



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. _____
Series of 2021

**Subject: Proposed Amendments to the Rules and Regulations
on Bank Advertisements**

The Monetary Board, in its Resolution No. _____ dated _____, approved the amendments to the rules and regulations governing bank advertisements. This sets forth the prudential requirements for dual marketing of universal and commercial banks as digital banks.

Section 1. Section 102 on *Basic Guidelines in Establishing Banks (Bank advertisements)* of the Manual of Regulations for Banks (MORB) is hereby amended to read, as follows:

Section 102 BASIC GUIDELINES IN ESTABLISHING BANKS

A new banking organization must have suitable/fit shareholders, including the ultimate beneficial owners (UBOs)³; adequate financial strength, a legal structure in line with its operational structure, a board of directors and senior management with sufficient expertise and integrity to operate the bank in a safe and sound manner.

X X X

***Business name*³.**

X X X

Bank advertisements. The following rules and regulations shall govern bank advertisements.

- a. No bank shall publish, issue or distribute in any form, any advertisement that shall degrade, deprecate or otherwise prejudice other banking and financial institutions.

X X X

- e. Banks shall inform their depositors and other clients by advertisement or publication of the termination of benefits previously advertised or publicized.

³ For purposes of this Section, a UBO shall refer to beneficial owner as defined under Item "m" of Sec. 904.

- f. No bank advertisement shall mislead, misrepresent, or give a false impression to the public with respect to the banking category of a bank and the products and/or services that the bank is authorized to offer.

Nonetheless, universal and commercial banks (U/KBs) may market themselves as digital banks, subject to compliance with the following conditions:

- (1) The U/KB has no physical branches/sub-branch or branch-lite unit offering financial products and services.
- (2) The U/KB has at least one significant activity that is fully digital or processed end-to-end through a digital platform and /or electronic channels. For this purpose, a significant activity shall refer to a line of business where there is concentration of resources in or source/s of funding from.
- (3) At least one member of the board of directors (or its equivalent in the case of foreign bank branches) and one senior management officer of the U/KB should have a minimum of three (3) years of experience and technical knowledge in operating a business in the field of technology or e-commerce.
- (4) The U/KB has an advanced electronic payment and financial services (EPFS) license for the identified fully digital significant activity/ies; and
- (5) The U/KB has an information technology (IT) composite rating of at least "3" and with no major supervisory issues raised by the Bangko Sentral on the identified fully digital significant activity/ies.

The U/KB concerned, upon determination of its compliance with the foregoing criteria, must notify its supervising department of the Bangko Sentral before marketing itself as digital bank.

Moreover, they shall be required to make appropriate representation indicating in their marketing platforms, including websites or mobile applications that **"The [Name of the Bank] is licensed as a [category] bank of the Bangko Sentral"**.

U/KBs which do not meet the criteria above, as well as thrift, rural and cooperative banks that have online

banking site or mobile applications, are prohibited from using "digital banks" in their marketing channels.

- g. ~~f.~~ Banks shall discontinue any advertisement whenever the same is deemed unethical/unwarranted or violative of the provisions of these regulations. The client banks and/or their advertising agencies shall incorporate in their contract/agreement for time and space with media the condition that such contract/agreement for time and space can be cancelled/terminated immediately whenever the client bank is directed by the Bangko Sentral to desist or discontinue a particular advertisement in question.
- h. ~~g.~~ Responsibility for compliance with the above rules and regulations rests with the bank officers and/or directors who caused the approval or placement of such advertisement.

Section 2. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

BENJAMIN E. DIOKNO
Governor

_____ 2021