

[CIRCULAR NO. 1388 s. 1993, March 31, 1993]

**AMENDMENTS TO BOOK I OF THE MANUAL OF REGULATIONS
FOR BANKS AND OTHER FINANCIAL INTERMEDIARIES**

SECTION 1. The following new section is hereby added after Section 1176 of the Manual:

"SECTION 1177. Bank Service Contracts — A bank with expanded commercial banking authority or a commercial bank may engage a bank service bureau or corporation to perform the following services:

- a. data processing systems development and maintenance;
- b. deposit and withdrawal recording;
- c. computation and recording of interests, service charges, penalties, and other fees;
- d. check-clearing processing, such as the transmission and receipt of check-clearing items/tapes to and from the Central Bank (CB), collection and delivery of checks not included in the Philippine Clearing House System, as well as the recording of the same;
- e. printing and delivery of bank statements; and
- f. providing general support services, such as purchasing of bank forms, equipment and supplies; messengerial, janitorial and security services; necessary budget and expense accounting, and other similar services.

Banks may enter into contracts covering above-mentioned services, provided that:

1. The performance by the Service Bureau of aforesaid bank services pertinent to deposit operations will not in any way violate laws on secrecy of bank deposits;
2. There will be no diminution of Central Bank's supervisory and examining authority over banks, nor in any manner impede CB's exercise thereof;
3. The administrative powers of CB over the bank, its directors and officers shall not be impaired by such transfer of activities;
4. The bank remains responsible for the performance of subject activities in the same manner and to the same extent as it was before the transfer of said services to the Bureau;
5. The Service Bureau shall be owned exclusively by banks and shall render