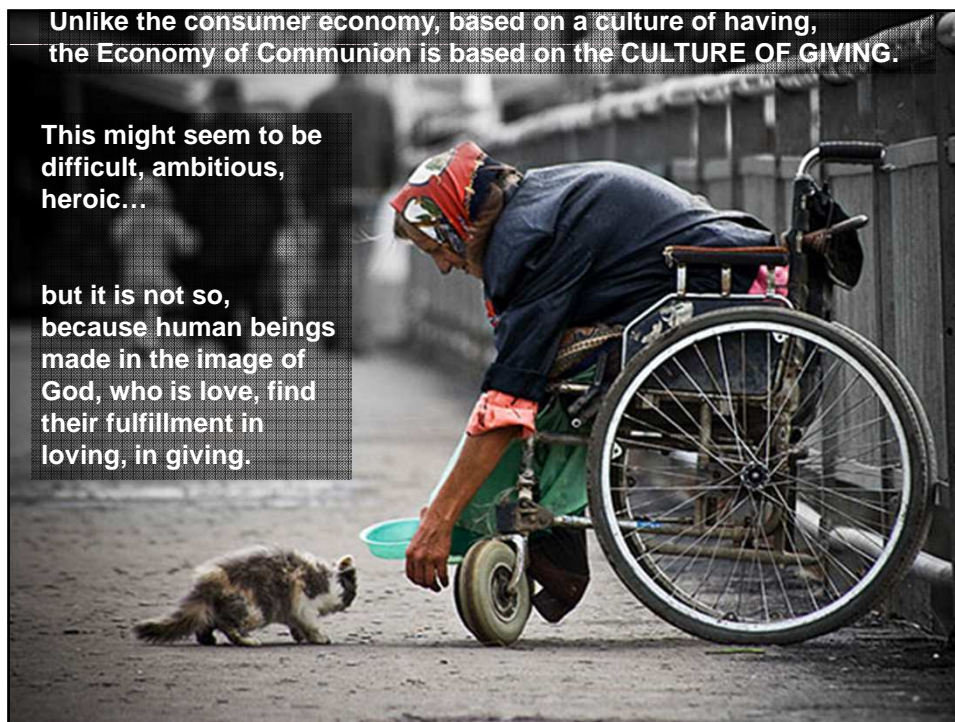


Bangko Kabayan:

**“Can a Value-Driven Business Prosper
in a Competitive Environment?”**

**The experience of Bangko Kabayan –
an Economy of Communion Business**







Economy of Communion
A New Style of Economic Action

Profits

For the poor

For the strengthening
of the culture of giving

For the strengthening
of the enterprise



As an antidote to inequality, we need to spread a culture of giving.

“Give, and it will be given to you. A good measure, pressed down, shaken together, running over, will be put into your lap.” (Luke 6:38).

These words could offer a remedy restoring balance to our planet.



RESPONSE AND CHALLENGE

We believed in the vision of more equality and were intrigued that we could pursue it through business.



But we lacked proper training and enough capital to grow the one-unit bank business.

OFFER OF ANCILLA

A management consultancy that helps businesses professionalize and deal with problems brought about by an ever-increasing competitive environment



*Experience of reciprocity & unity as two
EOC enterprises working together*

EXTRAORDINARY SUPPORT

- Minority partner lent us money for additional investment
- Small stockholders were very supportive



Stockholders' Meeting
in BK Head Office

EXPANSION (1991-1996)

- Branching in 8 other municipalities

Provide more
employment

Serve a larger
public

Generate more
profits to be
shared to the poor



1997 (40TH ANNIVERSARY)

- Change of name from Ibaan Rural Bank to Bangko Kabayan
- From 50 Million (\$ 1.1M) to 1 Billion Pesos (\$20.2M) in Resources
- From 20 to 120 employees



**RESOURCE
SHARING**



**RELATIONSHIP
BUILDING**

GUIDING PRINCIPLES OF EOC



RECIPROCITY



**RESPECT & ADHERENCE
TO ETHICAL VALUES**



RESOURCE SHARING

- Reinvestment of profits to support expansion and provide more jobs
- Sharing of business profits for those in need
- Increased investment in development of managers and employees to learn the meaning of service excellence, and communion

THE CULTURE OF GIVING



General Assembly



Tree planting



**Feeding
program**

EFFECT ON CO-WORKERS



Loan officer sharing her bonus with co-workers



Helping a client whose house was burned down

Gift of "new eyes" with which to see and understand what happens around us as fruits of relationships, human and Divine



RELATIONSHIP BUILDING

Acknowledging each person – employee, client, regulator, member of the community – is a stakeholder to respect and to have a long-term relationship with

MAN – CENTER OF THE ENTERPRISE

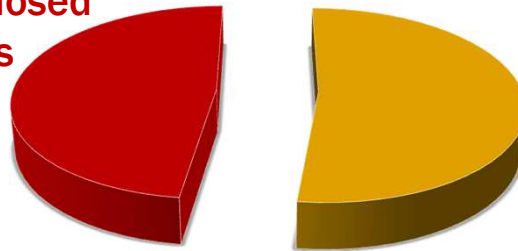
- Giving above average wages to employees
- Providing health and life insurances, profit-sharing schemes and stock options
- Giving personalized service to our clients



- The natural response to long-term relationship building
- Allowing the person helped to be able to give back as a response to our own giving

1998 FINANCIAL CRISIS

Foreclosed
Assets



LOAN PORTFOLIO

...saved by a stable deposit base, cultivated and nurtured with genuine relationships of **RECIPROCITY** with clients

Continuing occurrences of panic withdrawals brought about by weakened public confidence because of other banks closing, has always been resolved because of **reciprocity** and through **communion-based action**



COMMUNION-BASED ACTION

“Treat all stakeholders, competitors included, with respect and transparency”

“Finding solutions to problems and conflicts together with other stakeholders”

EXPERIENCE OF RECIPROCITY





**RESPECT & ADHERENCE
TO ETHICAL VALUES**

- Conducting business with respect for authorities and the law
- Payment of the correct wages and taxes
- Resisting corrupt practices

**Commitment to transparency
and ethical practices**





Microfinance

small loans ranging from
P2,000 to P150,000, collateral-free



Changes in operations

- Hiring more people
- Giving more training
- Designing new procedures adapted to microfinance's small but frequent transactions
- Investing in computer hardware and software to assiduously track delinquency
- Shifting mindsets from the traditional emphasis on collateral to recognizing other forms of capital

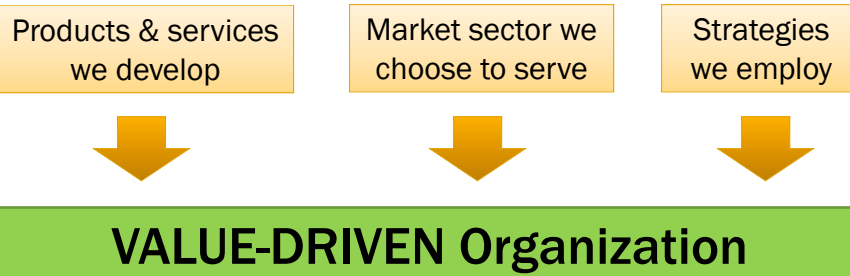


EOC Philosophy

- EOC helped us **persevere and keep faith** amidst difficulties.
- Inspired by the desire to help the neighbor in need and to contribute to the development of the community

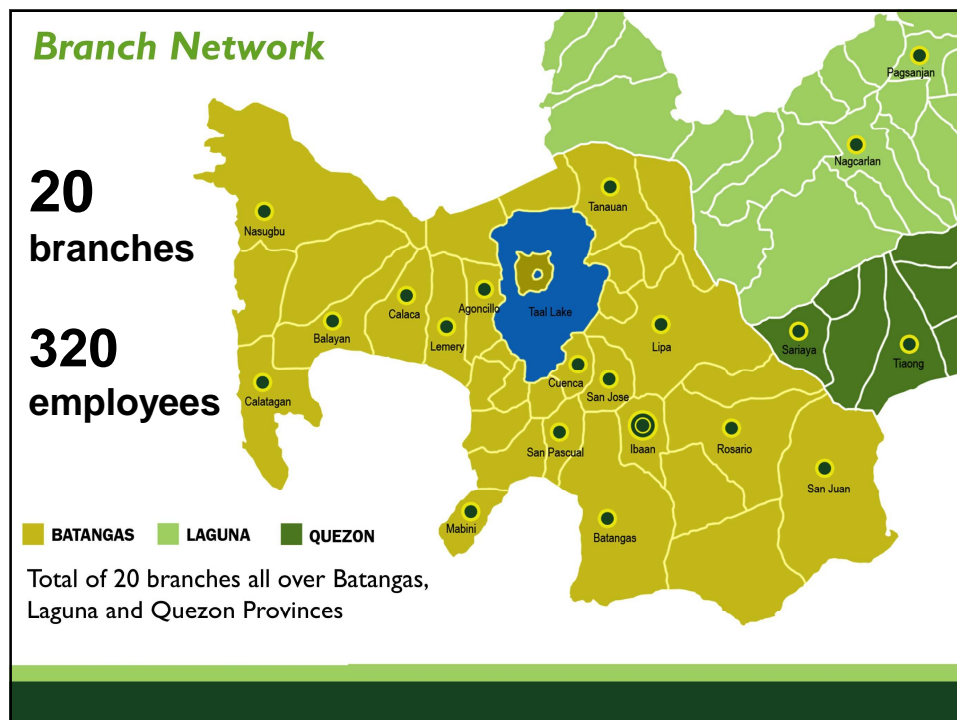


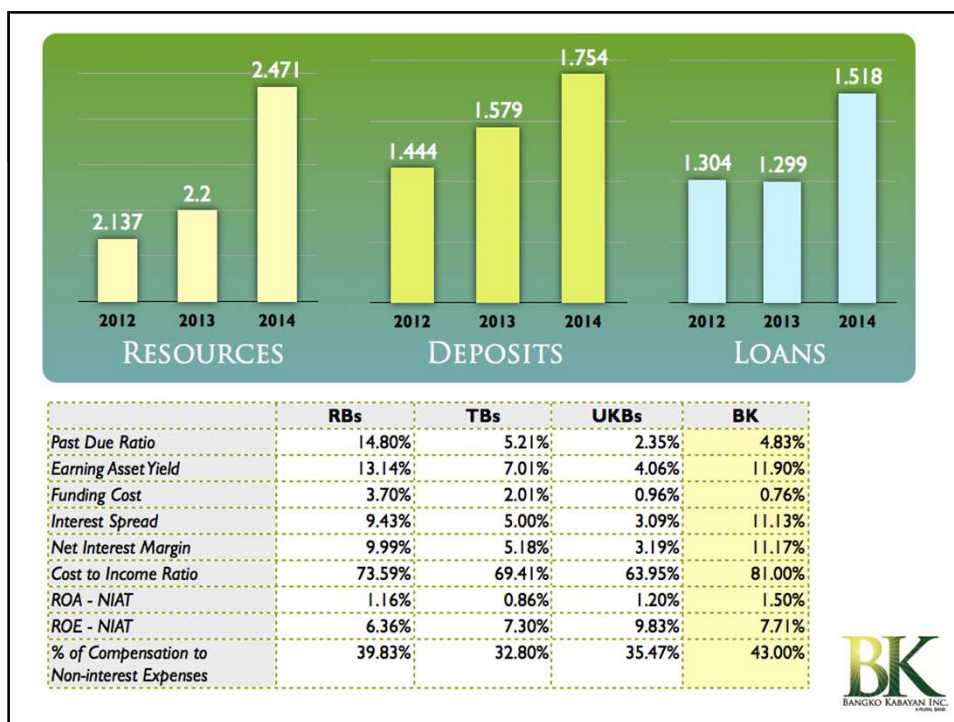
Adopting the EOC Paradigm



Economy of Communion

“Beyond personal transformation of the entrepreneur, in the economy of communion, the enterprise itself discovers it has a vocation as well – of serving as a laboratory where from its life and experiences, the theory of EOC is further developed.”





Challenges for BK as an EOC enterprise

- Resisting corrupt practices even if under pressure of competition
- Investing continuously in culture-building at the cost of lower margins but remaining within acceptable levels of ROE for regulators and investors
- Losing workers to overseas employment and commercial banks entering the rural space
- Retaining the personal touch inspite of expansion that demands more standardization



Thank you.