

AMENDED REGULATIONS ON PROVISION OF OTHER BANKING SERVICES

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The Monetary Board, in its Resolution No. 280 dated 6 March 2008, approved the following amendments to the Manual of Regulations for Banks (MORB) on the provision of other banking services.

SECTION 1. Subsection X169.11 on other banking services for subsidiaries, affiliates and related companies is hereby amended to read as follows:

"A bank may, upon prior Monetary Board approval, render the following services in favor of its subsidiaries, affiliates and companies related to it by at least five percent (5%) common ownership:

- a. Credit card, bank and loan reconciliations;
- b. Credit card billing;
- c. Time deposit processing;
- d. Merchant settlement;
- e. Collections which may involve legal action;
- f. Credit application processing;
- g. Call center support;
- h. Telemarketing of bank, credit card and insurance (life and non-life) products;
- i. Human-resource related service;
- j. Finance/accounting functions;
- k. Documentation;
- l. Cashiering;
- m. Reports preparation;
- n. Procurement;
- o. Records coordination;
- p. Mail room and general services;
- q. Internal audit services;
- r. Credit administration services, such as, limit administration, loan documentation loan administration, and credit reporting, compliance and control;
- s. Legal and compliance services;
- t. Production of credit cards and preparation of statement of accounts, and
- u. Check writing services,

subject to the condition that:

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; and
- c. Prohibition on cross-selling except as allowed under applicable regulations.

SECTION 2. Subsection X169.12 on other banking services to other entities is hereby added to read as follows:

"A bank may render the following services to other entities (including non-related companies):

- a. Collections and payments;
- b. Safekeeping of securities;
- c. Act as correspondent of other financial institutions;
- d. payroll service;
- e. Enter into a conduit clearing arrangement with indirect clearing participants;
- f. ATM cash loading service to depositors;
- g. Enter into an arrangement with other banks to enable such other banks to avail the service of an ATM network consortium, and
- h. Subject to prior Monetary Board approval, such other services which are not incompatible with banking business as may be determined by the Monetary Board provided that the bank shall perform said services as depositary or as an agent, subject to the following conditions:

a. The bank (or if the counter party is also a bank, both the bank providing the service and the outsourcing bank jointly) shall inform the Centralized Applications and Licensing Group of the Supervision and Examination Sector (CALG-SES) at least thirty (30) calendar days prior to undertaking the above mentioned services. The bank may undertake said activities if no objection has been received from CALG-SES within said 30-calendar day period.

b. The proposed contract or Memorandum of Agreement (MOA) indicating, among others, the particular type of service to be rendered (and if the counterparty is also a bank, to be outsourced) by the bank/s shall be kept on file and be made available for inspection during BSP examination;

c. As a service provider, the following shall be upheld by the bank:

- i. Confidentiality of bank deposits and investment in government bonds (R.A. No. 1405);
- ii. Prohibition against outsourcing of inherent banking functions; and
- iii. Prohibition on cross-selling except as allowed under applicable regulations.

SECTION 4. This Circular shall take effect fifteen (15) days following its publication in the Official Gazette or in any newspaper of general circulation in the Philippines.

Adopted: 26 March 2008

FOR THE MONETARY BOARD:

(SGD.) AMANDO M. TETANGCO, JR.
Governor

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