



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 940

Series of 2017

Subject: Guidelines on Deposit and Cash Servicing Outside of Bank Premises

The Monetary Board in its Resolution No. 37 dated 05 January 2017, approved the amendments to the Manual of Regulations for Banks (MORB) on the guidelines on and regulations related to servicing deposits outside of bank premises, and the adoption of regulations to allow banks to accredit third party service providers to perform cash pick-up and cash delivery services and to accept and disburse cash on its behalf in order to promote operational efficiency, improve their service delivery channels, and for greater customer convenience.

Section 1. Subsection X162.2 of the MORB is hereby amended to read as follows:

Subsection X162.2 (2008 - X169.1) *Prohibition against outsourcing of inherent banking functions.*

No bank shall outsource inherent banking functions such as:

- a. Taking of deposits from the public;
- b. Granting of loans and extension of other credit exposures;
- c. Managing of risk exposures; and
- d. General management.

Section 2. Section X213 of the MORB is hereby amended to read as follows:

Section X213. *Servicing Deposits Outside Bank Premises.*

Subject to approval by the Deputy Governor, Supervision and Examination Sector (SES), a bank may solicit and accept deposits outside of its premises through its employees. This includes deposit pick-up/delivery services with the use of vehicles accompanied by an authorized bank teller or of an authorized mobile bank teller or solicitor, subject to the following conditions:

- a. The bank has no major supervisory concerns on its safety and soundness;
- b. The bank shall observe prudent security measures and shall obtain appropriate insurance coverage; and
- c. Transaction with depositors outside bank premises by bank personnel is deemed a transaction within bank premises and shall be recognized and/or recorded by the bank as occurring at actual point of transaction consistent with procedures for transactions made within bank premises.

The bank's board of directors shall adopt clearly-defined written policies, procedures and controls for the operation of deposit servicing activities outside of bank premises, including but not limited to the criteria for determining to whom the service will be made available, and the terms and conditions for such services.

Once a bank is allowed to solicit and accept deposit outside bank premises, it may continuously undertake these activities unless otherwise ordered by the Bangko Sentral.

Transitory Provisions. Banks with existing authority to solicit and accept deposits outside bank premises shall submit a certification of compliance with the basic conditions hereof within three (3) months from the effectivity of this Circular, otherwise, said authority shall be deemed automatically revoked.

Section 3. Section X266 (Deposit Pick-up/Cash Delivery Services) of the MORB is hereby amended to read as follows:

Section X266. Cash Pick-up/Cash Delivery Services; Cash Agents. Subject to approval by the Deputy Governor, SES, a bank may accredit third party service providers, which may be authorized by customers to perform cash/check pick-up and/or cash delivery services on their behalf, or contract third party entities as cash agents to accept and disburse cash on the bank's behalf in order to promote operational efficiency, more expanded service delivery channels, and greater convenience of banking customers.

Once given such approval, a bank may continuously undertake these activities unless otherwise ordered by the Bangko Sentral.

Section 4. Subsection X266. 1 (Operation of armored cars) of the MORB is hereby amended to read as follows:

Subsection X266. 1. Cash Pick-Up/Cash Delivery Services.

A bank may accredit third party service provider/s, which may be authorized by customers to pick-up cash/checks for deposit and/or deliver proceeds from cash withdrawal and/or cash exchange, subject to the following conditions:

- a. The bank shall exercise due diligence to assure itself that prudent security measures are observed by the service provider, and that customer risk of loss shall be covered by insurance;
- b. The customer executes a written authorization for the cash/check pick-up and/or cash delivery and accepts that no deposit relationship exists with the bank for the cash/checks in transit;

- c. Customer deposit accounts shall be credited or debited when the cash/checks picked up or cash delivered are turned over to the bank by the service provider and vice-versa consistent with procedures for transactions made by clients within bank premises; and
- d. The bank shall ensure due diligence and compliance with applicable rules, regulations and policies on anti-money laundering, consumer protection, bank secrecy, and customer data confidentiality.

The board of directors shall adopt clearly-defined written policies, procedures and controls for cash/check pick-up/cash delivery services, including, but not limited to, the criteria for determining to whom the service will be made available, and the terms and conditions for such services.

Section 5. Subsection X266.2 is hereby added to the MORB, which subsection shall read as follows:

Subsection X266.2 Use of Cash Agents. A bank may contract third party entities as cash agents subject to existing rules on outsourcing: *Provided*, that the following conditions are complied with:

- a. The bank shall have an electronic banking solution to implement its cash agent operations and comply with the requirements of Part Seven of the MORB, on the Guidelines on Electronic Banking Services and Operations. The bank shall deploy to its cash agents a device through which its customers can perform secure online, real-time deposit and withdrawal transactions for his/her own bank account, fund transfers and bills payment (self-service transactions).
- b. Cash agents shall be allowed to accept and disburse cash on bank's behalf in connection with the following self-service transactions of customers:
 - i. Deposit and withdrawal transactions performed by the customer on his bank account;
 - ii. Fund transfers performed by the customer;
 - iii. Bills payment; and
 - iv. Payments due to government institutions, e.g., members' contributions to the Social Security System and premiums payable to the Philippine Health Insurance Corporation.

In addition to the above, cash agents are also allowed to perform the following for the bank:

- i. Perform Know-Your-Customer and other related processes in accordance with existing regulations;
- ii. Collect and forward applications for opening a savings account;
- iii. Accept and forward loan application documents; and

- iv. Market, sell and service insurance products in accordance with existing regulations.
- c. The bank assumes full responsibility and liability for all acts and omissions of its cash agents on bank-related services. The bank shall exercise due diligence to ensure its cash agents comply with applicable rules, regulations, and policies on anti-money laundering, consumer protection, bank secrecy and customer data confidentiality.

The board of directors of the bank shall adopt clearly-defined written policies, procedures and controls for its cash agent operations, including but not limited to cash agent selection and due diligence, and customer care arrangements.

Upon receipt of notice of Bangko Sentral approval to contract cash agents, the bank shall inform the Bangko Sentral of the target launch date of such service, which shall be within six (6) months from the date of said approval.

Section 6. Sections 1266 (Reserved), 2266 (Reserved) and 3266 (Qualifying Criteria Before a Rural/Cooperative Bank Engages in Deposit Pick-up Services), and Appendix 82 (Format Certification on Deposit/Cash Delivery Services) of the MORB are hereby deleted.

Section 7. This Circular shall take effect fifteen (15) days after its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

20 January 2017