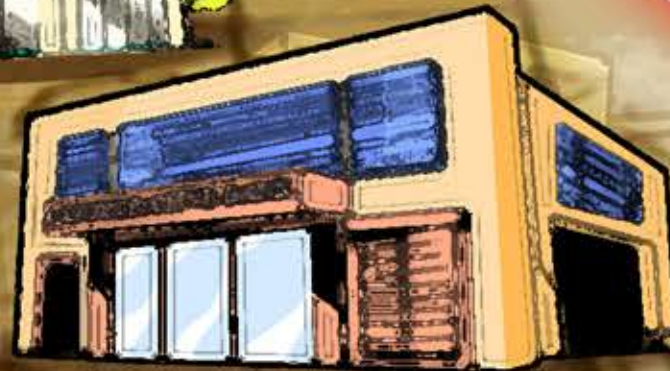
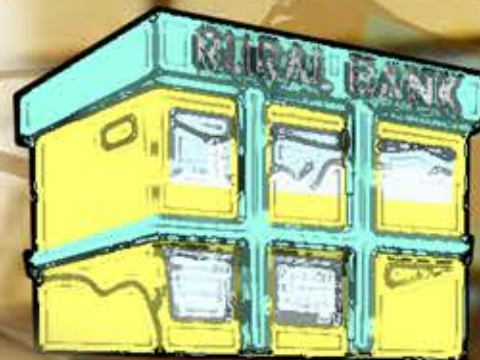


DAVID AND MILO'S BIG BANK BRAINTEASERS



Think of a word that isn't woodblock
It placed a sign to your family's life business
A word that also means possibly
How many words? Think of a word!



Economic and Financial Learning Center
Bangko Sentral ng Pilipinas
Mabini St. corner P. Ocampo St., Malate, Manila 1004, Philippines
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Fax No. (+632) 708-7274
e-mail: bspmail@bsp.gov.ph
URL: www.bsp.gov.ph



BANGKO SENTRAL NG PILIPINAS

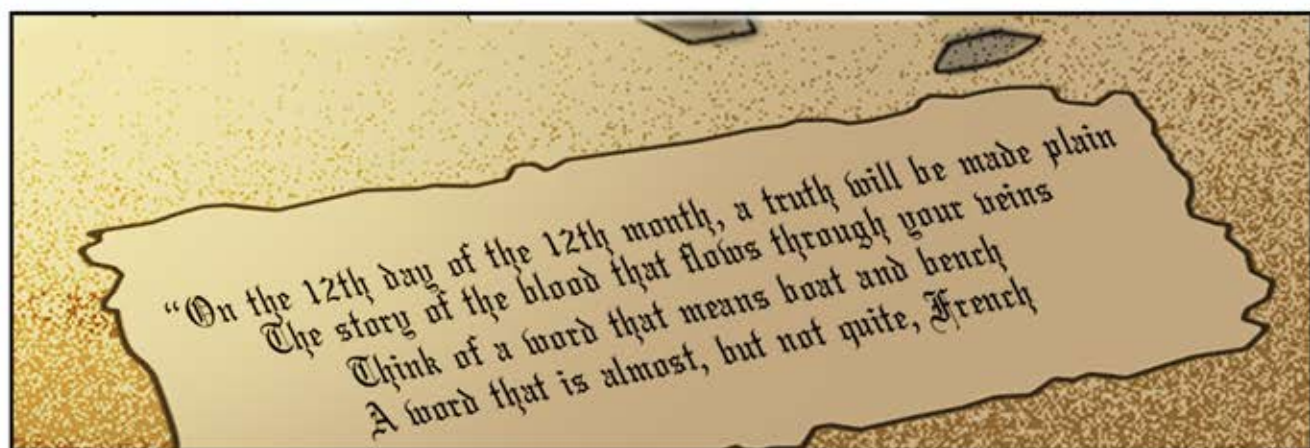
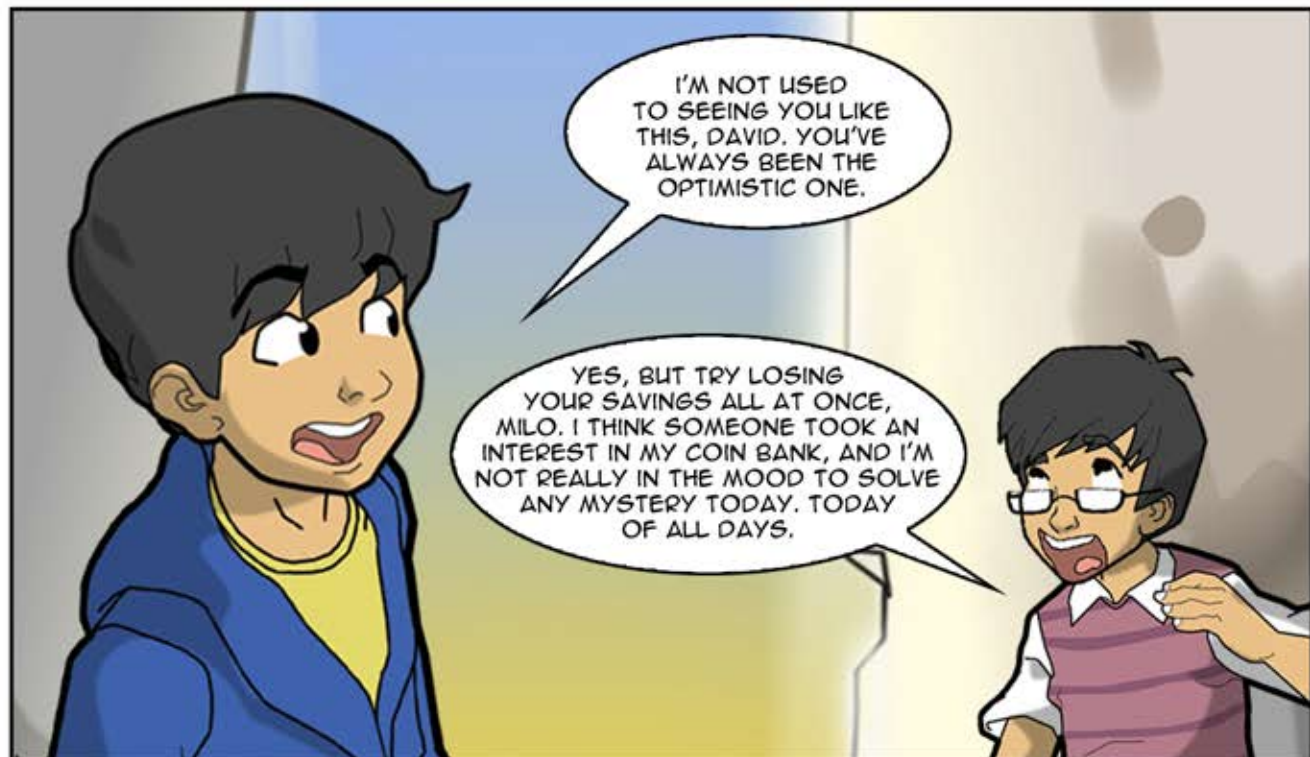
"THE DAY DOES NOT BEGIN WELL FOR DAVID REYES..."

HEY DAVID, HAVE YOU READ OUR FAVORITE AUTHOR'S LATEST BOOK? I HEARD THEY WERE GOING TO MAKE IT INTO A MOVIE, WHICH I THINK IS TOTALLY... HEY, WHAT'S WRONG?

WHY? WHAT HAPPENED?

THIS IS SUCH A TRAGEDY, MILO! I WAS SO EXCITED WHEN I WOKE UP THIS MORNING, AND NOW I FEEL LIKE A DEFLATED BALLOON!

MY COIN BANK IS EMPTY! A YEAR'S WORTH OF SAVINGS, GONE! A YEAR'S WORTH OF PLANS, WORTHLESS!





A RIDDLE!
I LOVE RIDDLES! AND
WHAT'S MORE, I KNOW
THE ANSWER TO
THIS ONE!

WHOA,
DAVID! I HAVEN'T
EVEN MADE IT PAST
THE FIRST LINE!

RELAX, MILO. I READ SOMETHING ABOUT THIS BEFORE. THE ANSWER
TO THIS RIDDLE IS BANK, WHICH ORIGINATED FROM THE ITALIAN WORD
BANCA OR BENCH. DO YOU KNOW THAT DURING THE MIDDLE AGES,
MONEY CHANGERS BROUGHT THEIR BENCHES TO THE MARKETPLACE
AND TRANSACTED THEIR BUSINESS ON THESE BENCHES?

AND ITALIAN
IS "ALMOST, BUT
NOT QUITE, FRENCH."
VERY CLEVER,
DAVID.

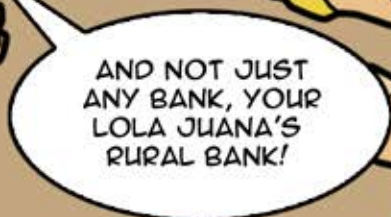
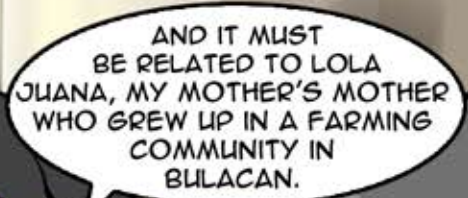
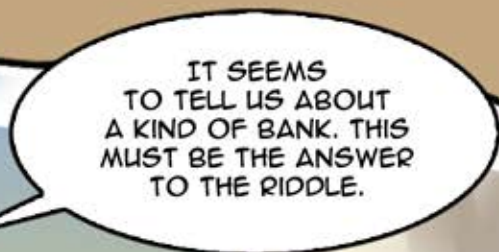
YES, THE FRENCH
WORD FOR BANK IS
BANQUE. **BANCA** IS,
OF COURSE, BOAT
IN FILIPINO.

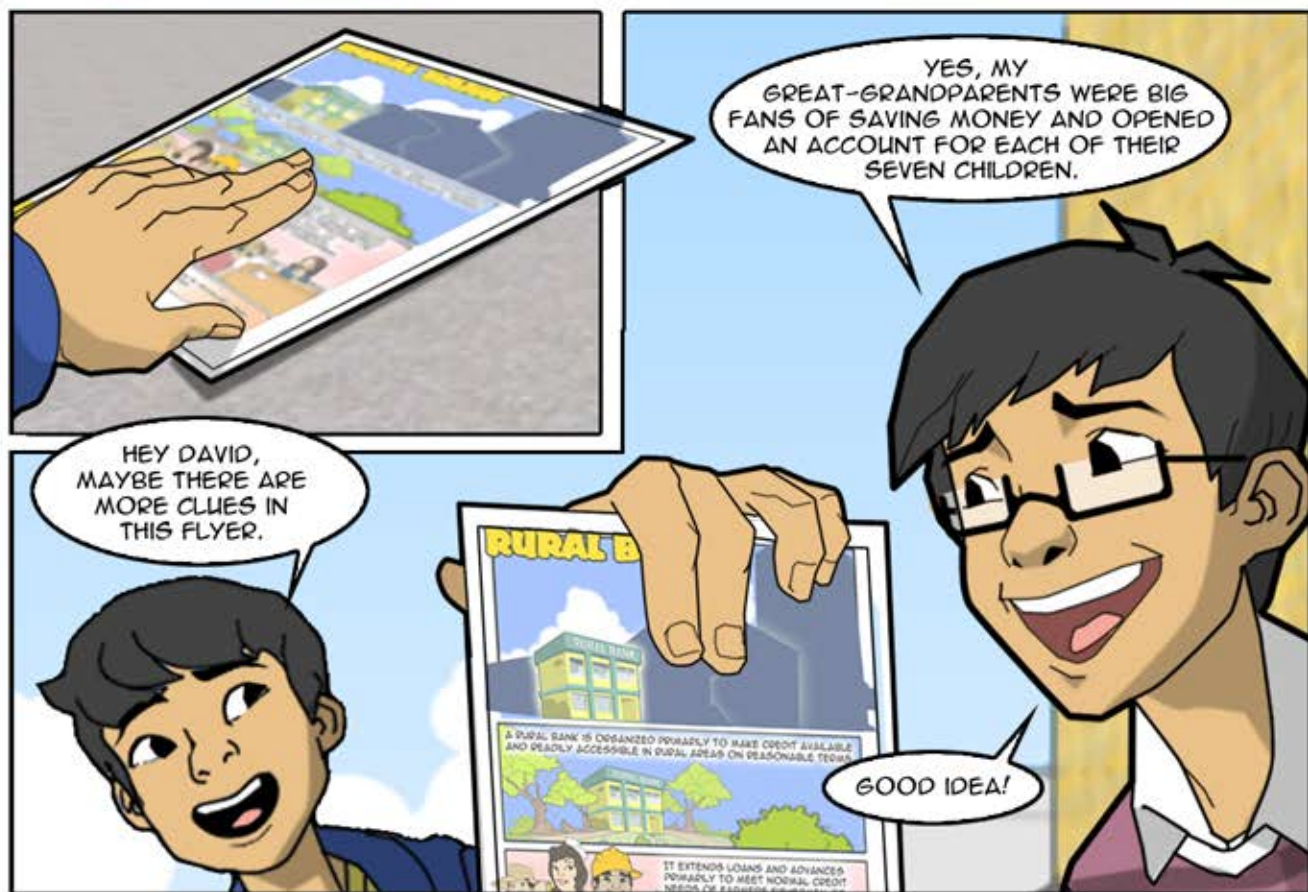
I STILL HAVE
TO THINK MORE ABOUT
THE FIRST TWO LINES,
THOUGH. THE WORD BLOOD
IN THE SECOND LINE
COULD REFER TO MY
FAMILY HISTORY.

AND THE 12TH DAY
OF THE 12TH MONTH?
THAT IS TODAY!



Take heed of the kind
to which this refers
Remember your mother's mother,
the daughter of farmers."





RURAL BANK



A RURAL BANK IS ORGANIZED PRIMARILY TO MAKE CREDIT AVAILABLE AND READILY ACCESSIBLE IN RURAL AREAS ON REASONABLE TERMS.



IT EXTENDS LOANS AND ADVANCES PRIMARILY TO MEET NORMAL CREDIT NEEDS OF FARMERS, FISHERMEN OR FARM FAMILIES, AS WELL AS COOPERATIVES, MERCHANTS, PRIVATE AND PUBLIC EMPLOYEES.

RURAL BANKS TEND TO RUN SIMPLER OPERATIONS THAN BIGGER BANKS.



THE MINIMUM CAPITALIZATION OF RURAL BANKS IS SMALLER THAN BIG BANKS AND DIFFER DEPENDING ON LOCATION.

- A BANK'S CAPITALIZATION REPRESENTS FUNDS CONTRIBUTED BY ITS OWNERS.
- MINIMUM CAPITALIZATION REFERS TO THE AMOUNT OF MONEY REQUIRED FOR A BANK TO BE ESTABLISHED.

COOPERATIVE BANK



A COOPERATIVE BANK PRIMARILY SERVICES THE FINANCIAL, BANKING AND CREDIT NEEDS OF COOPERATIVES AND THEIR MEMBERS.



HOWEVER, ITS AUTHORIZED SERVICES HAVE BEEN EXPANDED TO MEET THE NEEDS OF NON-MEMBERS AS WELL.




COOPERATIVE AND RURAL BANKS HAVE THE SAME CAPITALIZATION REQUIREMENTS.*






HELLO BOYS,
CAN I HELP YOU?




GOOD DAY,
SIR. I AM DAVID AND
THIS IS MY FRIEND,
MILO. WE WOULD LIKE TO
KNOW MORE ABOUT
RURAL BANKS.


AND I AM MR. JOSE HERNANDEZ, THE BANK
MANAGER. DOES YOUR SURNAME HAPPEN TO
BE REYES, DAVID? I HAVE A LOYAL CLIENT HERE WHO
TALKS ABOUT HER SMART GRANDSON ALL THE TIME.



LOLA JUANA!
YOU KNOW MY
LOLA JUANA!



YES, INDEED.
SHE IS A VERY GOOD
FRIEND OF MINE. SO WHAT
DO YOU WANT TO KNOW
ABOUT RURAL BANKS?

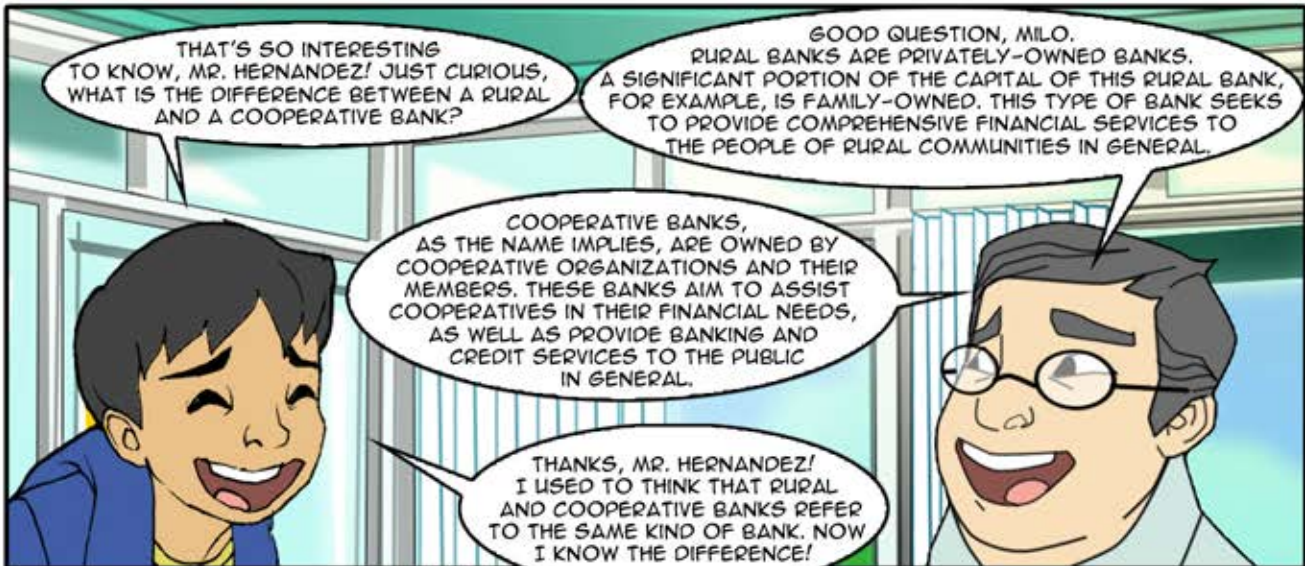


IT SAYS HERE IN
YOUR FLYER THAT RURAL
BANKS "TEND TO RUN
SMALLER OPERATIONS
THAN BIGGER BANKS."
WHY IS THIS SO?



THIS IS BECAUSE THE GOAL OF RURAL BANKS IS TO
PROVIDE SERVICES TO FOLKS IN THE COUNTRYSIDE.
ACTUALLY, COOPERATIVE BANKS HAVE THE SAME GOAL.

"FARMERS, FISHERMEN AND VENDORS NEED NOT BE INTIMIDATED BY
OUR OPERATIONS. YOUR LOLA ONCE TOLD ME THAT HER FATHER
USED TO VISIT THE BANK IN HIS DAILY WORK CLOTHES AND SLIPPERS."



THAT'S SO INTERESTING TO KNOW, MR. HERNANDEZ! JUST CURIOUS, WHAT IS THE DIFFERENCE BETWEEN A RURAL AND A COOPERATIVE BANK?

GOOD QUESTION, MILO. RURAL BANKS ARE PRIVATELY-OWNED BANKS. A SIGNIFICANT PORTION OF THE CAPITAL OF THIS RURAL BANK, FOR EXAMPLE, IS FAMILY-OWNED. THIS TYPE OF BANK SEEKS TO PROVIDE COMPREHENSIVE FINANCIAL SERVICES TO THE PEOPLE OF RURAL COMMUNITIES IN GENERAL.

COOPERATIVE BANKS, AS THE NAME IMPLIES, ARE OWNED BY COOPERATIVE ORGANIZATIONS AND THEIR MEMBERS. THESE BANKS AIM TO ASSIST COOPERATIVES IN THEIR FINANCIAL NEEDS, AS WELL AS PROVIDE BANKING AND CREDIT SERVICES TO THE PUBLIC IN GENERAL.

THANKS, MR. HERNANDEZ! I USED TO THINK THAT RURAL AND COOPERATIVE BANKS REFER TO THE SAME KIND OF BANK. NOW I KNOW THE DIFFERENCE!



MY PLEASURE, MILO. BOYS, I HAVE BEEN ASKED TO GIVE THIS TO YOU. I'M SORRY I CANNOT REVEAL MORE THAN THAT. GOOD LUCK ON YOUR QUEST!



IT'S ANOTHER RIDDLE, DAVID!

APPARENTLY, MR. HERNANDEZ IS PART OF OUR QUEST!

“Think of a word that isn't wastefulness
It played a part in your family's little business
A word that also means frugality
How many kinds? Think of a trinity!”

THIS IS EASY,
MILO! WE STUDIED
SIMILAR AND OPPOSITE
WORDS, A.K.A. SYNONYMS
AND ANTONYMS, IN
GRADE SCHOOL!

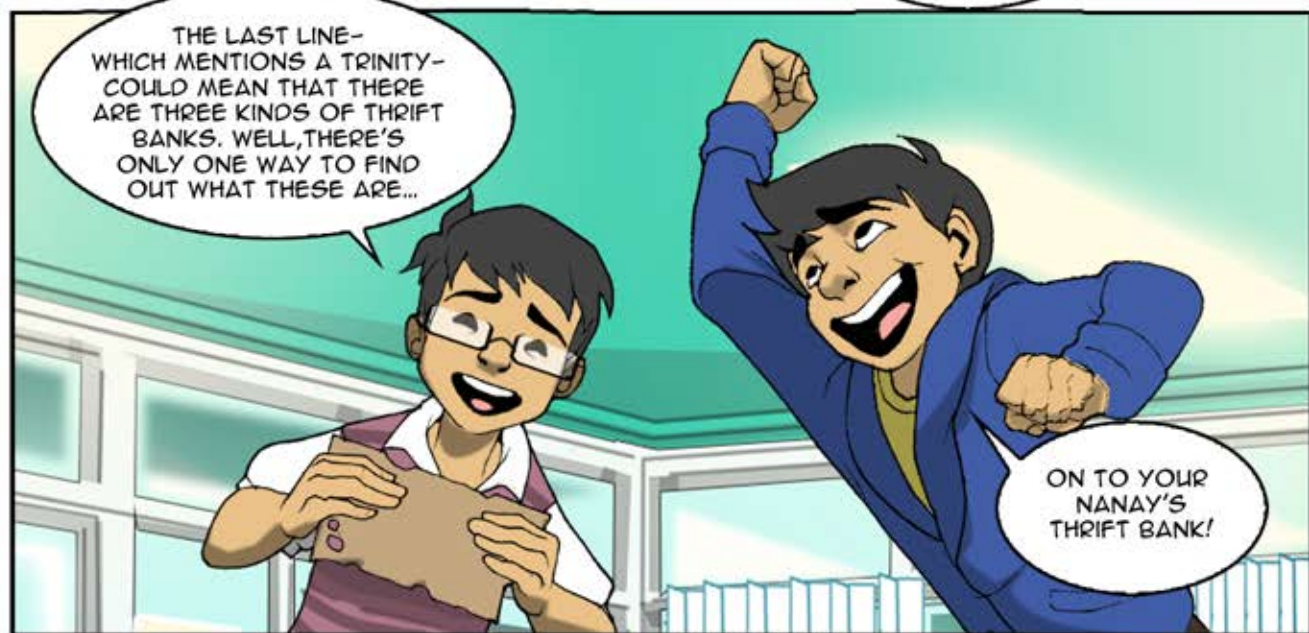
LET'S REMEMBER
THAT THE ANSWER
TO THIS RIDDLE SHOULD
BE A TYPE OF BANK.

HMMM...A
WORD THAT IS THE
OPPOSITE OF
WASTEFULNESS AND
SIMILAR TO
FRUGALITY...

THIS IS
QUITE CONFUSING,
MILO. THE ANSWER
CAN BE PRUDENCE,
MODERATION,
THRIFTINESS...OH
MY HEAD IS ACHING
WITH WORDS!

DON'T BE
DISCOURAGED, DAVID.
WAIT, THE SECOND LINE
HERE MAY REFER TO YOUR
MOTHER'S **BIBINGKA**
BUSINESS!





DO YOU REMEMBER THE DAY WE BECAME BEST FRIENDS, DAVID?

HOW COULD I FORGET, MILO? IT WAS THE DAY I COVERED UP FOR YOU WHEN YOU ATE MOST OF THE *BIBINGKA* OUR MOTHERS BAKED!

WE HAD BEEN CLASSMATES SINCE FIRST GRADE, BUT THAT DAY I KNEW WE WOULD BE FRIENDS FOR LIFE.

WHY NOT? OUR MOTHERS ARE BEST FRIENDS, TOO. BEST FRIENDS AND BUSINESS ASSOCIATES.

IT'S A GOOD THING YOUR NANAY THOUGHT OF GOING INTO THE RICE CAKE BUSINESS, DAVID. MY OWN NANAY'S EXTRA INCOME HAS HELPED OUR FAMILY A LOT.



"NANAY USED TO TELL ME THAT THINGS WERE NOT ALWAYS SO EASY FOR US. THAT'S WHY TATAY HAD TO GO ABROAD TO WORK. HOWEVER, IT TOOK TATAY SOME TIME TO REGULARLY SEND US MONEY. THAT WAS WHEN NANAY THOUGHT OF STARTING HER SMALL *BIBINGKA* BUSINESS WITH YOUR NANAY."

I THINK THAT WHOEVER SENT US ON THIS QUEST IS TRYING TO TEACH US A LESSON ABOUT THE KINDS OF BANKS WHILE REMINDING YOU THE STORY OF YOUR FAMILY.

I THINK YOU'RE RIGHT, MILO. A SPECIAL QUEST ON A SPECIAL DAY.

WHY, WHAT IS WITH THIS DAY, DAVID?

I'LL TELL YOU LATER, MILO. WE'RE HERE!

THRIFT BANK

AND I BET THE BANK MANAGER IS IN ON THIS, TOO. GOOD THING I KNOW HIM. HI, MR. JUANZON!

HELLO, DAVID! HOW ARE YOU? HOW'S YOUR MOTHER?

MY MOTHER IS FINE, SIR. HER **BIBINGKA** BUSINESS IS DOING GREAT. MAY I ASK YOU SOMETHING? WE'RE ON A SPECIAL QUEST AND ONE OF THE CLUES REFERS TO A THRIFT BANK. MAY I ASK WHAT A THRIFT BANK IS?

SURE, DAVID. HERE IS A BROCHURE. ASK ME IF SOMETHING IS NOT CLEAR TO YOU.

THRIFT BANK



THRIFT BANK IS A GENERAL TERM WHICH INCLUDES SAVINGS AND MORTGAGE BANKS, PRIVATE DEVELOPMENT BANKS, AND STOCK SAVINGS AND LOAN ASSOCIATIONS.



THRIFT BANKS ARE ESTABLISHED PRIMARILY TO MOBILIZE SMALL SAVINGS AND PROVIDE LOANS AT GENERALLY LONGER AND EASIER TERMS. THEY CATER TO SMALL AND MEDIUM ENTERPRISES.

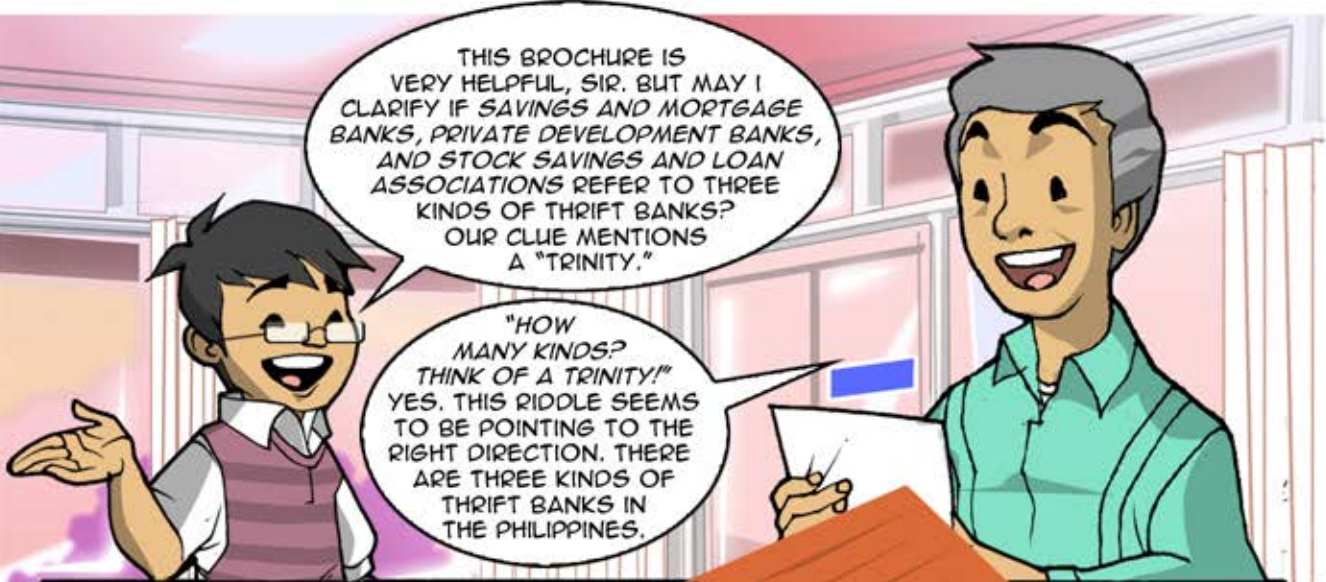


CONSUMER FINANCE IS A SPECIALIZATION OF THRIFT BANKS. THEY SERVICE THE NEEDS OF INDIVIDUALS OR HOUSEHOLDS BY PROVIDING AUTOMOBILE, HOME/REAL ESTATE, PERSONAL, AND SMALL BUSINESS LOANS.



THRIFT BANKS HAVE BIGGER CAPITALIZATION THAN RURAL BANKS.



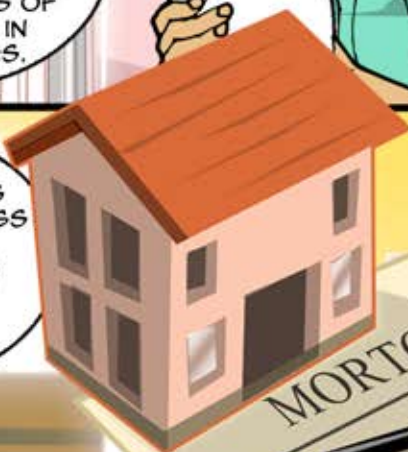


THIS BROCHURE IS VERY HELPFUL, SIR. BUT MAY I CLARIFY IF SAVINGS AND MORTGAGE BANKS, PRIVATE DEVELOPMENT BANKS, AND STOCK SAVINGS AND LOAN ASSOCIATIONS REFER TO THREE KINDS OF THRIFT BANKS? OUR CLUE MENTIONS A "TRINITY."

"HOW MANY KINDS? THINK OF A TRINITY!"
YES. THIS RIDDLE SEEMS TO BE POINTING TO THE RIGHT DIRECTION. THERE ARE THREE KINDS OF THRIFT BANKS IN THE PHILIPPINES.



SAVINGS AND MORTGAGE BANKS ACCUMULATE SAVINGS FROM SMALL DEPOSITORS AND INVEST THEM FOR SPECIFIED PURPOSES.



PRIVATE DEVELOPMENT BANKS MOSTLY CATER TO THE CAPITAL NEEDS AND DEMAND FOR INVESTMENT CREDIT OR MEDIUM-TO LONG-TERM LOANS TO PROMOTE THE GROWTH AND DEVELOPMENT OF INDUSTRY, AGRICULTURE AND SERVICES AT REASONABLE COSTS.



STOCK SAVINGS AND LOAN ASSOCIATIONS DO THE SAME, BUT SAVINGS COME PRIMARILY FROM A LIMITED GROUP OF STOCKHOLDERS OR MEMBERS.



NANAY MENTIONED
ONCE THAT THIS BANK IS
ALSO A "MICROFINANCE-ORIENTED"
BANK. IS THIS A SPECIAL
TYPE OF BANK?

WELL, YES.
SOME RURAL,
COOPERATIVE AND THRIFT
BANKS-LIKE THIS ONE-ARE
DESIGNATED AS
MICROFINANCE-ORIENTED
BANKS BY THE BANGKO
SENTRAL NG
PILIPINAS.

THAT'S WHY
YOUR MOTHER
WAS ABLE TO APPLY
FOR A MICROFINANCE
LOAN HERE!

CORRECT, MILO. A MICROFINANCE-ORIENTED
BANK LENDS A SMALL BUSINESS OWNER THE MONEY
HE/SHE NEEDS TO SET UP HIS/HER OWN BUSINESS.
MICROFINANCE, BY THE WAY, MEANS THE PROVISION
NOT ONLY OF LOANS, BUT ALSO OF A BROADER RANGE
OF FINANCIAL SERVICES SUCH AS DEPOSITS, PAYMENT
SERVICES, MONEY TRANSFERS AND INSURANCE
PRODUCTS TO LOW-INCOME HOUSEHOLDS
AND THEIR MICROENTERPRISES.

ALING MAE'S
SARI-SARI
STORE

FOOD
STATION

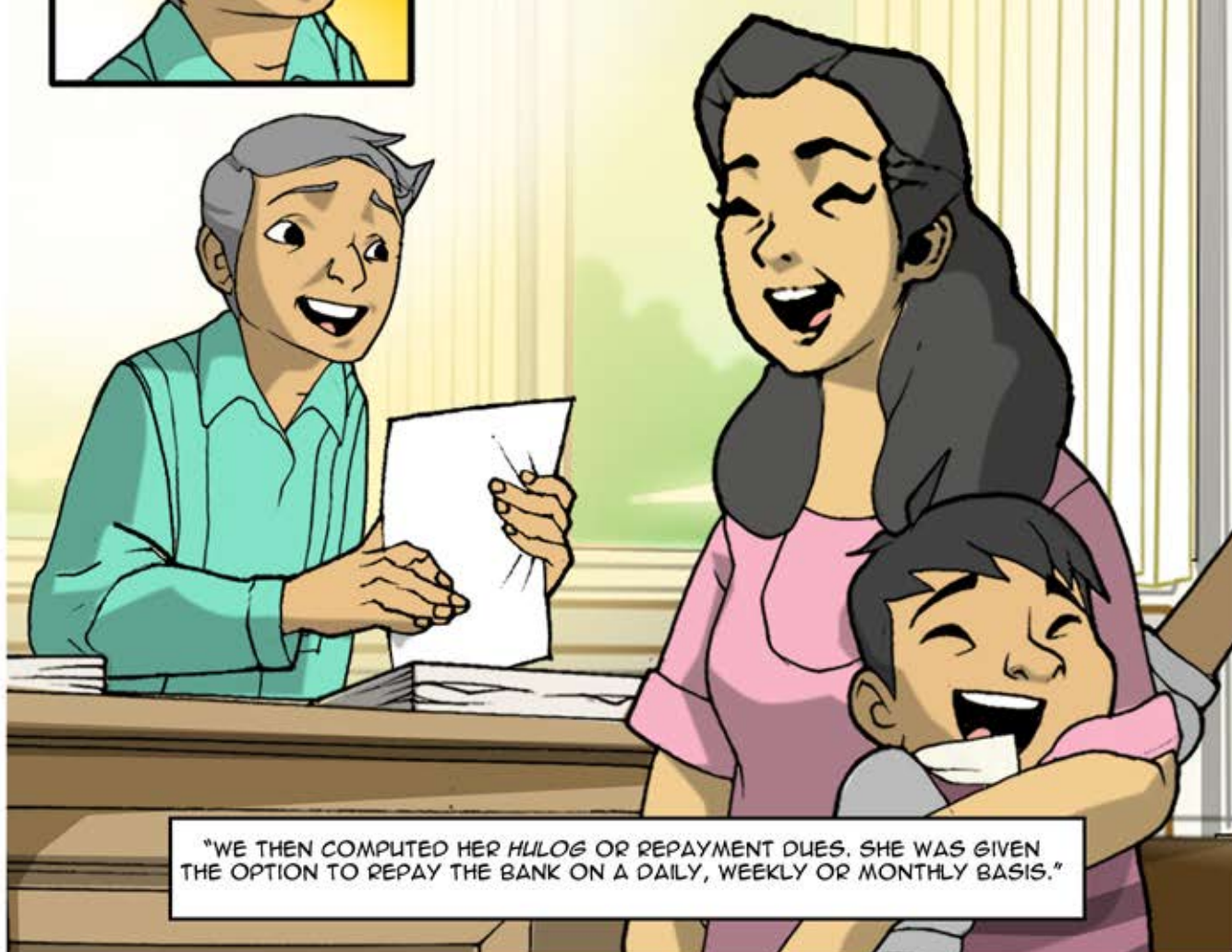
REYES
BIBINGKA

MICROENTERPRISES, WHICH CAN COME IN DIFFERENT FORMS, REFER TO
BUSINESSES THAT REQUIRE ONLY A SMALL AMOUNT OF CAPITAL.

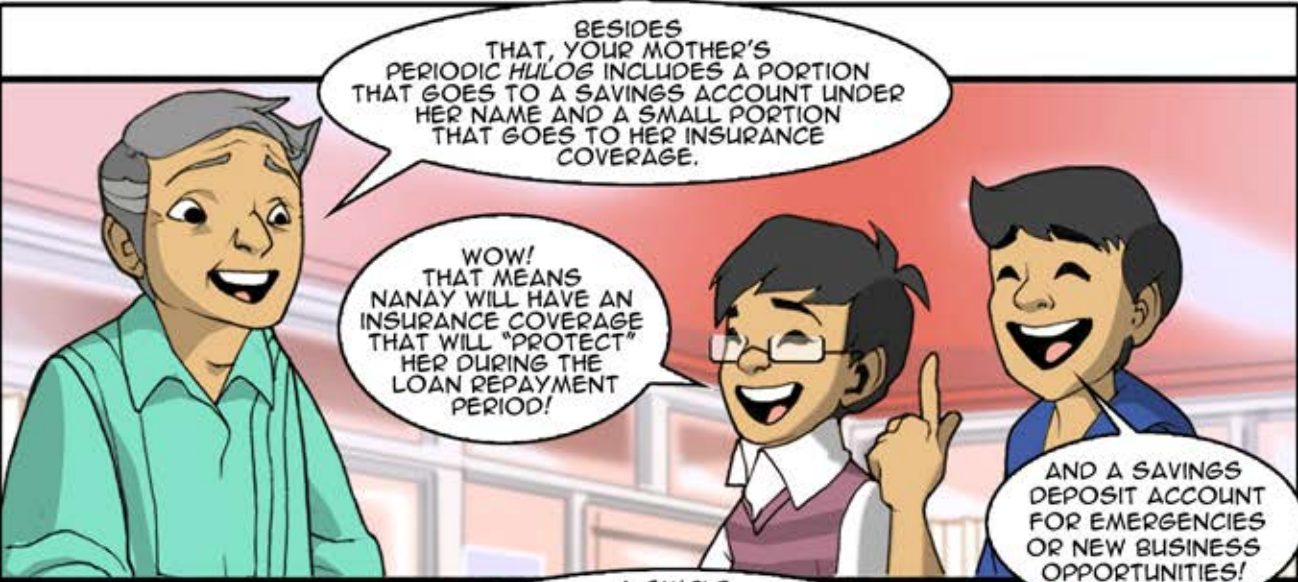
"MICROFINANCE PROVIDES SMALL LOANS AT AFFORDABLE COSTS AS OPPOSED TO THE UNREASONABLE "5-6" LENDING RATES CHARGED BY INFORMAL LENDERS."



IN MRS. REYES' CASE, SHE WAS ABLE TO AVAIL OF A ₱10,000 LOAN FROM US.




"WE THEN COMPUTED HER *HULOG* OR REPAYMENT DUES. SHE WAS GIVEN THE OPTION TO REPAY THE BANK ON A DAILY, WEEKLY OR MONTHLY BASIS."




BESIDES
THAT, YOUR MOTHER'S
PERIODIC HULOG INCLUDES A PORTION
THAT GOES TO A SAVINGS ACCOUNT UNDER
HER NAME AND A SMALL PORTION
THAT GOES TO HER INSURANCE
COVERAGE.

WOW!
THAT MEANS
NANAY WILL HAVE AN
INSURANCE COVERAGE
THAT WILL "PROTECT"
HER DURING THE
LOAN REPAYMENT
PERIOD!

AND A SAVINGS
DEPOSIT ACCOUNT
FOR EMERGENCIES
OR NEW BUSINESS
OPPORTUNITIES!



A SIMPLE
YET ALL-IMPORTANT
REMINDER, BOYS--A LOAN IS A LOAN
AND IT MUST BE PAID. IT IS NEITHER
A DOLE-OUT NOR A GOVERNMENT-BACKED
LOAN. IT IS A BUSINESS LOAN, NOT
A PERSONAL LOAN...



AND IT
MUST BE USED
FOR BUSINESS, NOT
CONSUMPTION. WE
UNDERSTAND, MR.
JUANZON.



I'M SURE THAT
BY NOW YOU KNOW
WHAT I'M GOING TO
GIVE YOU. GOOD
LUCK ON THE REST
OF YOUR
ADVENTURE,
GUYS!

"The biggest of all is your last destination
The kind that is seen in every street and station
The one which your mother visits monthly
A surprise awaits you in the end, hurry!"

OBVIOUSLY,
THE FIRST TWO
LINES OF THE RIDDLE
REFER TO THE
BIGGEST
TYPE OF BANK.

AND THE
THIRD LINE
HERE
CLEARLY REFERS
TO THE BANK WHERE
YOUR MOTHER GOES
TO EVERY MONTH—
PROBABLY TO GET
YOUR TATAY'S
REMITTANCES.

THIS
RIDDLE
COULD
ONLY REFER TO A
COMMERCIAL OR
UNIVERSAL
BANK!

COME ON, MILO!

I KNOW
ONE EMPLOYEE
OF THIS BANK, MS. OPAL
ESMERALDA. SHE ALWAYS
ASSISTS NANAY WITH
TATAY'S REMITTANCES
EVERY MONTH.

UNIVERSAL BANK

HEY DAVID, LOOK
AT THIS POSTER...



COMMERCIAL BANK



THE MINIMUM CAPITALIZATION OF COMMERCIAL BANKS IS BIGGER THAN THRIFT BANKS.



SOME TRADITIONAL COMMERCIAL BANKING ACTIVITIES:



ACCEPTING OR CREATING DEMAND DEPOSITS OR CHECKING/CURRENT ACCOUNTS

RECEIVING OTHER TYPES OF DEPOSITS SUCH AS SAVINGS DEPOSITS AND TIME CERTIFICATES OF DEPOSIT

BUYING AND SELLING FOREIGN EXCHANGE AND GOLD OR SILVER BULLION

EXTENDING CREDIT OR LOANS

COMMERCIAL BANKS MAY ALSO:

ACT AS CUSTODIANS

ACT AS FINANCIAL ADVISERS

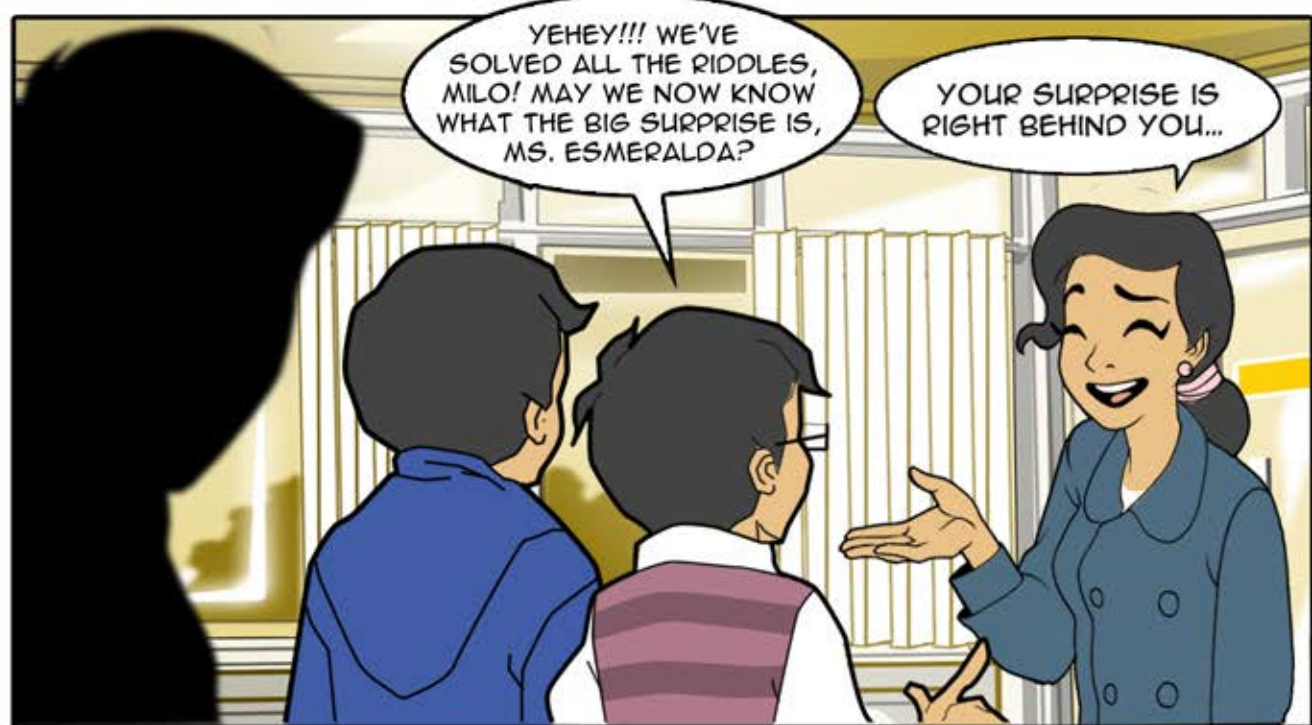
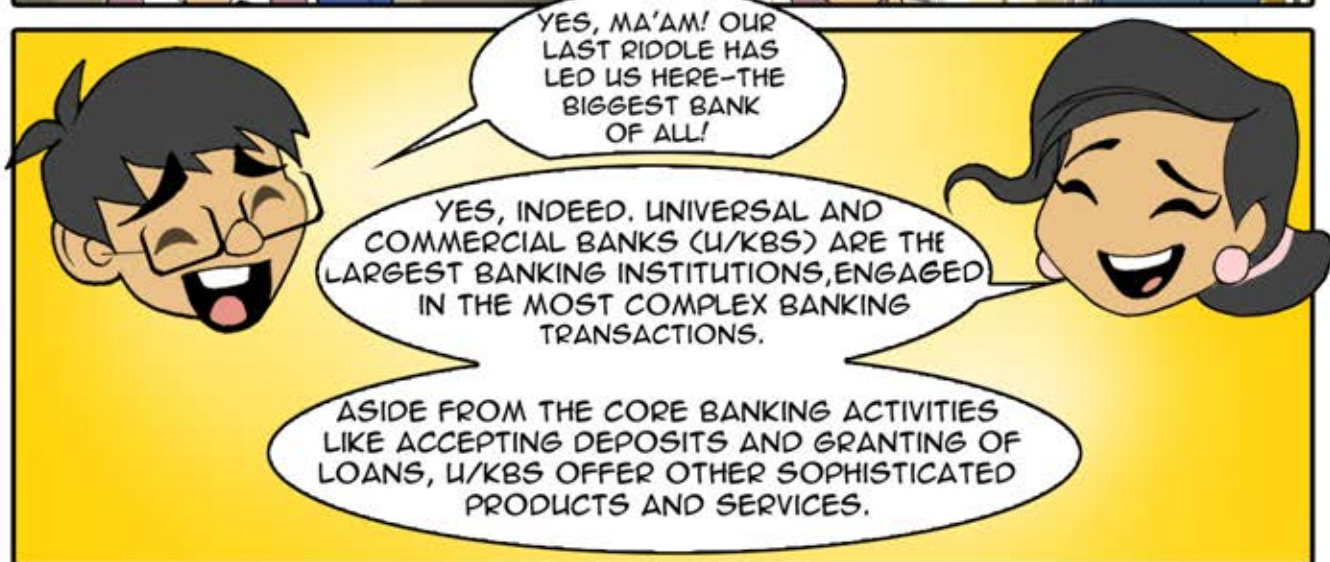
RENT OUT DEPOSIT BOXES



- The Universal Bank (UB), being the biggest type of bank in terms of capitalization, can offer the widest variety of services.



- The UB can engage not only in traditional banking services. The UB can also engage in the functions of an investment house such as *underwriting*—the process by which investment bankers raise investment capital from investors on behalf of corporations and governments through the latter's issuance of debt or equity instruments (e.g., treasury bills, shares of stock).
- UBs can also invest in equities of *non-allied* (or not related to traditional banking and finance services) undertakings. For example, a UB can buy shares of stock and become “co-owner” of a real estate company. However, while this type of bank can invest in such “non-allied undertakings,” a UB cannot actually run or operate them.





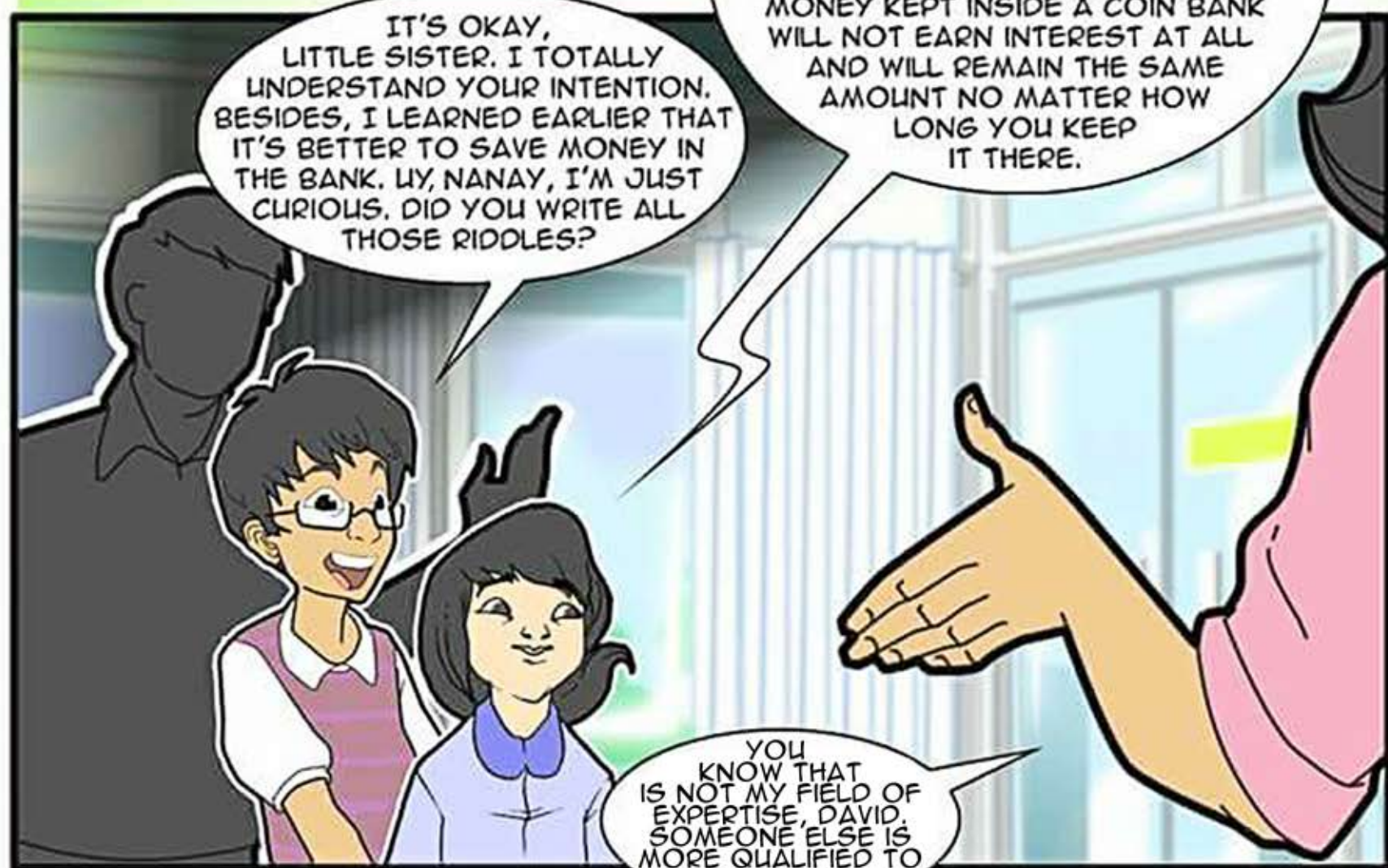
HAPPY BIRTHDAY!!!

THE 12TH DAY
OF THE 12TH MONTH,
DECEMBER 12...DAVID'S
BIRTHDAY! HOW COULD
I FORGET?!



NICE SURPRISE,
NANAY AND JENNY!
YOU KNOW HOW MUCH I
LOVE ADVENTURES AND
BRAINTEASERS!

I'M
SORRY, KUYA DAVID.
NANAY AND I SECRETLY OPENED
A BANK ACCOUNT FOR YOU USING
YOUR COIN BANK SAVINGS. YOUR
MONEY WILL EARN INTEREST IN THE
BANK WHICH WILL BE ADDED TO THE
AMOUNT WE ORIGINALLY DEPOSITED.
MONEY KEPT INSIDE A COIN BANK
WILL NOT EARN INTEREST AT ALL
AND WILL REMAIN THE SAME
AMOUNT NO MATTER HOW
LONG YOU KEEP
IT THERE.



IT'S OKAY,
LITTLE SISTER. I TOTALLY
UNDERSTAND YOUR INTENTION.
BESIDES, I LEARNED EARLIER THAT
IT'S BETTER TO SAVE MONEY IN
THE BANK. UY, NANAY, I'M JUST
CURIOUS. DID YOU WRITE ALL
THOSE RIDDLES?

YOU
KNOW THAT
IS NOT MY FIELD OF
EXPERTISE, DAVID.
SOMEONE ELSE IS
MORE QUALIFIED TO
DO THAT...

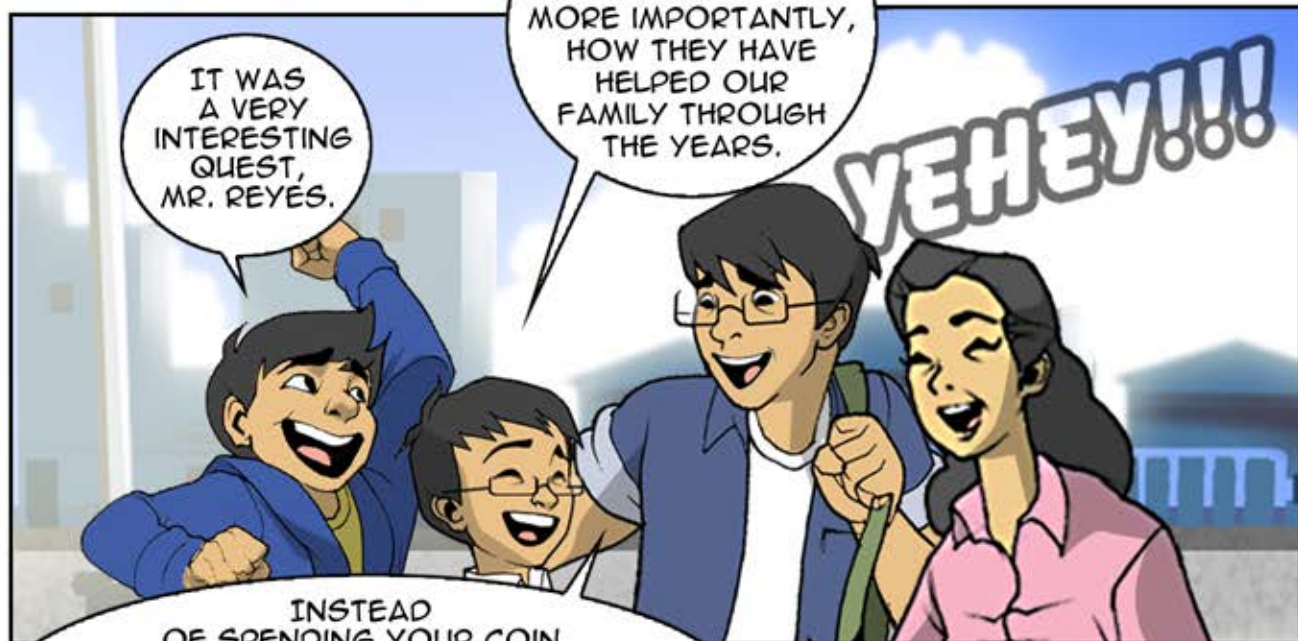


I KNEW IT! I KNEW IT!
I KNEW IT WAS YOU,
TATAY!



HAPPY
BIRTHDAY,
SON!

SO DID YOU
TWO HAVE A GREAT
TIME WITH YOUR
BIG QUEST?

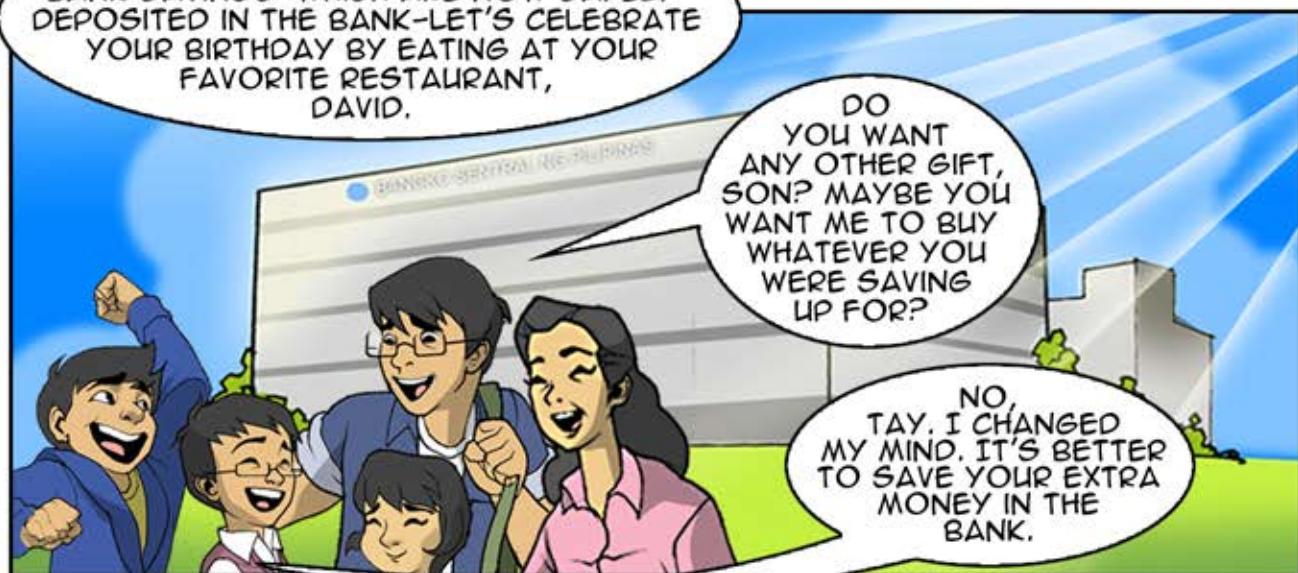


IT WAS
A VERY
INTERESTING
QUEST,
MR. REYES.

YES,
TATAY! WE
LEARNED A LOT
ABOUT BANKS AND
MORE IMPORTANTLY,
HOW THEY HAVE
HELPED OUR
FAMILY THROUGH
THE YEARS.

YEHEY!!!

INSTEAD
OF SPENDING YOUR COIN
BANK SAVINGS—WHICH ARE NOW SAFELY
DEPOSITED IN THE BANK—LET'S CELEBRATE
YOUR BIRTHDAY BY EATING AT YOUR
FAVORITE RESTAURANT,
DAVID.




DO
YOU WANT
ANY OTHER GIFT,
SON? MAYBE YOU
WANT ME TO BUY
WHATEVER YOU
WERE SAVING
UP FOR?

NO,
TAY, I CHANGED
MY MIND. IT'S BETTER
TO SAVE YOUR EXTRA
MONEY IN THE
BANK.



ACCORDING TO THE BANGKO
SENTRAL NG PILIPINAS...

- ✓ **DEPOSITS EARN INTERESTS.**
- ✓ **OUR MONEY IS SAFER IN BANKS.**
- ✓ **DEPOSITORS ESTABLISH A FAVORABLE CREDIT RATING WITH THE BANK. A HIGH CREDIT RATING MEANS THAT THE BANK SEES DEPOSITORS AS POTENTIALLY "GOOD BORROWERS" WITH A HIGH PROBABILITY OF PAYING FOR THEIR LOANS AND DEBTS.**
- ✓ **OUR SAVINGS AS DEPOSITORS WORK FOR OTHERS, TOO.**
- ✓ **AS SAVERS, WE ALSO HELP OUR ECONOMY GROW.**



AND YOU
KNOW WHY I DON'T
NEED ANOTHER GIFT
FROM YOU, TAY?



BECAUSE
HAVING YOU
HOME IS THE BEST
GIFT EVER.

THE END