

SERVICES BY A BANK IN FAVOR OF SUBSIDIARIES, AFFILIATES AND COMPANIES RELATED TO IT BY AT LEAST 5% COMMON OWNERSHIP

BSP CIRCULAR NO. 373, February 27, 2003

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In implementation of Section 53.3 of Republic Act No. 8791 (The General Banking Law of 2000, a bank may be authorized, upon prior Monetary Board approval, to render the following services in favor of subsidiaries, affiliates and companies related to it by at least 5% common ownership:

- Credit card, bank and loans reconciliation;
- Credit card billing;
- Time deposit processing;
- Merchant settlement and care service;
- Collectors;
- Credit application processing;
- Call center support;
- Telemarketing of bank and credit card products;
- Human resource-related service;
- Finance/accounting functions;
- Documentation;
- Cashiering;
- Reports preparation; and
- Safekeeping of securities;

subject to the following conditions;

- i. The particular type of service to be rendered by the bank should be submitted for prior approval of the Monetary Board;
- ii. As service provider, the following shall be upheld by the bank:
 - a) Confidentiality of bank deposits and investment in government bonds (R.A. No. 1405);
 - b) Prohibition against outsourcing of inherent banking functions [Section 55.1 (e) of R.A. No. 8791 and Circular No. 268]; and
 - c) Prohibition on cross-selling except as allowed under applicable regulations.

This Circular shall take effect after fifteen (15) days following the completion of its publication in any newspaper of general circulation.

Adopted: 27 Feb. 2003

(SGD.) RAFAEL B. BUENAVENTURA
Governor

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