

[REPUBLIC ACT NO. 7653, June 14, 1993]

THE NEW CENTRAL BANK ACT

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

CHAPTER I

Establishment and Organization of the Bangko Sentral ng Pilipinas

Article I. Creation, Responsibilities and Corporate Powers of the Bangko Sentral

SECTION 1. *Declaration of Policy.* — The State shall maintain a central monetary authority that shall function and operate as an independent and accountable body corporate in the discharge of its mandated responsibilities concerning money, banking and credit. In line with this policy, and considering its unique functions and responsibilities, the central monetary authority established under this Act, while being a government-owned corporation, shall enjoy fiscal and administrative autonomy.

SEC. 2. *Creation of the Bangko Sentral.* — There is hereby established an independent central monetary authority, which shall be a body corporate known as the Bangko Sentral ng Pilipinas, hereafter referred to as the Bangko Sentral.

The capital of the Bangko Sentral shall be Fifty billion pesos (P50,000,000,000), to be fully subscribed by the Government of the Republic, hereafter referred to as the Government, Ten billion pesos (P10,000,000,000) of which shall be fully paid for by the Government upon the effectivity of this Act and the balance to be paid for within a period of two (2) years from the effectivity of this Act in such manner and form as the Government, through the Secretary of Finance and the Secretary of Budget and Management, may thereafter determine.

SEC. 3. *Responsibility and Primary Objective.* — The Bangko Sentral shall provide policy directions in the areas of money, banking, and credit. It shall have supervision over the operations of banks and exercise such regulatory powers as provided in this Act and other pertinent laws over the operations of finance companies and non-bank financial institutions performing quasi-banking functions, hereafter referred to as quasi-banks, and institutions performing similar functions.

The primary objective of the Bangko Sentral is to maintain price stability conducive to a balanced and sustainable growth of the economy. It shall also promote and maintain monetary stability and the convertibility of the peso.

SEC. 4. *Place of Business.* — The Bangko Sentral shall have its principal place of

business in Metro Manila, but may maintain branches, agencies and correspondents in such other places as the proper conduct of its business may require.

SEC. 5. *Corporate Powers.* — The Bangko Sentral is hereby authorized to adopt, alter, and use a corporate seal which shall be judicially noticed; to enter into contracts; to lease or own real and personal property, and to sell or otherwise dispose of the same; to sue and be sued; and otherwise to do and perform any and all things that may be necessary or proper to carry out the purposes of this Act.

The Bangko Sentral may acquire and hold such assets and incur such liabilities in connection with its operations authorized by the provisions of this Act, or as are essential to the proper conduct of such operations.

The Bangko Sentral may compromise, condone or release, in whole or in part, any claim of or settled liability to the Bangko Sentral, regardless of the amount involved, under such terms and conditions as may be prescribed by the Monetary Board to protect the interests of the Bangko Sentral.

Article II. The Monetary Board

SEC. 6. *Composition of the Monetary Board.* — The powers and functions of the Bangko Sentral shall be exercised by the Bangko Sentral Monetary Board, hereafter referred to as the Monetary Board, composed of seven (7) members appointed by the President of the Philippines for a term of six (6) years.

The seven (7) members are:

- a. the Governor of the Bangko Sentral, who shall be the Chairman of the Monetary Board. The Governor of the Bangko Sentral shall be head of a department and his appointment shall be subject to confirmation by the Commission on Appointments. Whenever the Governor is unable to attend a meeting of the Board, he shall designate a Deputy Governor to act as his alternate: *Provided*, That in such event, the Monetary Board shall designate one of its members as acting Chairman;
- b. a member of the Cabinet to be designated by the President of the Philippines. Whenever the designated Cabinet Member is unable to attend a meeting of the Board, he shall designate an Undersecretary in his Department to attend as his alternate; and
- c. five (5) members who shall come from the private sector, all of whom shall serve full-time: *Provided, however*, That of the members first appointed under the provisions of this subsection, three (3) shall have a term of six (6) years, and the other two (2), three (3) years.

No member of the Monetary Board may be reappointed more than once.

SEC. 7. *Vacancies.* — Any vacancy in the Monetary Board created by the death, resignation, or removal of any member shall be filled by the appointment of a new member to complete the unexpired period of the term of the member concerned.

SEC. 8. *Qualifications.* — The members of the Monetary Board must be natural-born citizens of the Philippines, at least thirty-five (35) years of age, with the exception of the Governor who should at least be forty (40) years of age, of good moral

character, of unquestionable integrity, of known probity and patriotism, and with recognized competence in social and economic disciplines.

SEC. 9. *Disqualifications.* — In addition to the disqualifications imposed by Republic Act No. 6713, a member of the Monetary Board is disqualified from being a director, officer, employee, consultant, lawyer, agent or stockholder of any bank, quasi-bank or any other institution which is subject to supervision or examination by the Bangko Sentral, in which case such member shall resign from, and divest himself of any and all interests in such institution before assumption of office as member of the Monetary Board.

The members of the Monetary Board coming from the private sector shall not hold any other public office or public employment during their tenure.

No person shall be a member of the Monetary Board if he has been connected directly with any multilateral banking or financial institution or has a substantial interest in any private bank in the Philippines, within one (1) year prior to his appointment; likewise, no member of the Monetary Board shall be employed in any such institution within two (2) years after the expiration of his term except when he serves as an official representative of the Philippine Government to such institution.

SEC. 10. *Removal.* — The President may remove any member of the Monetary Board for any of the following reasons:

- a. If the member is subsequently disqualified under the provisions of Section 8 of this Act; or
- b. If he is physically or mentally incapacitated that he cannot properly discharge his duties and responsibilities and such incapacity has lasted for more than six (6) months; or
- c. If the member is guilty of acts or operations which are of fraudulent or illegal character or which are manifestly opposed to the aims and interests of the Bangko Sentral; or
- d. If the member no longer possesses the qualifications specified in Section 8 of this Act.

SEC. 11. *Meetings.* — The Monetary Board shall meet at least once a week. The Board may be called to a meeting by the Governor of the Bangko Sentral or by two (2) other members of the Board.

The presence of four (4) members shall constitute a quorum: Provided, That in all cases the Governor or his duly designated alternate shall be among the four (4).

Unless otherwise provided in this Act, all decisions of the Monetary Board shall require the concurrence of at least four (4) members.

The Bangko Sentral shall maintain and preserve a complete record of the proceedings and deliberations of the Monetary Board, including the tapes and transcripts of the stenographic notes, either in their original form or in microfilm.

SEC. 12. *Attendance of the Deputy Governors.* — The Deputy Governors may attend the meetings of the Monetary Board with the right to be heard.

SEC. 13. *Salary.* — The salary of the Governor and the members of the Monetary Board from the private sector shall be fixed by the President of the Philippines at a sum commensurate to the importance and responsibility attached to the position.

SEC. 14. *Withdrawal of Persons Having a Personal Interest.* — In addition to the requirements of Republic Act No. 6713, any member of the Monetary Board with personal or pecuniary interest in any matter in the agenda of the Monetary Board shall disclose his interest to the Board and shall retire from the meeting when the matter is taken up. The decision taken on the matter shall be made public. The minutes shall reflect the disclosure made and the retirement of the member concerned from the meeting.

SEC. 15. *Exercise of Authority.* — In the exercise of its authority, the Monetary Board shall:

- a. issue rules and regulations it considers necessary for the effective discharge of the responsibilities and exercise of the powers vested upon the Monetary Board and the Bangko Sentral. The rules and regulations issued shall be reported to the President and the Congress within fifteen (15) days from the date of their issuance;
- b. direct the management, operations, and administration of the Bangko Sentral, reorganize its personnel, and issue such rules and regulations as it may deem necessary or convenient for this purpose. The legal units of the Bangko Sentral shall be under the exclusive supervision and control of the Monetary Board;
- c. establish a human resource management system which shall govern the selection, hiring, appointment, transfer, promotion, or dismissal of all personnel. Such system shall aim to establish professionalism and excellence at all levels of the Bangko Sentral in accordance with sound principles of management.

A compensation structure, based on job evaluation studies and wage surveys and subject to the Board's approval, shall be instituted as an integral component of the Bangko Sentral's human resource development program: *Provided*, That the Monetary Board shall make its own system conform as closely as possible with the principles provided for under Republic Act No. 6758: *Provided, however*, That compensation and wage structure of employees whose positions fall under salary grade 19 and below shall be in accordance with the rates prescribed under Republic Act No. 6758.

On the recommendation of the Governor, appoint, fix the remunerations and other emoluments, and remove personnel of the Bangko Sentral, subject to pertinent civil service laws: *Provided*, That the Monetary Board shall have exclusive and final authority to promote, transfer, assign, or reassign personnel of the Bangko Sentral and these personnel actions are deemed made in the interest of the service and not disciplinary: *Provided, further*, That the Monetary Board may delegate such authority to the Governor under such guidelines as it may determine.

- d. adopt an annual budget for and authorize such expenditures by the Bangko Sentral as are in the interest of the effective administration and operations of the Bangko Sentral in accordance with applicable laws and regulations; and

- e. indemnify its members and other officials of the Bangko Sentral, including personnel of the departments performing supervision and examination functions against all costs and expenses reasonably incurred by such persons in connection with any civil or criminal action, suit or proceedings to which he may be, or is, made a party by reason of the performance of his functions or duties, unless he is finally adjudged in such action or proceeding to be liable for negligence or misconduct.

In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Bangko Sentral is advised by external counsel that the person to be indemnified did not commit any negligence or misconduct.

The cost and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Bangko Sentral in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the member, officer, or employee to repay the amount advanced should it ultimately be determined by the Monetary Board that he is not entitled to be indemnified as provided in this subsection.

SEC. 16. *Responsibility.* — Members of the Monetary Board, officials, examiners, and employees of the Bangko Sentral who willfully violate this Act or who are guilty of negligence, abuses or acts of malfeasance or misfeasance or fail to exercise extraordinary diligence in the performance of his duties shall be held liable for any loss or injury suffered by the Bangko Sentral or other banking institutions as a result of such violation, negligence, abuse, malfeasance, misfeasance or failure to exercise extraordinary diligence.

Similar responsibility shall apply to members, officers, and employees of the Bangko Sentral for: (1) the disclosure of any information of a confidential nature, or any information on the discussions or resolutions of the Monetary Board, or about the confidential operations of the Bangko Sentral, unless the disclosure is in connection with the performance of official functions with the Bangko Sentral, or is with prior authorization of the Monetary Board or the Governor; or (2) the use of such information for personal gain or to the detriment of the Government, the Bangko Sentral or third parties: *Provided, however,* That any data or information required to be submitted to the President and/or the Congress, or to be published under the provisions of this Act shall not be considered confidential.

Article III. The Governor and Deputy Governors of the Bangko Sentral

SEC. 17. *Powers and Duties of the Governor.* — The Governor shall be the chief executive officer of the Bangko Sentral. His powers and duties shall be to:

- a. prepare the agenda for the meetings of the Monetary Board and to submit for the consideration of the Board the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Act;
- b. execute and administer the policies and measures approved by the Monetary Board;
- c. direct and supervise the operations and internal administration of the Bangko Sentral. The Governor may delegate certain of his administrative responsibilities to other officers or may assign specific tasks or responsibilities