

AMENDMENTS TO THE MANUAL OF REGULATIONS FOR BANKS TO ADDRESS RISKS ON RELATIONSHIPS BETWEEN BANKS AND THEIR RELATED MICROFINANCE NON-GOVERNMENTAL ORGANIZATIONS(NGOS)/FOUNDATIONS...

BSP CIRCULAR NO. 725, S. 2011, June 16, 2011

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/311363ce9957/>

Pursuant to Monetary Board Resolution No. 790 dated 26 May 2011, Subsections X326.1(e), X192.16, X145(c) and X330.1(a) of the Manual of Regulations for Banks (MORB) are hereby amended to read, as follows:

Section 1. Subsec. X325.1(e) is hereby amended to read as follows:

“e.Related interest shall refer to any of the following:

“x x x

“(9) NON-GOVERNMENTAL ORGANIZATIONS (NGOs)/FOUNDATIONS THAT ARE ENGAGED IN RETAIL MICROFINANCE OPERATIONS WHICH ARE INCORPORATED BY ANY OF THE STOCKHOLDERS AND/ OR DIRECTORS AND/OR OFFICERS OF RELATED BANKS.”

“x x x”

Section 2. Subsec. X192.16 is hereby provided to read as follows:

“X192.16 NOTARIZED CONTRACTS/AGREEMENTS BETWEEN BANKS AND THEIR RELATED MICROFINANCE (MF) NON-GOVERNMENTAL ORGANIZATIONS (NGOs)/FOUNDATIONS. BUSINESS RELATIONSHIPS BETWEEN BANKS AND THEIR RELATED MF NGOs/FOUNDATIONS SHALL BE COVERED BY NOTARIZED CONTRACTS/AGREEMENTS SPECIFYING THE NATURE OF TRANSACTIONS AND ENUMERATING THE TERMS AND CONDITIONS THEREOF.

“BANKS SHALL SUBMIT SAID NOTARIZED CONTRACTS/AGREEMENTS WITHIN 15 BANKING DAYS FROM THE DATE OF MEETING OF THE BOARD OF DIRECTORS APPROVING SAID CONTRACTS/AGREEMENTS.

“SAID NOTARIZED CONTRACTS/AGREEMENTS SHALL BE CONSIDERED CATEGORY A-3 REPORTS. SUBMISSION OF SAID REPORTS SHALL BECOME EFFECTIVE STARTING WITH THE REPORTING PERIOD ENDING 30 SEPTEMBER 2011.”

Section 3. Subsec. X145, c. of the MORB, as amended by Circular No. 592 dated 28 December 2007 is hereby amended to read as follows:

“c. Interlocking officerships. A concurrent officership in different financial institutions may present more serious problems of self-dealing and conflict of interest. Multiple positions may result in poor governance or unfair competitive advantage. Considering the full-time nature of officer positions, the difficulties of serving two offices at the same time, and the need for effective and efficient management, the following rules shall be observed:

“As a general rule, there shall be no concurrent officerships, including secondments, between banks or, between a bank and a QB or an NBFI. For this purpose, secondment shall refer to the transfer/detachment of a person from his regular organization for temporary assignment elsewhere where the seconded employee remains the employee of the home employer although his salaries and other remuneration may be borne by the host organization.

“IN THE CASE OF NON-GOVERNMENTAL ORGANIZATIONS (NGOs)/ FOUNDATIONS THAT ARE ENGAGED IN RETAIL MICROFINANCE OPERATIONS, AS DEFINED UNDER SUBSEC. X326.1,e(9), MORB, BANK OFFICERS ARE PROHIBITED FROM HOLDING OFFICERSHIP OR OTHERWISE THAT MAY CAUSE THEM TO BE INVOLVED IN THE DAILY MICROFINANCE OPERATIONS OF RELATED NGOs/FOUNDATIONS.

“TRANSITORY PROVISION. BANK OFFICERS, WHO CONCURRENTLY HOLD OFFICERSHIP OR OTHERWISE THAT CAUSED THEM TO BE INVOLVED IN THE DAILY MICROFINANCE OPERATIONS OF RELATED NGOs/FOUNDATIONS, ARE GIVEN UP TO 30 SEPTEMBER 2011 TO RELINQUISH SUCH OFFICERSHIP; OTHERWISE, THEY SHALL BE DISQUALIFIED FROM THEIR PRESENT POSITIONS IN THE BANK.

“x x x”

Section 4. The list of non-risk assets as enumerated under Subsec. X330.1(a) of the MORB is hereby amended to include:

“x x x

“(6) DEPOSITS OF CLIENTS OF RELATED NON-GOVERNMENTAL ORGANIZATIONS (NGOs)/FOUNDATIONS, THAT ARE ENGAGED IN RETAIL MICROFINANCE OPERATIONS, AND ARE MAINTAINED WITH THE RELATED LENDING BANK AND HELD IN THE PHILIPPINES; PROVIDED THAT ALL OF THE FOLLOWING CONDITIONS ARE MET:

(i) EXISTING REGULATIONS ON THE OPENING OF DEPOSIT ACCOUNTS AND OTHER DEPOSIT TRANSACTIONS SHALL APPLY EXCEPT WHEN SPECIFICALLY STATED OTHERWISE;

(ii) DEPOSITORS SHALL ISSUE WAIVERS OF CONFIDENTIALITY OF THEIR DEPOSITS AND ENTER HOLD-OUT AGREEMENTS WITH THE LENDING BANK;

(iii) INTEREST RATES ON SUCH DEPOSITS SHALL NOT BE MORE THAN THOSE OF SIMILAR TYPE OF DEPOSIT ACCOUNTS;

(iv) COLLECTED BUT UNDEPOSITED CAPITAL BUILD-UP FUNDS FROM CLIENTS SHALL BE RECORDED IN A TEMPORARY LIABILITY ACCOUNT IN THE BOOKS OF RELATED NGOs/FOUNDATIONS AND SHALL BE DEPOSITED WITH THE RELATED BANK NOT LATER THAN FIFTEEN (15) CALENDAR DAYS FROM DATE OF COLLECTION;

(v) TOTAL LOANS, OTHER CREDIT ACCOMMODATIONS AND GUARANTEES GRANTED TO THE RELATED NGO/FOUNDATION SHALL NOT EXCEED, AT ANY TIME, THE TOTAL DEPOSITS OWNED BY ITS CLIENTS; AND

(vi) THAT THE NGO/FOUNDATION SHALL CONSIDER AS PAYMENTS TO THE CLIENTS’ OBLIGATIONS ANY DEPOSITS USED BY THE LENDING TO BANK TO SETTLE ANY UNPAID OBLIGATION(S) OF THE NGO/FOUNDATION.

This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

Adopted: 16 June 2011

FOR THE MONETARY BOARD:

(SGD.) AMANDO M. TETANGCO, JR.

Governor

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.