Organizational Overview

The Rural Bankers Association of the Philippines (RBAP) was founded in 1955 and has since grown into a network of over 600 rural bank members nationwide. The Microenterprise Access to Banking Services (MABS) Program was launched in 1997 through which RBAP has assisted over 100 rural banks with more than 1,000 branches and other bank offices to develop microfinance products and services. Among these financial services are microloans, micro-deposits, remittances, mobile phone banking services and microinsurance. The Rural Bankers Development Foundation, Inc. (RBRDFI), the Association's technical support and training arm, is leading the Association's new microinsurance initiative.

Project Description

To remain competitive in a rapidly expanding market, rural banks are now recognizing the value of offering microinsurance products beyond credit life insurance to further penetrate the low-income market. However, banks need capacity-building services that will ensure compliance with relevant banking and insurance regulations. Recent changes to banking regulations now directly allow rural banks to offer microinsurance services, in partnership with private insurers. This opened a distribution c...

Beneficiaries

The rural bank sector serves an estimated 900,000 micro-borrowers and manages 5.3 million micro-deposit accounts. Low-income households are targeted by RBAP to reach an underserved market that requires affordable, easily understood and relevant insurance products and services.

Learning Agenda

The Project will attempt to answer the following key questions:

- What are the enabling factors to develop procedures for efficient licensing and accreditation of institutional microinsurance agents?
- What is the ideal role of the RBAP in serving as the facilitator among regulators, member banks and participating insurance companies?
- What is the role of the RBAP in promoting the growth of the microinsurance sector beyond the life of the project?
- What are salient capacities of rural bank microinsurance agents that facilitate access to quality microinsurance products and services by low-income households?
- What are the most effective strategies and approaches to train the microinsurance sales force of rural banks?
- What are the most effective training strategies and approaches to promote insurance literacy among low-income clients of rural banks?

Project Status

Key Performance Indicators

The following are the key performance indicators for the project as of December 2012:
Project Updates
Research and development The project started slowly because of delays in hiring key staff and the need to clarify with the Insurance Commission (IC) and the Bangko Sentral ng Pilipinas (BSP) requirements and procedures to guide RBAP through the microinsurance agent licensing and accreditation process. While agency circulars allowing MFIs and rural banks to sell and service microinsurance had been released, there were not yet specific guidelines for licensing and accrediting rural banks as age... READ MORE [2]

Project Lessons
On facilitating licensing and accreditation of institutional microinsurance agents It may be insufficient for capacity building to target only implementers, without also focusing on decision-makers. Some trained banks did not follow the process explained during the training but applied for licensing and accreditation without the assistance of RBAP. One possible reason may be ineffective communication of RBAP services and licensing procedures by trainees to t... READ MORE [2]
On the capacity of rural bank microinsurance agents A lot of behaviour change is required before rural banks will champion microinsurance beyond mandatory credit life. To achieve this, a smart approach to make them more comfortable with new products and processes should be complemented by increasing demand from clients. Many rural banks had been offering credit life (even before the new regulations required them to be licensed) to protect loan balances. &nbs... READ MORE [2]
On the most effective strategies to train the microinsurance sales force of rural banks Agents themselves have to buy the insurance. For bank staff to be effective members of the microinsurance sales force, they should personally recognize microinsurance as an effective financial risk management tool. The majority of participants in RBAP?s training sessions had not voluntarily purchased a life insurance policy. Some weren?t even covered by any (employee)... READ MORE [2]
On facilitating access to information of all market players and stakeholders The online resource portal dedicated to microinsurance has become an access point for information among microinsurance players in the rural bank industry, but to further enhance it, it is important to know your audience. The RBAP microinsurance website was created to serve as an access point for information essential in promoting microinsurance among partners, specifically that of t... READ MORE [2]
On the role of RBAP-RBRDFI as facilitator among regulators, member banks and participating insurance companies The RBAP has become an essential link of the RB industry to the different public and private players of the microinsurance sector. RBAP continues to provide technical assistance to rural banks interested in developing their capacity as effective delivery channels of microinsurance through training, licensing services, demand research, information ga... READ MORE [2]

Project page contributor/s: Mary Yang (the Facility) and Ghay Lyne Mapano and Ruth Aseron (RBAP)
Date of last update: June 2013

Source URL: http://www.impactinsurance.org/projects/lessons/developing-distribution-network-rbap

Links: