

[BSP CIRCULAR NO. 837, June 18, 2014]

AMENDMENTS TO PERTINENT REGULATIONS ON SALARY LOANS

Adopted: 18 June 2014
Date Filed: 03 July 2014

The Monetary Board, in its Resolution No. 894 dated 5 June 2014, approved the amendments to pertinent regulations on Salary Loans. The Manual of Regulations for Banks (MORB) and the Manual for Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended as follows:

Section 1. Section X321 of the MORB and Section 4337S of the MORNBFI including their respective subsections shall now read as:

"Section X321/4337S - Salary Loans. The Bangko Sentral shall promote the sustainable development of consumer lending such as salary loans under conditions of fair and sound credit practices.

Subsection X321.1/4337.1S Definition of terms

- a. Salary Loans. Unsecured loans, granted to individuals on the basis of regular salary, pension or other fixed compensation, where repayment would come from such future remunerations, either through salary deduction, debit from the borrower's deposit account, over-the-counter payment or other type of payment arrangement agreed upon by the borrower and lender.

Section 2. The Financial Reporting Package, prescribed under Subsection X191.2 of the MORB is further amended to revise the: (a) Manual of Accounts (MOA) to include the definition of Salary Loans; and (b) reporting templates of specific Financial Reporting Package for Banks (FRP) and Simplified Financial Reporting Package for Rural and Cooperative Banks (SFRP) as follows:

(a) Manual of Accounts

"x x x

"11. **Loans and Receivables** – xxx

"(a) **Loans to Bangko Sentral ng Pilipinas** – xxx

(b) xxx

"(c) **Loans and Receivables-Others** – xxx

"(c.1) xxx

"xxx