



Stanford eCorner

Microfinance Success Stories

Vincent Perlas, *Lifebank*

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Vincent Perlas is a former doctor, and head of microfinance for Lifebank, an organization located in rural Philippines. Lifebank tells a story of how microlending has helped a disabled woman pull her family from poverty and into the middle class. Perlas discusses the three ingredients to success, which he outlines as spirit, methodology, and funding.



Transcript

I'm Vincent Perlas. I work for the Life Bank Foundation. Actually, I'm a board member of the foundation and also the head of microfinance as Senior Vice President and concurrently I'm also the Chairman of the Board and the President of Life Bank. It's a rural bank and both the rural bank and the foundation which located in the Visayas group of islands of the Philippines. So we work mostly in rural areas and all those in just recently we've entered other parts of the Philippines in Luzon, Visayas, and Mindanao. So we are practically now moving nationwide doing our microfinance operation and lending access to credit, dealing with marginalized women, and mostly given them the opportunity to start their own employment, being self-employed, become a productive member of society. There was this particular woman, I remember very well because she had a physical disability. There was something wrong with her speech so she could not express herself well and although she had that spirit to do something to improve her family. So I talked to her and we gave her a first loan. It was Php4,000.00 approximately \$80.

And she started a small convenient store. It's like a neighborhood variety store which she passionately continued to grow and later on she moved to increase her business to include hog raising. And in that hog raising, she was able to now raise three, house an average of probably like two to three dozen piglets for fattening at one given time. And I guess that was not enough for her, so she moved on to buy a transportation equipment vehicle we call it "tricycle". It's like a motorbike with a sidecar attached to it. And she has three or four of these now. She rents it out to drivers who make a living themselves and eventually moved on to another business selling ready-to-wear items, garments. Actually, she's grown quite a lot since the last time I saw her. And a year ago, I went back to visit her and she now has this huge house and cemented, tin roof with the essential appliances like television, DVD. And she has sent all her children to school.

And in fact, she even convinced her husband to stop his employment and help out in the business that was really growing. The first was actually I would think that we had a very unified board and having the will to move forward. We had a lot of challenges before and many times we wanted to stop, it's kind of difficult. It's harder than the usual work that you do but we moved on and we decided you know when you're in hell you go on. So we had that will. We had that spirit to move forward and eventually I got to be fortunate to be introduced to an institution that was actually taken by the UNDP, the United Nations Development Program in the Philippines as their international technical service provider. And this was ASA, Bangladesh. They have now reached out to more than 7 million people. And they taught us this approach. We modified for our own context and we started with only 200 member clients from an old experimental model of microfinancing.

And in the last six years, with the methodology, the proper approach, simplified cost effective standardized model, early

sustainability, and viability we were able to move forward. And another good decision that we did was partnering with Unitus because it opened a lot of doors for us. The one constraint of large growth would be the funding source and this to me was a very important breakthrough in the sense that Unitus mobilized capital markets, introduced them to us, and eventually got us internationally rated by the Planet Rating of SIGAP and there were a lot of interests from funders that moved in and eventually gave us the funding to do this kind of work. So a will with that spirit to move on, a methodology to do it, and the proper gasoline, or the proper funding to scale up and expand nonstop. To face the challenges and because there will be a light at the end of the tunnel, you have to have the right people to be with you. Choose the right people, your lieutenants, to move the program forward, and of course you have to meet a lot of people who can help you in terms of resources, funding, technical advice, and all these things. Take it as it comes. I'm a medical doctor by profession. I became quite dissatisfied with the way medical practice was going and sometimes I kind of felt guilty extracting money from the sick. Anyway, so I felt I could do something. Actually a different form but with the same substance going into using the power of finance to move lives of people, to help them, to be of service to them.

And this I think was my main motivation for going into microfinance. I could have gone into traditional banking or conventional banking but I decided to gear my operations towards helping those who really need the help. And up to now, it has motivated me more and more. So when I visit the clients in the field when I go to my field visits from time to time and the testimonies of what we have done, you can listen to their stories, how it changed their lives and I'm beginning to really see the power of what we are doing. And now, as I said moved on to another dimension that is really a work that is beyond me now and this is what keeps me moving.