

PROHIBITION TO PAY INTEREST ON DEMAND DEPOSITS

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The Monetary Board, in its Resolution No. 380 dated 22 April 1994, decided to lift the prohibition to pay interest on demand deposits and to amend the following:

1. Sections 1202, 2202 and 3202 of Books I to III of the Manual of Regulations for Banks and Other Financial Intermediaries, which shall now read as follows:

"Interest on Demand Deposits. Demand deposits shall not be subject to any interest rate ceiling."

2. The pertinent parts of the Manual of Accounts of each type of bank, which shall now read as follows:

A. LIABILITY ACCOUNTS

1) Demand Deposits

"This represents deposits subject to withdrawal by check which are otherwise known as current or checking accounts. The following sub-control accounts shall be maintained:

xxx xxx xxx

2) Accrued Interest Payable

"This represents the estimated liability for interest incurred/due but not yet paid on demand, savings and time deposits and on domestic borrowings, which shall be set up monthly against current operations."

B. INCOME ACCOUNTS

Interest — Deposits in Banks

"This represents interest earned and credited to the bank's demand and savings deposits and interest earned and actually collected on time deposits in other banks. The following sub-control accounts shall be maintained:

"Interest — Deposits in Local Banks

"This represents interest earned and credited to the bank's demand and savings deposits and interest earned and actually collected on time deposits in local bank.

xxx xxx xxx

C. EXPENSE ACCOUNTS

Interest on Demand Deposits (added immediately preceding the account title "Interest on Savings Deposits")

"This represents payment and/or monthly accruals of interest on demand deposits."

This Circular shall take effect immediately.

Adopted: 3 May 1994

(SGD.) FELICIANO L. MIRANDA, JR.
Officer-In-Charge

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