

DEPOSIT PICK-UP SERVICES

BSP CIRCULAR NO. 118, December 26, 1996

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The Monetary Board in its Resolution No. 1314 dated December 18, 1996 approved the following amendments to the Manual of Regulations for Banks and Other Financial Intermediaries, Books III.

SECTION 1. The Manual is hereby amended by adding Section 3266 thereto, to read as follows:

"Section 3266. Deposit Pick-up Services. — Deposit pick-up services shall be governed by the following:

a) General Policy

As a general policy, deposit pick-up services shall be limited to the following:

1. To service the need of valued clients whose daily average deposit amounts to at least:

P500,000 — for Metro-Manila and Metro-Cebu clients/depositors

P300,000 — for outside Metro-Manila and Metro-Cebu clients/depositors.

2. To be authorized during regular banking hours and days only, unless the nature of the business and the volume of the deposits would warrant servicing beyond regular banking hours and days, in which case justification therefor should be submitted to the satisfaction of the appropriate supervising and examining department.

b) Qualifying Criteria

A bank desiring to undertake deposit pick-up service must meet the following criteria:

1. Its total resources should not be less than P100 million and its net assets should be at least P10 million or the minimum capital required under existing regulations, whichever is higher;
2. It should not be deficient in its net-worth-risk assets ratio;
3. Its past due loan ratio should not be more than 15%;
4. It has no past due obligations with Bangko Sentral or with any government financial institution.
5. It should have continuous profitable operations; and
6. It must show adherence to law, and BSP rules and regulations.

Procedural Requirements

1. Submission of Requirements

All interested rural/cooperative banks shall submit, for evaluation, the following:

a) Justification on the need for the bank/bank branches to undertake such service which should contain, among other things, the following:

1) the names of clients/companies to be serviced, estimated daily average deposit and distance/proximity of client

from applicant bank;

2) the names and number of banks, branches, if any, in the area where depositor is situated; and

3. such other information pertinent to the application.

The arrangement in writing between the bank and the client desiring to avail of the service, which arrangement shall define and specify the respective responsibilities of the parties.

2. Condition to be Complied with

The deposit pick-up services to be undertaken by rural/cooperative banks shall be subject to the following conditions:

- a) Pick-up of deposit, as a general rule, shall be made with the use of armored cars which, however, shall not be operated as a mobile bank or used in soliciting deposits from the general public, or in any manner in carrying out banking transactions/services other than to afford security of deposit items in transit;
- b) The risk of loss involved in the pick-up of deposits shall be adequately covered by insurance, and the armored car to be used shall be provided with at least two (2) armed guards and supervised by at least two (2) officers of the bank;
- c) The deposit transactions shall be booked in accordance with existing regulations;
- d) Pick-up of deposit shall not be allowed on days other than the bank's regular banking days;
- e) The strictest measures of safeguards, control and confidentiality will be adopted in implementing the service;
- f) A recorded/log book shall be maintained by the bank which shall contain the information on the deposit pick-up activities of the armored car to be supported by "trip tickets" signed by a responsible officer of the bank; and
- g) Records and/or such other reports that may be required of the bank from time to time shall be made available for examination/inspection by the authorized representative(s) of the appropriate supervising department of the Bangko Sentral.

Non-compliance with any of the above conditions shall subject the bank to appropriate sanction(s) consistent with laws, BSP rules and regulations.

SECTION 2. The Manual is further amended by adding Subsection 3604.6 thereto, to read as follows:

Subsection 3604.6 Operation of armored cars. — Rural/cooperative banks engaging in deposit pick-up services shall use armored cars to afford security in collecting and/or delivering cash or securities and other valuables from or their clients, branch or extension offices or the Bangko Sentral, provided such armored cars are not operated as mobile banks.

This Circular shall take effect immediately.

Adopted: 26 Dec. 1996

(SGD.) GABRIEL C. SINGSON
Governor

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