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AGRICULTURAL CREDIT

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FOREWORD

The Agricultural Indicators System (AIS) is one of the statistical indicator frameworks maintained by the Philippine Statistics Authority (PSA). AIS has twelve (12) modules which are updated and released annually. This is the tenth module entitled Agricultural Credit. It provides information on loans for agricultural production granted by private and government institutions. The reference years are 2014 to 2018.

The AIS aims to cover more agricultural development indicators to support the information needs of our data users. We encourage the readers to give their comments and suggestions on the improvement of the AIS, in general, and this report, in particular.



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**AGRICULTURAL
CREDIT**

Agricultural Production Loans

Indicators of agricultural credit provide information on credit needs of the farmers and fishermen in financing their production activities and the extent of loans provided by the different financial institutions. These are important information for planners and policy makers to support the implementation of credit programs and policies geared towards achieving development of the agriculture sector.

In 2018, the agricultural loan granted to farmers and fishermen was valued at PhP 596.16 billion, which was 10.87 percent higher from last year's record of PhP 537.72 billion. Of this amount, 84.31 percent or PhP 502.63 billion were used to finance agricultural production purposes. This loan was 14.87 percent more than the 2017 record (Table1).

The bulk of the loans extended for agricultural production activities were sourced from the private banking institutions. The share of private banks in 2018 dropped to 81.40 percent equivalent to PhP 409.15 billion. Among the private banks, the Private Commercial Banks (PKBs) remained the biggest provider of loans as it continued to record the highest share of loan although it declined to 46.32 percent of total production loans in 2018. Savings and Mortgage Banks (SMBs) followed and shared 10.18 percent. Loan extensions by the Private Development Banks (PDBs) and Rural Banks (RBs) accounted for 8.55 percent and 8.38 percent, respectively. The least providers of loans were the Stocks Savings and Loan Associations (SSLAs) which shared only 7.97 percent to the total agricultural production loans. Meanwhile, loan assistance extended by government banks increased as its share rose to 18.60 percent or equivalent to loan volume at PhP 93.49 billion (Tables 2a and 2b).

The loan assistance provided by government and private banks was both increasing in 2018. Government banks increased their loan capacity as the volume of lendings registered a 67.21 percent increment. In particular, credit extension by the Development Bank of the Philippines (DBP) soared by 976.01 percent. On the other hand, the Land Bank of the Philippines (LBP) slowed down their credit support which went up by only 10.15 percent in 2018 from the 27.12 percent growth recorded in 2017. The volume of loans extended by private banks grew by 7.21 percent. Among the private banks, PDBs had the highest increase in lending at 14.40 percent followed by SSLAs at 13.12 percent.

However, these were lower compared to their growths recorded in 2017. Meanwhile, PKBs improved their credit extension as it recorded an increase in the volume of loans by 8.02 percent, a turnaround from the previous year's declines. In contrast, SMBs slowed down in providing credit by 0.73 percent. RBs, on the other hand, decreased its loan supply for agricultural production activities by 0.49 percent (Table 3).

Table 1.
Amount and share of agricultural production loans
in agricultural loans, Philippines, 2014-2018

YEAR	AGRICULTURAL PRODUCTION LOANS	
	AMOUNT (in Million PhP)	GROWTH RATE (%)
2013	220,202.82	
2014	270,908.10	23.03
2015P	419,255.46	54.76
2016P	405,452.38	-3.29
2017P	437,551.46	7.92
2018P	502,632.87	14.87

Table 1. (Concluded)

YEAR	AGRICULTURAL LOANS (P)		SHARE OF AGRICULTURAL PRODUCTION LOANS TO AGRICULTURAL LOANS (%)
	AMOUNT (in Million PhP)	GROWTH RATE (%)	
2013	332,286.37		
2014	373,749.22	12.48	72.48
2015P	531,469.25	42.20	78.89
2016P	483,289.95	-9.07	83.89
2017P	537,720.83	11.26	81.37
2018P	596,159.43	10.87	84.31

Note: P - Preliminary

Source: Agricultural Credit Policy Council

Table 2a.

**Amount of agricultural production loans granted by institution,
Philippines, 2014-2018**

(Amount in Million PhP)

YEAR	GOVERNMENT BANKS		
	TOTAL	DBP	LBP
2014	38,148.06	1,051.39	37,096.67
2015P	45,918.97	1,225.76	44,693.21
2016P	42,899.83	1,517.96	41,381.87
2017P	55,908.99	3,302.97	52,606.02
2018P	93,487.22	35,540.45	57,946.77

Table 2a. (Concluded)

YEAR	PRIVATE BANKS					
	TOTAL	PKBs	PDBs	SMBs	SSLAs	RBs
2014	232,760.05	146,456.00	15,078.00	23,776.00	15,665.00	31,785.05
2015P	373,336.49	265,602.00	20,443.14	30,625.19	21,702.61	34,963.55
2016P	362,552.55	229,941.00	27,717.33	39,447.44	26,986.87	38,459.91
2017P	381,642.47	215,524.36	37,579.86	50,811.12	35,421.23	42,305.90
2018P	409,145.65	232,800.29	42,992.21	51,184.50	40,070.11	42,098.55

Private Banks include:

PKBs - Private Commercial Banks

SMBs - Savings and Mortgage Banks

PDBs - Private Development Banks

RBs - Rural Banks

SSLAs - Stock Savings and Loan Associations

Government Banks include:

DBP - Development Bank of the Philippines

LBP - Land Bank of the Philippines

Source: Agricultural Credit Policy Council

Table 2b.

Percentage distribution of agricultural production loans granted by institution, Philippines, 2014-2018

YEAR	TOTAL	TOTAL GOVERNMENT BANKS	TOTAL PRIVATE BANKS
2014	100.00	14.08	85.92
2015P	100.00	10.95	89.05
2016P	100.00	10.58	89.42
2017P	100.00	12.78	87.22
2018P	100.00	18.60	81.40

Table 2b. (Concluded)

YEAR	PRIVATE			SSLAs	RBs
	PKBs	PDBs	SMBs		
2014	54.06	5.57	8.78	5.78	11.73
2015P	63.35	4.88	7.30	5.18	8.34
2016P	56.71	6.84	9.73	6.66	9.49
2017P	49.26	8.59	11.61	8.10	9.67
2018P	46.32	8.55	10.18	7.97	8.38

Private Banks include:

PKBs - Private Commercial Banks

SMBs - Savings and Mortgage Banks

PDBs - Private Development Banks

RBs - Rural Banks

SSLAs - Stock Savings and Loan Associations

Government Banks include:

DBP - Development Bank of the Philippines

LBP - Land Bank of the Philippines

Source: Agricultural Credit Policy Council

Table 3.
Growth rates of agricultural production loans granted by institution,
Philippines, 2014-2018
 (in percent)

FINANCIAL INSTITUTION	2014	2015	2016	2017	2018
Government Banks	11.77	20.37	-6.57	30.32	67.21
DBP	31.30	16.58	23.84	117.59	976.01
LBP	11.30	20.48	-7.41	27.12	10.15
Private Banks	25.09	60.40	-2.89	5.27	7.21
PKBs	86.36	81.35	-13.43	-6.27	8.02
PDBs	29.26	35.58	35.58	35.58	14.40
SMBs	-4.95	28.81	28.81	28.81	0.73
SSLAs	7.78	38.54	24.35	31.25	13.12
RBs	-43.52	10.00	10.00	10.00	-0.49
ALL BANKS	23.03	54.76	-3.29	7.92	14.87

Private Banks include:

PKBs - Private Commercial Banks

SMBs - Savings and Mortgage Banks

PDBs - Private Development Banks

RBs - Rural Banks

SSLAs - Stock Savings and Loan Associations

Government Banks include:

DBP - Development Bank of the Philippines

LBP - Land Bank of the Philippines

Source: Agricultural Credit Policy Council

MODULES OF THE AGRICULTURAL INDICATORS SYSTEM

1. Economic Growth: Agriculture
2. Agricultural Structure and Resources
3. Output and Productivity
4. Agricultural Exports and Imports
5. Food Sufficiency and Security
6. Food Consumption and Nutrition
7. Population and Labor Force
8. Redistribution of Land
9. Gender-based Indicators of Labor and Employment in Agriculture
- 10. Agricultural Credit**
11. Inputs
12. Prices and Marketing of Agricultural Commodities



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