

REDUCING THE REGULAR AND LIQUIDITY RESERVES AND INTEREST ON RESERVE DEPOSITS

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The Monetary Board, in its Resolution Nos. 854 and 896 dated 25 June and 30 June 1999, respectively, reduced (a) the regular reserves on all types of peso deposits and deposit substitute liabilities of expanded commercial banks (EKBs), commercial banks (KBs) and non-banks with quasi-banking functions (NBQBs) and certain types of deposit and deposit substitute liabilities of thrift banks (TBs) and rural banks (RBs)/cooperative banks (Coop Banks), (b) liquidity reserves, and (c) interest on reserve deposits, as follows:

A. REGULAR RESERVES AGAINST DEPOSIT/DEPOSIT SUBSTITUTES

EKBs/KBs

TBs

RBs/Coop Banks

NBQBs

Types

From

To

From

To

From

To

From

To

Demand Deposits

10%

9%

9%

8%

8%

7%

-

-

NOW Accounts

10%

9%

9%

8%

8%

7%

-

-

Savings Deposits

10%

9%

7%

6%

3%

2%

-

-

Time Deposits/Negotiable Certificates of Time Deposits/Long-Term Non- Negotiable Tax-Exempt Certificates of Time Deposits

10%

9%

7%

6%

3%

2%

-

-

Deposit Substitutes

10%

9%

9%

8%

-

-

10%

9%

B. LIQUIDITY RESERVES

On top of the regular reserve requirements, liquidity reserves against peso demand, savings, time deposit and deposit substitute liabilities shall be maintained, as follows:

Category of Banks

Liquidity Ratios

a) EKBs/KBs and NBQBs

3% effective

2 July 1999

b) TBs

2% effective 2 July 1999

c) RBs/Coop Banks:

(1) Demand Deposits

to remain at 0 %

(2) Savings/Time Deposits

to remain at 0%

The required liquidity reserves may be maintained in the form of short-term market-yielding government securities purchased directly from the Bangko Sentral ng Pilipinas (BSP) — Treasury Department, pursuant to Circular No. 10 dated 29 December 1993.

C. INTEREST ON RESERVE DEPOSITS

Deposits maintained by all banks and NBQBs with the BSP up to forty percent (40%) of the reserve requirement (excluding the liquidity reserve mentioned in Item B of this Circular against the combined deposit and deposit substitute liabilities of banks and NBQBs allowed to be maintained in the form of short-term market-yielding government securities purchased directly from the BSP-Treasury Department) shall be paid interest at four percent (4%) per annum based on the average daily balance of said deposits to be credited quarterly.

This Circular shall take effect on 2 July 1999.

Adopted: 1 July 1999

(SGD.) GABRIEL C. SINGSON

Governor

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