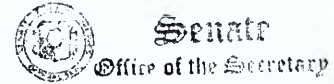


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 JUL 25 P2 :09

SENATE
S. No. 858

RECEIVED BY: _____

Introduced by SENATOR RAMON BONG REVILLA, JR.

AN ACT
ENABLING BANKS TO EXPAND SERVICE DELIVERY CHANNELS THROUGH
CASH AGENTS AND PROVIDING GUIDELINES THEREFOR

EXPLANATORY NOTE

According to the 2019 Financial Inclusion Survey (FIS), 7 out of 10 adult Filipinos are "financially excluded" or those who do not own a transaction account that can be used to store, send, and receive funds. In actual numbers, 51.2 million Filipino adults remain unbanked. In order to address the main concerns of the unbanked population, the Bangko Sentral ng Pilipinas (BSP) introduced the concept of a basic deposit account (BDA) which has only P100 or less as opening amount, simple documentary requirements, no maintaining balance and no dormancy charges. BSP also facilitated the establishment of cash agents or retail outlets such as convenience stores, pharmacies, etc. where one can deposit and withdraw cash, transfer funds and pay bills. These cash agents make bank services more accessible to a wider client base and can be set up even in small spaces and far-flung areas, thereby greatly reducing transportation expenses (an average of P43 fare, as noted in the 2015 FIS) usually incurred in availing such services.

This bill aims to expand the reach of formal financial institutions through the establishment of cash agents, especially in remote barrios, and instituting standards to ensure that they respond to the financial needs of the communities and promote the financial welfare of individuals and businesses.

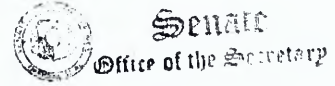
In addition, incentives such as free training and expedited processing of permits are provided herein for those that will establish operations in remote areas. Lastly, regulations on transparency and consumer protection are added to ensure that clients are adequately informed and complaints are properly addressed.

In this light, the passage of this bill is highly recommended.



RAMON BONG REVILLA, JR.

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**AN ACT
ENABLING BANKS TO EXPAND SERVICE DELIVERY CHANNELS THROUGH
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

- 1 Section 1. *Short Title.* – This Act shall be known as the "*Bangko sa Baryo Act.*"
- 2 Sec. 2. *Declaration of Policy.* – The State recognizes the vital role of banks in
- 3 providing an environment conducive to the sustained development of the national
- 4 economy. Towards this end, the State shall create an enabling regulatory environment
- 5 for innovations and allow banks to exponentially expand reach through cash agents
- 6 and serve a wider client base, particularly in the low-income and rural areas.
- 7 Sec. 3. *Definition of Terms.* – As used in this Act:
- 8 a) *Cash Agent* – refers to any person with a retail outlet such as but not limited
- 9 to convenience stores, pharmacies, and other highly accessible retail outlets
- 10 that deliver bank services provided in Section 7 of this Act;
- 11 b) *Contracting Bank* – refers to any bank requesting authority from the Bangko
- 12 Sentral ng Pilipinas (BSP) to expand service delivery channels through cash
- 13 agents;
- 14 c) *Remote area* – refers to an area that either is a long distance from highly
- 15 population settlement or lacks transportation links that are typical in more
- 16 populated areas duly-identified by the concerned Local Government Unit
- 17 (LGU) in coordination with the BSP;

1 d) *Person* – refers to a natural or juridical person.

2 The Monetary Board may, by regulation, further define or clarify terms used in
3 this Act consistent with the declared State policies above.

4 *Sec. 4. Eligibility Requirements for Cash Agents.* – A Cash Agent may file an
5 application with a Contracting Bank provided that the following requirements are met:

- 6 a) It is a duly-registered business in the Philippines;
7 b) It has engaged in commercial activity for at least three (3) months;
8 c) It has conducted its commercial activities continuously in a place and area
9 that is known to the public, and possesses sufficient capacity to properly
10 operate electronic devices; and
11 d) It has the necessary infrastructure to undertake banking operations.

12 *Sec. 5. Preliminary Screening.* – Upon submission of the eligibility requirements
13 for a Cash Agent, the Contracting Bank shall conduct a preliminary screening of the
14 documents ensuring that:

- 15 a) The result of the preliminary screening shall be released within five (5)
16 working days;
17 b) In case a Cash Agent fails the preliminary screening, the Contracting Bank
18 shall return the documents and notify the Cash Agent of the grounds for
19 failure. The Cash Agent may re-submit the documentary requirements
20 within thirty (30) days from denial; and
21 c) In case a Cash Agent passes the preliminary screening, the Contracting
22 Bank shall forward the application to the BSP;

23 Provided, That the Contracting Bank shall have an electronic banking solution
24 to implement its cash agent operations and comply with the requirements of Part
25 Seven of the Manual of Regulations for Banks (MORB), on the Guidelines on Electronic
26 Banking Services and Operations. The bank shall deploy to its cash agents a device
27 through which its customers can perform secure online, real-time deposit and
28 withdrawal transactions on their own bank account, fund transfers, bills payment, and
29 self-service transactions: Provided further, That the Board of Directors of the
30 Contracting Bank shall adopt clearly-defined written policies, procedures, and controls
31 for its Cash Agent operations, including Cash Agent selection, exercise of due
32 diligence, and customer care arrangements.

1 **Sec. 6. *Evaluation Process.*** – The BSP shall create an online evaluation process
2 for a Cash Agent application while ensuring that:

- 3 a) Cash Agent demonstrates good reputation and credit history, has no
4 previous civil and criminal record, and has a deposit account with the
5 Contracting Bank against which all bank transactions will be conducted;
- 6 b) The result of the application shall be released within seven (7) working days
7 upon the application by the Contracting Bank;
- 8 c) In case an application shall be rejected, the applicant shall be given a
9 registered, written notification that indicates and explains the ground/s for
10 rejection;
- 11 d) In case an application shall be approved, BSP shall issue an Authority to
12 Utilize As Cash Agent to Contracting Bank valid for two (2) years. The
13 Authority to Utilize As Cash Agent shall be displayed conspicuously in the
14 Cash Agent's retail outlet.

15 **Sec. 7. *Revocation of Authorization.*** – The BSP shall revoke the Authority to
16 Utilize as Cash Agent if a Cash Agent no longer meets the standards set to qualify for
17 the requirements under this Act.

18 **Sec. 8. *Bank Transactions and Services.*** – A duly-authorized Cash Agent may
19 perform any or all of the following bank transactions/services:

- 20 a) Accept and disburse cash on the bank's behalf in connection with the
21 following self-service transactions of customers:
 - 22 i) Deposit and withdrawal transaction performed by the customer on one's
23 bank account;
 - 24 ii) Fund transfers performed by the customer;
 - 25 iii) Bills payment; and
 - 26 iv) Payments due to government institutions, such as contributions to the
27 Social Security System and premiums payable to the Philippine Health
28 Insurance Corporation, Pag-IBIG, and others;
- 29 b) Collect and forward applications for opening a savings account;
- 30 c) Forward loan application documents to Contracting Bank;
- 31 d) Perform Initial Customer Identity Verifications:

- 1 i) Conduct customer due diligence (CDD) investigations in opening low
2 transactional and low risk account or accounts subject to deposit and
3 transaction limits;
- 4 ii) Prevent anti-money laundering and countering financing of terrorism
5 activities;
- 6 e) Other transactions:
- 7 i) Payment (including loan repayments) using credit and debit cards,
8 checks, and cash;
- 9 ii) Transfer between bank accounts including those to be remitted to other
10 banks;
- 11 iii) Balance inquiries; and
- 12 iv) Check encashment.

13 **Sec. 9. *Investment Incentives.*** – A Cash Agent that establishes operations in a
14 remote area shall be entitled to the following incentives:

- 15 a) Free training of Cash Agent personnel on various bank processes conducted
16 by the BSP;
- 17 b) Free training and capacity-building seminars conducted by the Department
18 of Trade and Industry (DTI) and its attached agencies;
- 19 c) Expedited processing of permits and certificates that are requisites to
20 business registration and operation; and
- 21 d) Expedited processing of local government permits and other related
22 documents.

23 The DTI shall require the Securities and Exchange Commission (SEC) and the
24 local government unit (LGU) involved to create a mechanism for expedited processing
25 from application to approval.

26 **Sec. 10. *Role of LGUs.*** – The concerned LGU shall encourage and provide
27 incentives to a Cash Agent in relation to the purpose of this Act pursuant to Republic
28 Act No. 7160, otherwise known as the Local Government Code of 1991.

29 The concerned LGU shall conduct training programs in the barangay on
30 financial literacy and capacity-building to increase understanding of different financial
31 services and products.

1 Sec. 11. *Subcontracting Agents.* – A Cash Agent shall not be allowed to
2 subcontract its operations or business to third parties.

3 Sec. 12. *Agent Exclusivity.* – BSP may permit temporary agent exclusivity for a
4 period not exceeding two (2) years. Otherwise, the Cash Agent shall enter into an
5 agreement with another Contracting Bank.

6 Sec. 13. *Fees.* – A Cash Agent may set customer fees and charge customers
7 directly: Provided, That the Contracting Bank and the Department of Trade and
8 Industry shall monitor such pricing for signs of exploitation or customer confusion.

9 Sec. 14. *Principal Liability for Agents.* – The Contracting Bank shall be liable for
10 all actions and omissions of the Cash Agent, provided such act is within the bounds of
11 the agency.

12 The Contracting Bank shall exercise due diligence to ensure its Cash Agents
13 comply with applicable rules, regulations, and policies on anti-money laundering,
14 consumer protection, bank secrecy, and customer data confidentiality.

15 Sec. 15. *Transparency and Consumer Protection.* – Banks shall ensure that
16 customers are adequately informed and protected when transacting with their cash
17 agents, and should provide mechanisms for their customers to verify accredited agents
18 and to lodge complaints for agent-related transactions.

19 In all advertising and marketing materials, terms and conditions on the use of
20 agents, and other forms of communications, it must be clearly stated that the banking
21 products and services are products and services of the bank.

22 The bank shall publish on its website or in any available media platforms, an
23 updated list of its accredited cash agents, including their complete registered business
24 name, contact numbers, locations and authorized activities and services.

25 The bank shall also establish a mechanism for handling complaints on cash
26 agent related transactions including the committed turn-around time to respond to its
27 clients.

28 Sec. 16. *Implementing Rules and Regulations.* – The BSP, in coordination with
29 the Anti-Money Laundering Council, Insurance Commission, a representative from the
30 Union of Local Authorities of the Philippines and the DTI, shall promulgate, not later
31 than thirty (30) days upon the effectivity of this Act, the necessary rules and
32 regulations for its effective implementation.

1 Sec. 17. *Separability Clause.* – If any provision or part hereof is held invalid or
2 unconstitutional, the remainder of the law or the provision or part not otherwise
3 affected shall remain valid and subsisting.

4 Sec. 18. *Repealing Clause.* – Any law, presidential decree or issuance, executive
5 order, letter of instruction, administrative order, rule, or regulation contrary to or
6 inconsistent with the provisions of this Act are hereby repealed, modified, or amended
7 accordingly.

8 Sec. 19. *Effectivity.* – This Act shall take effect fifteen (15) days after its
9 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,