

[BSP CIRCULAR NO. 694, October 14, 2010]

AMENDMENT OF REGULATIONS ON THE ESTABLISHMENT OF OTHER BANKING OFFICES AND NOTES TO MICROFINANCE

Pursuant to Monetary Board Resolution No. 1382 dated 30 September 2010, the provisions of Section X151 and Subsections X151.6 and X151.12 of the Manual of Regulations for Banks (MORB) are hereby amended, as follows:

SECTION 1. The provisions of Section X151 on the establishment/relocation/voluntary closure/sale of branches are hereby amended to read as follows:

"Sec. X151. Establishment/Relocation/Voluntary Closure/Sale of Branches. The BSP shall promote and maximize the delivery of efficient and competitive banking services especially to underserved markets and customers through innovative policies. Toward this end, the following are the rules and regulations that shall govern the establishment, relocation, voluntary closure and sale of local branches of domestic banks, including locally-incorporated subsidiaries of foreign banks and the establishment of branches of foreign banks in the Philippines shall continue to be governed by the provisions of Section X 105 on liberalized entry and scope of operations of foreign banks and Section x153 on establishment of additional branches of foreign banks.

For purposes of this Section and its Subsections, the following definitions shall apply: "x x x."

"Other Banking Office" (OBO) shall refer to any permanent office or place of business in the Philippines other than the head office, branch or extension office, which engages in any or all of the following non-transactional banking-related activities:

1. Market loans, deposits and other bank products and services;
2. Accept loan applications and conduct preliminary credit evaluation as well as perform credit administration support services;
3. Host on-site automated teller machines (ATMs);
4. Perform customer care services;
5. Perform customer identification process, receive account opening documents and facilitate account activation; Provided, that account opening approval and actual opening of deposit accounts shall be done only at the head office/branches/extension offices; and

6. Such other non-transactional banking related activities as may be authorized by the BSP.

An OBO may also be recognized as "microfinance-oriented". A "microfinance-oriented OBO" (MF-OBO)/"micro-banking office" (MBO) shall refer to an OBO that primarily caters to the banking needs and services of microfinance clients and overseas Filipinos (OFs) and their beneficiaries. As contemplated under Appendix 45, "microfinance clients" are micro-credit borrowers and/or micro-depositors.

In addition to the non-transactional banking-related activities and services allowable for regular OBOs, MF-OBOs/MBOs may also engage in any or all of the following limited transactional banking activities and services that enable and facilitate financial inclusion and broader access to financial services:

1. Accept micro-deposits including initial deposit and service withdrawals thereof;
2. Accept check deposits of microfinance clients for collection and credit to own deposit accounts;
3. Disburse/release proceeds of micro-loans and collect loan amortization payments and related charges;
4. Present, market, sell and service microinsurance products in accordance with existing regulations;
5. Receive/pay-out funds in connection with authorized remittance transactions;
6. Act as a cash/money in and cash/money out for electronic money (e-money) transactions;
7. Collect premiums/pay out benefits from/to members of social security institutions such as the Government Service Insurance System (GSIS), Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), Employees' Compensation Commission (ECC), and other government authorized pension and benefit systems;
8. Pay out benefits under government-sponsored conditional cash transfer schemes;
9. Accept utilities payments; and
10. Purchase foreign currencies up to the maximum equivalent of USD300 per client per day for credit to micro-deposit accounts;

subject to the following conditions:

- a. An MF-OBO/MBO shall only perform the transactional activities it has specifically applied for and had been authorized by the BSP to perform. Subsequent enhancements are likewise subject to prior BSP approval;