

INCREASE IN STATUTORY/LEGAL RESERVE REQUIREMENTS OF PESO DEPOSIT LIABILITIES AND DEPOSITS SUBSTITUTES

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SUBJECT:

INCREASE IN STATUTORY/LEGAL RESERVE REQUIREMENTS OF PESO DEPOSIT LIABILITIES AND DEPOSITS SUBSTITUTES

The Monetary Board, in its Resolution No. 871 dated 16 June 2011, approved the increase in the statutory/legal reserve requirements for peso deposit liabilities and deposit substitutes of universal/commercial banks, thrift banks, rural banks, cooperative banks, and non-bank financial institutions (NBFIs) with quasi-banking functions, as follows:

BANK/FINANCIAL INSTITUTION

ACCOUNTS

STATUTORY/LEGAL
RESERVES LIQUIDITY
RESERVES

From To

Universal/Commercial Banks -Demand

- "NOW"

- Savings

- Time

- Deposit substitutes (DS) 8% 9% 11%

- DS evidenced by repo agreements[1]

- Long-term Negotiable Certificate of Time Deposits (LTNCTDs) 2% 3% 0%

Thrift Banks -Demand

- "NOW"

- Savings

- Time

- Deposit substitutes 4% 5% 2%

- DS evidenced by repo agreements[1]

- LTNCTDs 2% 3% 0%

Rural Banks/Cooperative Banks -Demand

- "NOW" 4% 5% 0%

- Savings

- Time 1% 2%

-LTNCTDs 2% 3%

NBFIs with quasi-banking functions -Deposit substitutes 8% 9% 11%

-DS evidenced by repo agreements[1] 2% 3% 0%

[1] Refer to deposit substitutes evidenced by repo agreements covering government securities up to the amount equivalent to the adjusted Tier 1 capital of the bank/quasi-bank and which comply with the conditions provided under Subsection X253.1/ 4253Q of the Manual of Regulations for Banks/Manual of Regulations for Non-Bank Financial Institutions

These new reserve requirement ratios shall take effect on the reserve week beginning on 24 June 2011.

FOR THE MONETARY BOARD

(Sgd.) NESTOR A. ESPENILLA, JR
Officer-In-Charge

27 June 2011

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