



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2020-085

To : All Stand-Alone Thrift Banks, Rural Banks and Cooperative Banks

Subject : Extension of the Effectivity of the Temporary Reduction in the Minimum Liquidity Ratio in response to COVID-19

Pursuant to Monetary Board Resolution No. 1500 dated 19 November 2020, the effectivity of the temporary reduction in the minimum liquidity ratio (MLR) for stand-alone thrift banks, rural banks and cooperative banks, as implemented under BSP Memorandum No. M-2020-020, is hereby extended for an additional one year.

The effectivity of the regulatory relief measure is being extended in recognition of the continuing demand for liquidity faced by banks due to the COVID-19 pandemic. The extension also aims to provide covered banks with sustained capacity to support the economy and expand their lending activities.

During this period, stand-alone thrift banks, rural banks, and cooperative banks may draw on their stock of liquid assets to meet liquidity demands to respond to the current circumstances, remaining cognizant of the MLR of 16 percent (16%).

Following existing arrangements, a bank that has recorded a shortfall in the stock of eligible liquid assets on three banking days within any two-week rolling calendar period, thereby causing the MLR to fall below 16 percent (16%), must notify the BSP of such breach on the banking day immediately following the occurrence of the third liquidity shortfall.

The reduction in the MLR and the arrangements set forth in this memorandum shall be effective until 31 December 2021, unless otherwise revoked by the BSP.


BENJAMIN E. DIOKNO
Governor

01 December 2020