



CIRCULAR NO. 2016-04
SERIES OF 2016

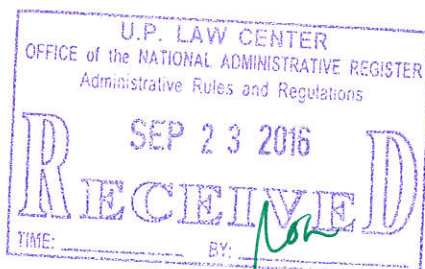
TO: LARGE AND MEDIUM COOPERATIVES

RE: EXTENDED DEADLINE FOR PRODUCTION SUBMISSION OF CREDIT DATA

I. Scope

This Circular is hereby issued to provide an extension to the deadline for the production submission of both current and historical credit data of borrowers belonging to the Large and Medium cooperatives. The deadline for submission is now set at **30 June 2017** for both historical and current basic credit data. Initially, the deadline was set on 30 October 2016 for the production submission of basic credit data by Large Cooperatives, and 31 December 2016 for the same submission by medium cooperatives. The initial deadline set was by virtue of CIC Circular No. 2015-02. This has now been modified (with respect to the aforementioned matter) by this present Circular. The revised production submission date is as follows:

Submitting Entity	Deadline
Large Cooperatives as defined by the CDA	30 June 2017
Medium Cooperatives as defined by the CDA	30 June 2017





For both types of cooperatives, the following are required to be submitted:

Type of Data	Step Attained Leading to the Submission of Data to the CIC
Current	Production Phase
Historical	Production Phase

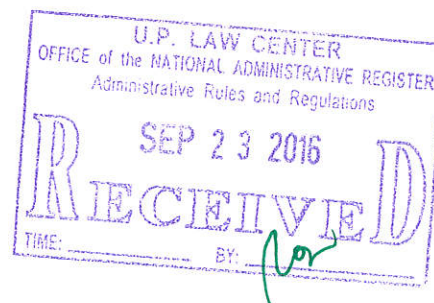
As defined by the Cooperative Development Authority (“CDA”), Large and Medium Cooperatives are classified in terms of the amount or value of the assets they possess. The same classification is used to categorize the other types of cooperatives such as small and micro cooperatives.

The CDA has provided the following classification of cooperatives:

Type of Cooperative	Total Value of Assets (in Philippine Pesos)
Large	Above 100 million
Medium	15 – 100 million
Small	3 – 15 million
Micro	Below 3 million

II. Discussion

The extension of the deadline is a result of the effects of various factors or challenges faced by the Large and Medium cooperatives in their efforts in complying with the applicable law. A highlighted concern is the absence of the TIN of some of the cooperative members. This has been remedied by the Bureau of Internal Revenue in issuing a Memorandum directing that taxpayers without TIN must be issued one, regardless of their earning capacity whose income are not purely based on compensation or business, provided that the said taxpayers submit complete documentary requirements. “This will likewise aid financial institutions and financial intermediaries to have a reliable and comprehensive





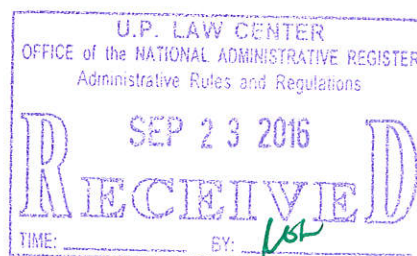
credit information system.”¹ (Emphasis supplied). Other concerns of the cooperatives affecting their submission compliance include: (1) Limited access to the internet; (2) Lack of technological capacity; and (3) Antiquated and/ manual systems used by the cooperatives.

The additional time given to the cooperatives for their compliance is generous enough to fully address the challenges faced. Time and time again, the CIC has been more than willing to educate the public on the mandate of the law and the revolutionary benefits it presents not only to the concerned stakeholders but more importantly, to the Philippine economy as a whole. Considering the pioneer status of the process involved, adequate grace has been given to meet the novel challenges posed, as evidenced by this extension Circular. The Credit Information Corporation (“CIC”) is tasked to act as the repository of consolidated basic credit data and to disseminate such data with the utmost vigilance to the security of the individual and with due reverence to the postulates of justice as dictated by our enabling law.

Compliance with R.A. No. 9510 will greatly benefit the cooperatives and their respective members, which includes but is not limited to:

1. CIC can contribute to the growth and viability of cooperatives arising from the global references to the benefits of a Credit Reporting System and in-depth knowledge of USAID and International Finance Corporation, member of World Bank in terms of impact to a properly populated and maintained Credit Information System (“CIS”) across all lenders and borrowers;
2. Being able to obtain (for the cooperative member) or deliver (for the cooperative itself) credit in potentially larger amounts, lower rates, and longer terms for the purpose of spurring employment and economic growth in the various regions in the Philippines;

¹ Bureau of Internal Revenue Memorandum dated 19 May 2016





3. It will be able to protect the cooperatives and their stakeholders from non-performing loans and member-borrowers with mal-intent or fraudulent intentions; and
4. Prevention from over-indebtedness and to discipline errant borrowers.

Additional benefits also include outsourced funding perspective. Inasmuch as some cooperatives are conduits of funding from larger financial institutions, the CIC was also approached by banks that are currently lending to cooperatives, for credit information regarding cooperatives, with the notion that participation in the CIC will expedite and facilitate the proper evaluation of borrowers and will allow greater conduit funding through cooperatives. From a consumer protection perspective, the CIS can protect the borrowers from over-indebtedness which resulted from a poorly informed lending.

Medium and Large Cooperatives who are already ready to submit to production

This Circular was issued for your information and due compliance.

Signed this 19th day of August 2016.

JAIME CASTO JOSE P. GARCHITORENA
President

