



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

23 JAN 19 P5:30

**SENATE**  
S.B. No. 1710

RECEIVED BY:

---

Introduced by **SENATOR IMEE R. MARCOS**

---

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

EXPLANATORY NOTE

Article II, Section 20 of the 1987 Constitution provides that, "*The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.*"

Financial inclusion refers to individuals and businesses having access to financial services, including payments, savings, credit and insurance. Access to financial services is widely quoted as a key enabler in reducing poverty. However, a major obstacle toward financial inclusion is cost, especially that associated with customers living in far-flung areas. In the Philippines, more than 15% of all cities and municipalities have no banking presence. The BSP estimates that more than 44% of the country's adult population remains unbanked, with only 23% of Filipino adults owning a bank account. As such, there is a need to expand the reach of the financial sector.

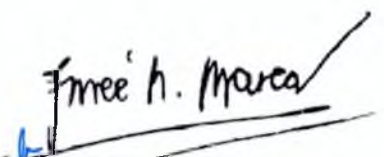
In January 2017, the *Bangko Sentral ng Pilipinas* approved the guidelines for new bank service channels and relaxed existing regulations on deposit taking activities outside bank services. Under the new regulations, banks are now allowed, with prior BSP authorization, to serve clients through cash agents. Cash agents can also perform

Know-your-Customer procedures as well as collect and forward application documents for loan and account opening. They may also sell and service insurance as may be authorized by the Insurance Commission.

The proposed measure institutionalizes the new BSP guidelines while further enhancing the concept of banking through cash agents. It aims to provide various incentives to entities who will establish its business in the remote areas of the country such as waiver of government fees, free training for personnel, tax benefits, and other benefits. The local government units shall play a crucial role in assigning areas as "remote" and assess the same for necessity of banking presence.

The measure defines what cash agents are and provide the corresponding eligibility requirements. The measure aims to ensure that agents, as extensions of the banking system, can provide adequate financial service.

For the abovementioned reasons, the passage of this bill is earnestly sought.

  
**IMEE R. MARCOS**

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

23 JAN 19 P5 :30

SENATE  
S.B. No. 1710

RECEIVED BY: 

---

Introduced by **SENATOR IMEE R. MARCOS**

---

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

*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 "*Expanded Banking*  
2 *Services Act.*"

3  
4           **SEC. 2. Declaration of Policy.** – The State recognizes the vital role of banks in  
5 providing an environment conducive to the sustained development of the national  
6 economy. Towards this end, the State shall create an enabling regulatory environment  
7 for innovations and allow banks to exponentially expand reach through cash agents  
8 and serve a wider client base, particularly in the low-income and rural areas.

9  
10          **SEC. 3. Definition of Terms.** – As used in this Act:

- 11  
12          a)     *Cash Agent* refers to a third-party person with either a  
13             i.     retail outlet such as but not limited to convenience stores,  
14                    pharmacies and other highly accessible retail outlets contracted to  
15                    deliver bank services as provided in Section 7 of this Act, or  
16             ii.    an e-wallet operating system;
- 17  
18          b)     *Contracting Bank* refers to any bank requesting authority from the *Bangko*  
19             *Sentral ng Pilipinas* (BSP) to expand service delivery channels through  
20             cash agents;

1 c) *Electronic Wallet (e-wallet)* refers to a software or application which  
2 allows the user to store money for any future online transaction.

3  
4 d) *Remote area* refers to an area that either is a long distance from highly  
5 populated settlements or lacks transportation links that are typical in  
6 more populated areas duly identified by the concerned Local Government  
7 Unit (LGU) in coordination with the BSP;

8 d) *Person* refers to a natural or juridical person.  
9

10 The Monetary Board may, by regulation, further define or clarify terms used  
11 consistent with this Act.  
12

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

15 a) It is a duly registered business in the Philippines;

16 b) It has engaged in commercial activity for at least one (1) year;

17 c) It has conducted its commercial activities continuously in a place and area  
18 that is known to the public, or in the case of e-wallet providers, has established a  
19 principal headquarters known to the public;

20 d) It possesses sufficient capacity to properly operate electronic devices; and

21 e) It has the necessary infrastructure to undertake banking operations.  
22

23 **SEC. 5. Preliminary Screening.** – Upon submission of the eligibility requirements  
24 for a Cash Agent, the Contracting Bank shall conduct a preliminary screening of the  
25 documents ensuring that:  
26

27 a) The result of the preliminary screening shall be released within five (5)  
28 working days;

29 b) In case a Cash Agent fails the preliminary screening, the Contracting Bank  
30 shall return the documents and notify the Cash Agent of the grounds for failure. The  
31 Cash Agent may re-submit the documentary requirements within thirty (30) days from  
32 denial;and

33 c) In case a Cash Agent passes the preliminary screening, the Contracting Bank  
34 shall forward the application to the BSP:  
35

36 *Provided, That,* the Contracting Bank shall have an electronic banking solution  
37 to implement its cash agent operations and comply with the requirements of Part Seven

1 of the Manual of Regulations for Banks (MORB), on the Guidelines on Electronic Banking  
2 Services and Operations. The bank shall deploy to its cash agents a device through  
3 which its customers can perform secure online, real-time deposit and withdrawal  
4 transactions on their own bank account, fund transfers, bills payment, and self-service  
5 transactions: *Provided, further,* That the Board of Directors of the Contracting Bank  
6 shall adopt clearly-defined written policies, procedures, and controls for its Cash Agent  
7 operations, including Cash Agent selection, exercise of due diligence, and customer  
8 care arrangements.

9  
10 **SEC. 6. *Evaluation Process.*** – The BSP shall create an online evaluation process  
11 for a Cash Agent application while ensuring that:

12  
13 a) Cash Agent demonstrates good reputation and credit history, has no previous  
14 civil and criminal record, and has a deposit account with the Contracting Bank against  
15 which all bank transactions will be conducted;

16 b) The result of the application shall be released within seven (7) working days  
17 upon the application by the Contracting Bank;

18 c) In case an application shall be rejected, the applicant shall be given a  
19 Registered, written notification that indicates and explains the ground/s for rejection;

20 d) In case an application shall be approved, BSP shall issue an Authority to Utilize  
21 As Cash Agent to Contracting Bank valid for two (2) years. The Authority to Utilize As  
22 Cash Agent shall be displayed conspicuously in the Cash Agent's retail outlet.

23  
24 **SEC. 7. *Revocation of Authorization.*** – The BSP shall revoke the Authority Utilize  
25 as Cash Agent if a Cash Agent no longer meets the standards set to qualify for the  
26 requirements under this Act.

27  
28 **SEC. 8. *Bank Transactions and Services.*** – A duly-authorized Cash Agent may  
29 perform any or all of the following bank transactions/services:

30  
31 a) Accept and disburse cash on the bank's behalf in connection with the following  
32 self-service transactions of customers.

33  
34 i. Deposit and withdrawal transactions performed by the customer on one's bank  
35 account;

36 ii. Fund transfers performed by the customer;

37 iii. Bills payment; and

1           iv. Payments due to government institutions, such as contributions to the Social  
2 Security System and premiums payable to the Philippine Health Insurance Corporation,  
3 PAG-IBIG and others;

4  
5           b) Collect and forward applications for opening a savings account;

6  
7           c) Forward loan application documents to Contracting Bank;

8  
9           d) Perform Initial Customer Identity Verification:

10  
11           i. Conduct customer due diligence (CDD) investigations in opening low  
12 transactional and low risk accounts or accounts subject to deposit and  
13 transactional limits;

14           ii. Prevent anti-money laundering and countering financing of terrorism  
15 activities;

16  
17           e) Other transactions:

18           i. Payment (including loan repayments) using credit and debit cards, checks, and  
19 cash;

20           ii. Transfers between bank accounts including those to be remitted to other  
21 banks;

22           iii. Balance inquiries; and

23           iv. Check encashment.

24  
25           **SEC. 9. *Investment Incentives.*** – A Cash Agent that establishes operations in a  
26 remote area shall be entitled to the following incentives:

27           a) Free training of Cash Agent personnel on various bank processes conducted  
28 by the BSP;

29           b) Expedited processing of permits and certificates that are requisites to  
30 business registration and operation; and

31           c) Expedited processing of local government permits and other related  
32 documents.

33  
34           The Department of Trade and Industry (DTI) shall require the Securities and  
35 Exchange Commission (SEC) and the local government unit (LGU) involved to create  
36 mechanism for expedited processing from application to approval.

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

4  
5           The concerned LGU shall conduct training programs in the barangay on financial  
6 literacy and capacity-building to increase understanding of different financial services  
7 and products.

8  
9           **SEC. 11. *Subcontracting Agents.*** – A Cash Agent cannot subcontract its  
10 operations or business to third parties.

11  
12           **SEC. 12. *Agent Exclusivity.*** – BSP may permit temporary agent exclusivity for a  
13 period not exceeding two (2) years. Otherwise, the Cash Agent shall enter into an  
14 agreement with another Contracting Bank.

15  
16           **SEC. 13. *Fees.*** – A Cash Agent may set customer fees and charge customers  
17 directly: *Provided,* That the Contracting Bank and the BSP shall monitor such pricing  
18 for signs of exploitation or customer confusion.

19  
20           **SEC. 14. *Principal Liability for Agents.*** – The Contracting Bank is liable for all  
21 actions and omissions of the Cash Agent, provided such act is within the bounds of the  
22 agency. The Contracting Bank shall exercise due diligence to ensure its Cash Agents  
23 comply with applicable rules, regulations, and policies on anti-money laundering,  
24 consumer protection, bank secrecy and customer data confidentiality.

25  
26           **SEC. 15. *Prohibited Acts.*** – In addition to acts or omissions already penalized  
27 by existing laws, the following shall constitute as prohibited acts for any cash agent  
28 and are hereby declared to be unlawful:

29  
30           (a) Make any false entry in any bank report or statement or participate in any  
31 fraudulent transaction, thereby affecting the financial interest of, or causing damage  
32 to, the bank or any person;

33           (b) Without order of a court of competent jurisdiction, disclose to any  
34 unauthorized person any information relative to the funds or properties in the custody  
35 of the bank belonging to private individuals, corporations, or any other entity:

36           *Provided,* That with respect to bank deposits, the provisions of existing laws shall  
37 prevail;

1 (c) Accept gifts, fees or commissions or any other form of remuneration in  
2 connection with the approval of a loan or other credit accommodation from said bank;

3 (d) Conduct business in an unsafe or unsound manner, which resulted or may  
4 result in material loss or damage, or abnormal risk or danger to the safety, stability,  
5 liquidity or solvency of the institution.  
6

7 **SEC. 16. *Penalty Clause.*** – Whenever a cash agent violates any of the provisions  
8 of this Act, the person or persons responsible for such violation shall be punished by a  
9 fine of not less than Fifty Thousand Pesos (PhP 50,000) nor more than Two Hundred  
10 Thousand Pesos (PhP 200,000) or by imprisonment of not less than two (2) years nor  
11 more than ten (10) years, or both, at the discretion of the court.  
12

13 **SEC. 17. *Implementing Rules and Regulations.*** – Upon the effectivity of this  
14 Act, the implementing rules and regulations necessary shall be issued by the concerned  
15 departments and agencies within thirty (30) days upon the effectivity of this Act.  
16 Provided, That the failure of the concerned departments and agencies to promulgate  
17 the rules and regulations shall not prevent the implementation of this Act.  
18

19 **SEC. 18. *Separability Clause.*** – If, for any reason or reasons, any part or  
20 provision of this Act shall be declared as unconstitutional or invalid, the other parts or  
21 provisions hereof which are not affected thereby shall continue to be in full force and  
22 effect.  
23

24 **SEC. 19. *Repealing Clause.*** – All provisions of existing laws, orders, rules and  
25 regulations or parts thereof which are in conflict or inconsistent with the provisions of  
26 this Act are hereby repealed, amended or modified accordingly.  
27

28 **SEC. 20. *Effectivity.*** – This Act shall take effect immediately upon its publication  
29 in the Official Gazette or in a newspaper of general circulation in the Philippines.

*Approved,*