Early Warning System

IFC-39610

Radiowealth Loan

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Quick Facts

Countries	Philippines
Specific Location	Nation wide
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2017-05-31
Borrower	RADIOWEALTH FINANCE COMPANY, INC.
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 20.00 million
Project Cost (USD)	$ 20.00 million

Project Description

The Project is to provide a Philippine Peso senior loan of up to PHP1 billion (approximately US$20 million) (“the Loan”) to Radiowealth Finance Company, Inc. (“Radiowealth Finance” or “the Company”). Through the investment IFC will support Radiowealth Finance to expand its financing activities, which are targeted towards the small and micro-enterprise sector in rural areas.

Incorporated in May 1964, Radiowealth Finance has a certificate of authority to operate as a finance company from the Securities and Exchange Commission granted in March 1996. The Company’s portfolio is heavily concentrated in micro and small entrepreneurs with more than 80 percent of its portfolio and average loan size of PHP200,000 (US$4,000). As of March 2017, Radiowealth Finance has 126 branches and 97 sales extension and business center offices strategically located nationwide covering a total of 1,634 municipalities or 80 percent of Philippine municipalities. This nationwide outreach compared with the more region-specific presence of its financing competitors allows the Company to serve a broader range of micro and small borrowers.

The project expected impacts are (i) Promote financial inclusion and deepening of the financial market through supporting non-bank financial company to expand its lending activities to small and micro borrowers in rural areas in the Philippines (ii) Increase access to finance for small and micro entrepreneurs and individuals, including women-owned SMEs in rural areas, which will in turn increase financial inclusion, employment and reduce poverty in the Philippines. (iii) Improve the non-bank financial sector by bringing in best practices in risk management and lending to micro and small borrowers.

Radiowealth Finance is a member of the Guevent Group of Companies. As of September 30, 2016, Guevent Investments Development Corporation (“GIDC”), an investment holding company owned and controlled by the heirs of Mr. Domingo M. Guevara, Sr., owned 51.13 percent, Arocrest Investment Holding Corporation (“Arocrest”), a private investment company majority owned by Singapore-based, Azure King Pte. Ltd., owned 12 percent and individual shareholders which are related to Guevara family owned 36.87 percent.

GIDC was founded in 1961 by Domingo M. Guevara, Sr., a self-made Filipino industrialist and entrepreneur. Mr. Guevara started the group through the manufacture and sale, under license, of Radiowealth brand electric appliances. The group diversified into the assembly and sale of automotive vehicles in the 1960s, when they received the exclusive license to assemble the Volkswagen Bug automobile. This vehicle proved to be very popular and was the foundation of the family’s wealth. Now GIDC has major investments in real estate development and interests in finance, insurance, transportation solutions, information and mobile communication technology solutions, gaming, medical services and hospitality services. It has also recently entered the agri-industrial and green technology sectors.

Investment Description

- International Finance Corporation (IFC)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Radiowealth Finance Company, Inc. (Financial Intermediary)

Private Actors Description

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Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/