



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. _____
Series of 2021

Subject: Prudential Requirements Applicable to Digital Banks

The Monetary Board, in its Resolution No. ____ dated _____, approved the amendments to the relevant provisions of the Manual of Regulations for Banks (MORB) and Circular No. 1105, to prescribe and clarify applicability of certain prudential requirements to digital banks.

Section 1. Section 102 of the MORB on *Basic Guidelines in Establishing Banks (Establishment of digital banks)*, as amended by Circular No. 1105, is hereby amended to read, as follows:

Section 102 BASIC GUIDELINES IN ESTABLISHING BANKS

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

x x x

Establishment of digital banks.

Policy Statement. x x x

The following guidelines shall govern the establishment of digital banks:

- a. ***Definition.*** A digital bank offers financial products and services that are processed end-to-end through a digital platform and/or electronic channels with no physical branch/sub-branch or branch-lite unit offering financial products and services.

In this respect, new bank applications for a thrift, rural or cooperative banking license with business model that essentially meets the definition of a digital bank shall be processed and evaluated as digital banking license applications. The same treatment shall apply in cases of acquisition of shares of thrift, rural

and cooperative banks with the end-goal of transforming the bank to offer financial products and services through digital platforms.

- b. **Capitalization.** The minimum capitalization of digital banks shall be P1.0 billion. For this purpose, the term "capital" shall refer to the definition provided under Sec. 121. Digital banks shall comply with the minimum capitalization at all times.
- c. **Conduct of business.** Similar with other types of banks, a ~~A~~ digital bank shall be subject to ~~the~~ all prudential requirements set out by the Bangko Sentral including but not limited to corporate governance, ~~and~~ risk management, particularly on information technology and cyber security, outsourcing, consumer protection and anti-money laundering (AML) and combating the financing of terrorism (CFT), as provided under existing regulations. The following requirements shall likewise apply to digital banks:

- (1) *Corporate governance.* For purposes of compliance with the corporate governance standards as prescribed under Chapter D of Part One on *Corporate Governance* including the relevant appendices, a digital bank shall be classified as a complex bank. Nonetheless, a digital bank may apply for a reclassification as simple or non-complex bank for purposes of availing the reduced minimum requirement on the constitution of board committees.

Digital banks that are part of a conglomerate shall also constitute a Related Party Transactions Committee. Such requirement, however, shall not apply to digital banks that are subsidiaries of universal and commercial banks (UBs/KBs).

Digital banks shall have at least one member of the board of directors and one senior management officer with a minimum of three-year experience and technical knowledge in operating a business in the field of technology or e-commerce.

The directors and President/Chief Executive Officer (CEO) of digital banks shall be subject

to confirmation by the Monetary Board. The chief operating officer, treasurer, heads of internal audit, risk management and compliance functions, and chief technology officer of a digital bank shall be subject to confirmation by the Financial Supervision Sector (FSS) Committee. Similarly, other officers with rank of senior vice president and above (or equivalent ranks) of a digital bank will be subject to confirmation by the FSS Committee. The remaining guidelines and requirements as provided under Sec. 137, including the relevant appendices shall be applicable to digital banks.

- (2) *Risk management function.* A digital bank shall create a separate risk management function and appoint a CRO to head such function following the requirements set forth in Sec. 142 (*Risk management function*) and (*Chief Risk Officer*), respectively. The risk management function shall oversee the risk-taking activities of the digital bank with emphasis on the identification, assessment, monitoring and control of operational, information technology and cybersecurity, and money laundering risks, among others.
- (3) *Operational risk management.* Digital banks shall create a separate operational risk management function or assign personnel under the risk management unit which shall perform the roles and functions set forth in Sec. 146. Digital banks are also expected to adopt more sophisticated tools in identifying and assessing their operational risk exposures. Digital banks shall be allowed to embed information technology (IT) risk management function in its operational risk management or establish a separate IT risk management function to focus on assessing and monitoring cybersecurity and other IT-related risks.
- (4) *Information technology risk management.* For purposes of compliance with the IT risk management framework under Sec. 148 including

the relevant appendices, a digital bank shall be classified with "Complex" IT profile.

- (5) *Qualifications of the head of the internal audit head function.* In addition to the qualifications of the head of the internal audit function of a UB or a KB pursuant to Sec. 163, the head of the internal audit function of a digital bank must also be a Certified Information Systems Auditor (CISA).
- (6) *Anti-money laundering (AML) risk management.* Digital banks shall adopt an electronic AML system capable of monitoring risks associated with money laundering/terrorist financing as well as generating timely reports for the guidance and information of its board of directors and senior management, in addition to the functionalities mentioned in Sec. 922 (*Electronic monitoring systems for AML/CFT*).
- (7) *Capital, Leverage and Liquidity Requirements.* The guidelines under Secs. 125, 130, 129 and 145 and relevant appendices on risk-based capital adequacy framework, internal capital adequacy assessment and supervisory processes, leverage ratio framework and liquidity standards, respectively, applicable to UBs/KBs and their subsidiary banks and quasi-banks, shall likewise apply to digital banks.
- (8) *Prudential reporting requirements.* Digital banks shall comply with the prudential reporting requirements applicable to UBs/KBs as set forth in *Appendix 7*, except for the Report on Project Finance Exposures, List of Bank Personnel Performing Underwriting Functions, Notice of Intended Closure of Banks, and Report of Selected Branch Accounts.

d. *Physical touchpoints.* x x x

x x x

Transitory provision. Existing banks may apply for conversion to a digital bank. The Bangko Sentral may likewise require banks that already meet the definition of a digital bank under this Section to convert their existing banking license to digital banking license. x x x

Existing banks converting to digital banks shall be given a period of three (3) years from approval of the Monetary Board within which to meet the minimum capital requirement and implement the transition plan, including divestment or closure of branches or branch lite units. ~~In the case of an existing bank with up to sixty percent (60%) of its voting stock held by a foreign individual or non-bank corporation, such stockholding may be retained or reduced, but once reduced, shall not be increased thereafter beyond forty percent (40%) of the voting stock.~~

Upon receipt of notice of approval of conversion, the bank shall no longer engage nor renew transactions under authorities not associated with those allowed for a digital bank. Within six (6) months from date of receipt of notice of approval of its application for conversion, the bank shall (1) phase-out all inherent powers and activities under special authorities not normally associated to a digital bank; and (2) submit the pertinent amended Articles of Incorporation and By-Laws duly registered with the Securities and Exchange Commission (SEC).

Meanwhile, interested parties acquiring shares of or investing in an existing bank with the intent of converting the latter to a digital bank shall infuse the full amount equivalent to its commitment with the converting bank but not exceeding the forty percent (40%) stockholding limit for a digital bank. Upon approval of the Monetary Board of such conversion and acquisition of bank shares, the infusion of full amount of equity share of the acquiring party shall be made within the prescribed timeline under Stage II of the application process as provided in Appendix 33.

The bank shall start operation as a digital bank after approval by the SEC of the bank's amended Articles of Incorporation and By-Laws, compliance with all the conditions of approval of the conversion, and issuance by the Bangko Sentral of a Certificate of Authority to Operate.

x x x

Establishment of microfinance-oriented banks. x x x

x x x

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

- a. x x x
- b. x x x
- c. x x x

d. x x

e. x x x

f. No bank advertisement shall mislead, misrepresent, give a false impression to the public, or withhold information that a reasonable consumer needs to know with respect to the banking category of a bank and the products and/or services that the bank is authorized to offer. In this regard, only a bank that is granted a digital bank license shall market itself as a digital bank. A bank belonging to other bank categories is prohibited from representing itself as a digital bank in its marketing communications and platforms, including digital media, websites, or mobile applications, among others. Nonetheless, any bank may market itself as a bank offering "digital banking products or services" or other equivalent terms.

g. ~~f.~~ Banks shall discontinue any advertisement whenever the same is deemed unethical/unwarranted or violative of the provisions of these regulations. x x x

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. Section 121 of the MORB on Minimum Required Capital is hereby amended to read, as follows:

121 MINIMUM REQUIRED CAPITAL

x x x

Minimum capitalization. The minimum capitalization of banks shall be as follows:

x x x

Existing TBs, RBs and Coop Banks that intend to primarily offer financial products and services that are processed end-to-end through a digital platform and/or electronic channels under an Advanced Electronic Payments and Financial Services license shall be required to maintain a minimum capital requirement of P1 billion.

For purposes of compliance with this Section, the term branch shall exclude the branch-lite units of banks.

Section 3. Section 171 of the MORB on Reporting Governance Framework is hereby amended to read, as follows:

171 REPORTING GOVERNANCE FRAMEWORK

The proper conduct of monetary policy and effective banking supervision are core mandates of the Bangko Sentral. These mandates are facilitated by the accurate and timely submission of required information concerning a bank's financial condition and results of operations.x x x

x x x

Sanctions on reports for non-compliance with the reporting standards.

a. *Definitions*

x x x

b. *Monetary Penalties*

The applicable monetary penalty shall be based on a prescribed fine for each occurrence (in case of Erroneous reports) or for each day (in case of Delayed or Unsubmitted reports) which will accumulate until such time the report has been determined compliant with the prescribed reporting standards, as provided for in Table 1:

Table 1 - Prescribed fines for reporting violations

Bank Type	Primary Report	Secondary Report
UBs/KBs	Px x x	Px x x
Digital Banks	2,500	500
TBs	x x x	x x x
RBs/Coop Banks	x x x	x x x

x x x

Section 4. Section 251 of the MORB on Required Reserves Against Deposit and Deposit Substitute Liabilities, is hereby amended to read, as follows:

251 ACCOUNTS SUBJECT TO RESERVES; AMOUNTS REQUIRED

The following rules and regulations shall govern the reserves against deposit and deposit substitute liabilities.

Required reserves against deposit and deposit substitute liabilities. The rates of required reserves against deposit and deposit substitute liabilities in local currency of banks starting reserve week _____ shall be, as follows:

	UBs/KBs	Digital Banks	TBs	RBs/Coop Banks
a. Demand Deposits	x x x	3%	x x x	x x x
b. NOW Accounts	x x x	3%	x x x	x x x
c. Savings Deposits	x x x	3%	x x x	x x x
d. Time Deposits, Negotiable CTDs, Long-Term Non-Negotiable Tax Exempt CTDs	x x x	3%	x x x	x x x
e. Long-term Negotiable Certificates of Time Deposits	x x x	NA	x x x	x x x
f. Deposit Substitute (DS)	x x x	3%	x x x	x x x
g. Bonds	x x x	3%	x x x	x x x
h. Mortgage/CHM cert.	x x x	NA	x x x	x x x
i. Peso deposits lodged under Due to foreign banks	x x x	NA	x x x	x x x
j. Peso deposits lodged under Due to Head Office/Branches/ Agencies Abroad (Philippine branch of a foreign bank)	x x x	NA	x x x	x x x
k. Basic deposit accounts, as defined in Sec. 213	x x x	0%	x x x	x x x

The Bangko Sentral reserves the right to adjust the reserve requirement ratio on digital banks, as may be warranted, consistent with its price and financial stability objectives.

x x x

Section 5. Section 373 of the MORB on *Limits on Investments in the Equities of Financial Allied Undertakings* is hereby amended to read, as follows:

373 LIMITS ON INVESTMENT IN THE EQUITIES OF FINANCIAL ALLIED UNDERTAKINGS

The equity investment of a bank in a single financial allied undertaking shall be within the following ratios in relation to the total subscribed capital stock and to the total voting stock of the allied undertaking:

ACTIVITIES	INVESTOR							
	UB		KB		Digital Banks	TB	RB	Coop Banks
Allied Enterprises	Publicly-listed	Not listed	Publicly-listed	Not listed				
Financial Allied Undertaking								
UBs	x x x	x x x	x x x	x x x	49%	x x x	x x x	x x x
KBs	x x x	x x x	x x x	x x x	49	x x x	x x x	x x x
Digital Banks	x x x		x x x		49	x x x	x x x	x x x
TBs	x x x		x x x		49	x x x	x x x	x x x
RBs	x x x		x x x		49	x x x	x x x	x x x
Coop Banks	x x x		x x x		NA	x x x	x x x	x x x
Insurance Companies	x x x		x x x		NA	x x x	x x x	x x x
VCCs	x x x		x x x		NA	x x x	x x x	x x x
Trust Corporation	x x x		x x x		40	x x x	x x x	x x x
Others	x x x		x x x		40	x x x	x x x	x x x

x x x

Section 6. Section 375 of the MORB on *Non-Financial Allied Undertakings* is hereby amended to read, as follows:

375 NON-FINANCIAL ALLIED UNDERTAKINGS

A bank may acquire up to 100% of the equity of a non-financial allied undertaking: *Provided*, That the equity investment of a digital bank/TB/RB in any single enterprise shall remain less than fifty percent (50%) of the voting shares in that enterprise: x x x

x x x

- a. UBs/KBs/Digital Banks/TBs

UBs/KBs, digital banks, and TBs may invest in equities of the following non-financial allied undertakings:

x x x

Section 7. Section 378 of the MORB on *Prudential Limits and Restrictions on Equity Investments* is hereby amended to read, as follows:

378 PRUDENTIAL LIMITS AND RESTRICTIONS ON EQUITY INVESTMENTS

The following limitations and restrictions shall also apply regarding equity investments of banks.

- a. *In any single enterprise.* x x x
- b. *Aggregate limits.* The total amount of investments in equities in all enterprises shall not exceed the following ratios in relation to the net worth of the investing bank:

	UB	KB	Digital Bank	TB	RB	Coop Bank
LIMIT:	50%	35%	25%	25%	25%	25%

x x x

Section 8. Section 1101 of the MORB on *Assessment Fees on Banks* is hereby amended to read, as follows:

1101 ASSESSMENT FEES ON BANKS

Banks shall contribute to the Bangko Sentral an annual fee to help defray the cost of maintaining the appropriate supervising department of the Bangko Sentral in accordance with the following guidelines.

Annual fees on banks. For purposes of computing the annual fees chargeable against banks, the term "Total Assessable Assets" shall be the amount referred to as the total assets under Section 28 of R. A. No. 7653 (end-of-month total assets per balance sheet, after deducting cash on hand and amounts due from banks, including the Bangko Sentral and banks abroad), plus Trust Department accounts and personal equity and retirement accounts (PERA) administered by the bank.

Average Assessable Assets shall be the summation of the end-of-month total assessable assets divided by the number of months in operation during a particular assessment period. ~~Beginning assessable year 2013,~~ The rates of annual fees for banks for the current year shall be, as follows:

- a. UBs/KBs - 1/28 of 1%
- b. Digital banks - 1/28 of 1%
- c. ~~b.~~TBs - 1/28 of 1%
- d. ~~c.~~RBs/Coop Banks - 1/40 of 1%

multiplied by the Average Assessable Assets of the preceding year: x x x

Section 9. The amendments to Appendix 33 of the MORB, as amended by Circular No. 1105, on the Basic Guidelines in Establishing Banks is in **Annex A** of this Circular.

Section 10. The amendments to *Appendix 2* of the MORB on the Application Requirements for the Entry of Foreign Banks is in **Annex B** of this Circular.

Section 11. 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

**BASIC GUIDELINES IN ESTABLISHING BANKS
(Appendix to Section 102)**

A. THE APPLICATION PROCESS

x x x

Stage I: Application for Bangko Sentral approval to establish a new bank

PRE-APPROVAL

1. x x x
2. The required documents¹ and other information in support of the application are as follows:
 - a. Agreement to organize a bank using the prescribed form^{1, 2}.
 - b. For each individual incorporator, subscriber, proposed director and principal officer:

Requirements	Incorporator ³	Subscriber ³	Director	Principal Officer
1. Biographical data using the prescribed form ^{1, 4} with (2"x2") photograph taken within the last six (6) months from the date the application was received by the Bangko Sentral.	✓	✓	✓	✓
2. Evidence of citizenship. ¹	✓	✓	✓	✓
3. Evidence of financial capacity as of a date not earlier than ninety (90) calendar days prior to the filing of application such as credit reports, bank deposits, investments, real estate owned, etc., accompanied by waiver of rights under R.A. No. 1405, as amended, for covered items. ¹ ,	✓	✓		
4. Certified photocopies of Income Tax Returns (ITRs) or equivalent document from other jurisdiction for non-Filipinos/non-resident Filipinos for the last three (3) calendar/fiscal years. ¹ ,	✓	✓		
5. Clearances from the National Bureau of Investigation (NBI) and Bureau of Internal	✓	✓	✓	✓

¹ Documents issued outside the country shall be apostilled or consularized, as applicable.

² Copy of the prescribed form may be downloaded from the BSP website under the section on Regulations - Guidelines and Other Regulations - Guidelines on Establishing Banks, using the link: <https://www.bsp.gov.ph/Regulations/Guidelines%20and%20Other%20Regulations/Agreement%20to%20Organize%20a%20Bank.pdf>

³ This shall include UBOs but exclude directors holding nominal shares as required by law.

⁴ Copy of the prescribed form may be downloaded from the BSP website under the section on Regulations - Guidelines and Other Regulations - Guidelines on Establishing Banks, using the link: <https://www.bsp.gov.ph/Regulations/Guidelines%20and%20Other%20Regulations/Biographical%20Data.pdf>

Requirements	Incorporator ³	Subscriber ³	Director	Principal Officer
Revenue (BIR) or equivalent clearances or certificate from home country for non-Filipinos, obtained within the last six (6) months from the date the application was received by the-Bangko Sentral. ¹				

c. For corporate subscribers

Requirements	Domestic		Foreign	
	Bank	Non-bank	Bank ⁵	Non-bank
1. Board resolution authorizing the corporation to invest in such bank; and designating the person who will represent the corporation in connection therewith. ¹	✓	✓	✓	✓
2. x x x				
3. x x x				
4. x x x				
5. x x x				
6. x x x				
7. Certified photocopies of ITRs or equivalent tax returns filed by foreign corporate subscribers for the last three (3) calendar/fiscal years. ¹	✓	✓	✓	✓
8. BIR clearance or equivalent clearance from home country's tax authorities for foreign corporate subscribers obtained within the last six (6) months from the date the application was received by the Bangko Sentral. ¹	✓	✓	✓	✓
9. x x x				
10. x x x				
11. Certification from relevant home country supervisory authority that it has no objection to the investment in a bank in the Philippines, and it will provide the Bangko Sentral with relevant supervisory information on the foreign corporate subscriber to the extent allowed under existing laws. ¹			✓	✓

x x x

- f. Feasibility study with projected monthly financial statements (FS) for the first year and projected yearly FS for the first five (5) years of operation, using realistic assumptions consistent with the proposed business model and corporate strategy of the bank. The applicant bank should be able to demonstrate the viability of its business model and compliance with the minimum required capital prescribed under Secs. 121 (Minimum capitalization) and 102 (Establishment of digital banks), as applicable, on a continuing basis, among

⁵ For foreign bank subscriber other than those entering via R.A. No. 7721, as amended by R.A. No. 10641. Meanwhile, foreign bank applicants entering via R.A. No. 7721, as amended by R.A. No. 10641 shall refer to the documentary requirements in *Appendix 2* to be submitted to the Bangko Sentral during Stage 1 of the application process.

others . The details of the assumptions used shall be presented in the feasibility study.

x x x

- g. Certification executed by each of the subscribers that the amount committed to pay the proposed paid-up capitalization in the bank was not derived from borrowings, unlawful activity or any money laundering activity.¹

h. x x x

- i. Other documents which may be required by the Bangko Sentral relevant to the evaluation of the application. This shall include the prior approval of the Bangko Sentral required for the equity investment of an existing bank in the voting stock of an applicant bank pursuant to Sec. 371 (Investment in equities).

EVALUATION

Capital Requirements/Stockholdings

x x x

Incorporators, Subscribers, Directors and Officers

1. The incorporators, subscribers and proposed directors and officers must be persons of integrity, of good credit standing in the business community, and must possess technical expertise in the field of banking and finance. x x x
2. The individual incorporators/subscribers, including UBOs if applicable, must have adequate financial strength to pay their proposed subscriptions in the bank and/or infuse additional capital when needed. The Bangko Sentral reserves the right to require the incorporator, subscriber or UBO to submit a deed of undertaking committing himself to pay his subscription and/or infuse additional capital to support the operations of the proposed bank in an ongoing basis.

x x x

7. The proposed directors and officers of the bank shall be subject to qualifications and other requirements under Secs. 132 (Qualifications of a director) and 134 (Qualifications of an officer) as well as confirmation/approval of the Bangko Sentral pursuant to Sec. 137 (Confirmation of election/appointment of directors/officers). The required certifications and other documentary proof of qualifications for the confirmation of the election/appointment of directors/officers are shown in *Appendix 101*.

X X X

POST APPROVAL

Stage II: Application for the issuance of Certificate of Authority (COA) to Register with the SEC

1. Within thirty (30) calendar days from receipt of advice of approval by the Monetary Board of the application for authority to establish the bank, the organizers shall:
 - a. X X X
 - b. Deposit with any U/KB (for KBs, TBs and digital banks), any bank (for RBs and coop banks), and any UB (for Islamic banks) the initial paid-up capital of the proposed bank, and submit a copy of the depository bank's certification of deposit indicating, among others, the account name of the source account of the incorporators where the funds are debited or other source/s of fund as defined under Item "ee" of Sec. 904, together with the corresponding waiver of secrecy of deposits/investments. The certificate of deposit shall follow the prescribed format provided in Appendix 33-A (*Annex A-1 of this Circular*);
 - c. X X X
 - d. Submit a copy of certificate of the inward remittance of capital⁶, in the case of foreign subscribers.

X X X

⁶ Refer to the prescribed form in Appendix 10.1 Certificate of Inward Remittance (CIR) of Foreign Exchange which may be downloaded from the Bangko Sentral website, using the link:
<https://www.bsp.gov.ph/SitePages/Regulations/RegulationsList.aspx?TabId=1>

TEMPLATE OF CERTIFICATION OF DEPOSIT AND/OR PLACEMENT

(Name of Bank)
(Complete Address)
(Tel. Nos./Fax/Email)

Date: _____

The Governor
Bangko Sentral ng Pilipinas

Dear Governor:

This is to certify that a deposit amounting to [Amount in Words] ([Amount in Figures]) was credited to [Client Account Number] of [Client Name] on [Date Credited] maintained at [Name of Branch] with details as follows:

Source/s of Fund	Proof
<i>Provide breakdown and details of source/s of fund of the incorporators</i>	<i>Indicate proof presented, as applicable</i>

This certificate is being issued upon the request of the abovementioned Account Holder/s. Pursuant to the provisions of Sections 2 and 3 of R.A. No. 1405 and other laws relating to the secrecy of bank deposits, the Account Holder/s waive/s his/their rights to confidentiality of information by authorizing, the bank or financial institutions with which we have transactions to disclose to the Bangko Sentral all information pertaining to the deposits, investments, loans or other transactions including the history or status of our dealings with said banks or financial institutions and for the Bangko Sentral to make all inquiries as may be necessary regarding the same.

Very truly yours,

Name and signature
Authorized Bank Personnel

Conforme:

Name and Signature
Account Holder/s

**APPLICATION REQUIREMENTS FOR THE ENTRY OF FOREIGN BANKS
(Appendix to Sec. 103 on Modes of entry of foreign banks)**

The information contained in the application to be filed by foreign banks, which are interested to operate in the Philippines through any of the modes of entry, shall cover the criteria enumerated in the table below. Supporting documents¹ attached to the application shall include but are not limited to the items enumerated below.

Entry Criteria	Acquisition of Existing Domestic Bank	Establishment of	
		New Domestic Subsidiary	Branch with Full Banking Authority
a. x x x			
b. x x x			
c. Corporate Plan The applicant should describe in meaningful details its business model and corporate strategy which should be consistent with the policy objectives of Republic Act (R.A.) No. 7721, as amended by R.A. No. 10641 and supportive of Philippine economic policy. (1) Business model (2) Corporate strategy (3) Financial projections (including underlying assumptions) If an applicant is seeking a digital banking license, a detailed review and assessment of the supporting information technology (IT) systems and infrastructure vis-à-vis the digital banking business model should be performed by a competent independent third-party IT expert. Said technical review shall cover a comprehensive assessment of the design, security controls, scalability, and resilience capability of the IT infrastructure, network, application, database, security systems, AML/CFT measures and other applicable technologies	✓	✓	

¹ Documents issued outside the country shall be apostilled or consularized, as applicable.

Entry Criteria	Acquisition of Existing Domestic Bank	Establishment of	
		New Domestic Subsidiary	Branch with Full Banking Authority
<p>supporting the digital banking operations.</p> <p>A copy of the assessment and technical reports shall be submitted to Bangko Sentral as part of the application requirements.</p>			
<p>d. Financial Capability and Ownership Structure</p> <p>The applicant should demonstrate that it is financially sound and capable of conducting business in the Philippines in a safe and sound manner.</p> <p>x x x</p> <p>The following documents should be presented: (1) Latest annual report; x x x (5) List of directors and principal officers as well as their respective citizenship.</p> <p>In the case of applicants for digital banking license, at least one member of the board of directors (or its equivalent in the case of foreign bank branches) and one senior management officer 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;</p> <p>x x x</p>	✓	✓	✓
<p>e. Head Office Guarantee¹ (with sample guarantee)</p>	X	X	✓
<p>f. Certification from the foreign bank applicant's home country supervisory authority that: x x x</p>	✓	✓	✓
<p>g. x x x</p>			
<p>h. Divestment plan for the disposal of title/interest in all land properties held by the acquired domestic bank within a five (5)-year</p>	✓	X	X

Entry Criteria	Acquisition of Existing Domestic Bank	Establishment of	
		New Domestic Subsidiary	Branch with Full Banking Authority
period reckoned from the date of Monetary Board approval of the foreign bank entry ²			
i. Other Documentation Requirements			
(1) Agreement between investor and investee domestic bank/ Agreement to organize a bank ¹ (with sample);	✓	✓	X
(2) Board Resolution authorizing the foreign bank applicant to (i) invest in a domestic bank/establish a subsidiary/branch; and (ii) designate person/s who will represent the foreign bank ¹ , duly authenticated by the Philippine Consulate;	✓	✓	✓
(3) Certification from the foreign bank applicant's Corporate Secretary or any officer holding equivalent position containing the information that the bank is widely-owned and publicly-listed ¹ , duly authenticated by the Philippine Consulate²;	✓	✓	✓
(4) Certification by the responsible officer of the Home Country Stock Exchange that the foreign bank applicant is listed therein ¹ , duly authenticated by the Philippine Consulate;	✓	✓	✓
(5) x x x			
(6) Authority to obtain information from other relevant regulatory authorities ¹ ;	✓	✓	✓
(7) In the case of applicants for a digital banking license, the applicable requirements in offering Electronic Payments and Financial Services (EPFS) as enumerated under Sec. 701 (Requirements for the grant of authority to offer EPFS) and Appendix 141, including the list and nature of material outsourcing arrangements;	✓	✓	✓
(8) (7) Payment of application fee (non-refundable) of P500,000 upon filing of application ^{2,3} , and	✓	✓	✓
(9) (8) Payment of franchise license fee of P25 million upon approval of application ²	✓	✓	✓

² Also applicable for change in mode of entry (i.e., from subsidiary to branch)

³ Creditable to the franchise fee