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:

SECTION 1. Short Title. — This Act shall be known as the "Bangko sa Baryo Act".

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

SEC. 3. Definition of Terms. — As used in this Act:

a) Cash Agent refers to any person with a retail outlet such as but not limited to convenience stores, pharmacies and other highly accessible retail outlets that deliver bank services provided in Section 7 of this Act;

b) Contracting Bank refers to any bank requesting authority from the Bangko Sentral ng Pilipinas (BSP) to expand service delivery channels through cash agents;

c) Remote area refers to an area that either is a long distance from highly populated settlements or lacks transportation links that are typical in more populated areas duly-identified by the concerned Local Government Unit (LGU) in coordination with the BSP;
d) **Person** refers to a natural or juridical person.

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

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

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

b) It has engaged in commercial activity for at least three (3) months;

c) It has conducted its commercial activities continuously in a place and area that is known to the public, and possesses sufficient capacity to properly operate electronic devices; and

d) It has the necessary infrastructure to undertake banking operations.

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

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

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

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

Provided, That, the Contracting Bank shall have an electronic banking solution to implement its cash agent operations and comply with the requirements of Part Seven of the Manual of Regulations for Banks (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 on their own bank account, fund transfers, bills payment, and self-service transactions: **Provided, further,** That the Board of Directors of the Contracting Bank shall adopt clearly-defined written policies, procedures, and controls for its Cash Agent operations, including Cash Agent selection, exercise of due diligence, and customer care arrangements.

**SEC. 6. Evaluation Process.** — The **BSP** shall create an online evaluation process for a Cash Agent application while ensuring that:
a) Cash Agent demonstrates good reputation and credit history, has no previous civil and criminal record, and has a deposit account with the Contracting Bank against which all bank transactions will be conducted;

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

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

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

SEC. 7. Revocation of Authorization. — The BSP shall revoke the Authority to Utilize As Cash Agent if a Cash Agent no longer meets the standards set to qualify for the requirements under this Act.

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

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

i. Deposit and withdrawal transactions performed by the customer on one’s bank account;

ii. Fund transfers performed by the customer;

iii. Bills payment; and

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

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

c) Forward loan application documents to Contracting Bank;

d) Perform Initial Customer Identity Verification:

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

ii. Prevent anti-money laundering and countering financing of terrorism activities;
e) Other transactions:

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

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

iii. Balance inquiries; and

iv. Check encashment.

SEC. 9. Investment Incentives. — A Cash Agent that establishes operations in a remote area shall be entitled to the following incentives:

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

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

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

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

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

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

SEC. 11. Subcontracting Agents. — A Cash Agent cannot subcontract its operations or business to third parties.

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

SEC. 13. Fees. — A Cash Agent may set customer fees and charge customers directly: Provided, That the Contracting Bank and the Department of Trade and Industry shall monitor such pricing for signs of exploitation or customer confusion.
SEC. 14. Principal Liability for Agents. — The Contracting Bank is liable for all actions and omissions of the Cash Agent, provided such act is within the bounds of the agency.

The Contracting 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.

SEC. 15. Implementing Rules and Regulations. — The BSP, in coordination with the Anti-Money Laundering Council, Insurance Commission, a representative from the Union of Local Authorities of the Philippines and the DTI shall promulgate, not later than thirty (30) days upon the effectivity of this Act, the necessary rules and regulations for its effective implementation.

SEC. 16. Separability Clause. — If any section or part of this Act is held unconstitutional or invalid, the other sections or provisions not otherwise affected shall remain in full force and effect.

SEC. 17. Repealing Clause. — All laws, decrees, executive orders, rules and regulations, issuances or any part thereof inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

SEC. 18. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,