

Home Development Mutual Fund

Prepaid cards provide instant, convenient funds access for members

Case Study

The Client Home Development Mutual Fund (HDMF), popularly known as Pag-IBIG Fund, operates a national savings program and provides affordable shelter financing for Filipino workers.

The Challenge Through a series of presidential decrees and executive orders, the Home Development Mutual Fund (HDMF), or popularly known as the “Pag-IBIG Fund,” was established to develop a sound and viable mutual provident savings system suitable to the needs of the employed, and to motivate them to better plan and provide for their housing needs.

Members of Pag-IBIG are entitled to a provident savings program, as well as access to various short-term loans and housing loans.

Pag-IBIG currently has over 11 million members, and disburses over 2 million short-term loans yearly, a percentage of which is released through paper checks. These paper checks are prepared manually, oftentimes requiring the members to go back to the Pag-IBIG Fund offices to pick them up. Moreover, checks are subject to a minimum of three days clearing, further delaying members’ access to much needed funds.

The Solution Considering the Fund’s objective of moving towards a less-paper environment, and after a thorough evaluation process, Citi was mandated by the Pag-IBIG Fund to provide fully customized Pag-IBIG prepaid cards for disbursement of loan proceeds and provident benefits, as an alternative to the traditional check payments. Citi’s prepaid card system is the only one that can provide the Pag-IBIG Fund with instant issuance capability – meaning Pag-IBIG can issue the cards to the members immediately on site during the loan application process.

In addition to instant issuance capability, Citi will also be integrating with Pag-IBIG Funds’ in-house system, so that cardholder information as well as the amounts to be loaded onto each card can be automatically interfaced into Citi’s back-end systems, thereby increasing security and reducing manual processes.

Upon loading of the cards, the cardholders will be notified instantly through SMS, after which they can proceed to access the funds immediately by using the card at any Visa or MasterCard point-of-sale terminal, or by withdrawing cash via ATMs. Pag-IBIG members can inquire about their card balances and transaction history by calling Citi’s 24x7 Interactive Voice Response (IVR) system, or by accessing the information online.

As a value-added benefit, Citi, in partnership with Visa, have arranged for discount coupons to be included in the card envelopes, so members can enjoy discounts or freebies at selected partner merchants.

The Result

Increased convenience for members:

Citi's Instant Issue capability allows Pag-IBIG to distribute prepaid cards to its members immediately during the loan application process. Pag-IBIG members need not wait for checks to be prepared, nor do they have to wait for the checks to be cleared before they can access the funds. Members can have instant, convenient access to funds through any Visa/MasterCard point-of-sale terminal or through various ATMs nationwide. Additional tools such as SMS notification, online access, 24x7 IVR, etc. all seek to enhance the convenience of the overall solution to the members. "This will redound to more business flexibility and options for our members in their dealings with the Fund," says Darlene Marie B. Berberabe, CEO of the Pag-IBIG Fund.

Improved efficiency and brand image for Pag-IBIG:

For Pag-IBIG, the solution will improve efficiency and potentially lower costs, as various manual processes are now automated. Pag-IBIG can also have access to data on how and where members spend the funds, potentially giving Pag-IBIG greater insight as to what type of loans or benefits would be preferred by its members. This data is also useful when negotiating for discounts with specific merchants. Lastly, Pag-IBIG's brand image will also be greatly enhanced by both the customized Pag-IBIG prepaid card, as well as by the discounts members can enjoy in various establishments.