group clients to the PKK2 program, as at June 2011.

In the Philippines, group loan products have usually featured a group guarantee within a large group. PKK2 is unique in that clients can now pair up and co-guarantee each other’s loans, rather than everyone in the group. This is a much loved feature of the new methodology.

Other attractive features of the PKK2 loan include:

- Speed of loan disbursement
- Flexible repayment options
- Reduced paperwork
- Shorter meeting times
- Free life insurance.



Source: Multimap

To measure the effectiveness of the program and ensure its success, TSKI staff continually conduct product evaluations with their clients. All PKK2 members that were interviewed listed free life insurance as one of the major benefits of the loan product. Clients also mentioned that the increased size of PKK2 loans, compared to other group lending models, allowed them to build on their existing capital and invest further in their businesses. PKK2 clients also prefer the smaller group size as it is easier to organise and attend meetings, which are generally held closer to clients’ homes, allowing them to spend less time and money on travel.



Anne Marie (right) gained training and a livelihood through TSKI’s Community Development program.



Elma (right), sari-sari (variety) store owner and TSKI client, with an employee.

Individual lending program

This program is designed to assist clients who have shown the potential to significantly expand their businesses, and who require larger amounts of capital to do so. These clients are typically in the small to medium sized business range, and will often comprise of those clients who have developed their business already through the group lending program. The goal is to assist clients to become agents of transformation in their communities, by being positioned to employ other people to assist in their business and becoming key members of local business networks.

Seminars and skills training

TSKI conducts seminars and training sessions that aim to enhance the capability of clients, so they will be self-sufficient in the future. TSKI liaises with the government, other non-government organisations, people's organisations and religious groups to provide effective seminars for clients.



¹Unique clients' refers to TSKI loan clients as well as clients that receive a broader range of financial services.

²Exchange rate used is A\$1: Php.45.9697

***Portfolio at risk** is a stringent measure of an MFI's loan portfolio quality. It calculates the total value of outstanding loan balances for loans with at least one payment being overdue by more than 30 days. PAR is used to highlight potential future repayment problems.

****Operational sustainability** is the ability of an organisation to cover the costs of its lending program with the revenue earned from its lending program.

"To see self-sufficient families responding to the needs of their community and pursuing a collective effort for their development."

TSKI's vision statement

Business development services

The aim of the enterprise development program is to improve distribution and product quality by linking poor entrepreneurs with larger markets, to give their products exposure, helping them improve their business processes. This integrated approach includes infrastructure support, finance or credit assistance, product development, market linkages and input supply. TSKI also facilitates activities including a trade fair and a livelihood skills summit, to develop clients' productivity.

Performance indicators	June 2011
Active borrowers	205,022
Unique clients ¹	284,720
Outstanding loan portfolio A\$m ²	22.7
Operational sustainability*	103%
PAR** > 30 days	5%

Sources: TSKI, United Nations Human Development Report 2009