



# BANGKO SENTRAL NG PILIPINAS

## MEMORANDUM NO. M-2021-053

### OFFICE OF THE DEPUTY GOVERNOR FINANCIAL SUPERVISION SECTOR

To : **ALL BANKS**

Subject : **Clarification on the Definition of Digital Banks**

The Monetary Board, in its Resolution No. 1536 dated 26 November 2020, approved the inclusion of “digital banks” as a distinct classification of banks and the corresponding guidelines for their establishment as embodied under Circular No. 1105 dated 02 December 2020. A digital bank refers to a bank which 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 the same.

The Bangko Sentral recognizes that certain banks belonging to other categories use the phrase “digital bank” in their marketing channels even if these banks do not fall under the definition of a digital bank pursuant to Circular No. 1105. Under the said Circular, only a bank that is granted the license to operate as a digital bank may represent itself to the public as such in connection with its business name. In this respect, a bank should represent itself consistent with its bank classification and the products and/or services that it is authorized to offer.

Meanwhile, a bank belonging to other categories (i.e., universal, commercial, Islamic, thrift, rural or cooperative bank) may offer financial products and services, which are within its powers and scope of authorities, through a digital platform and/or electronic channels. This may also include a bank with a digital-centric business model which is operating as such in accordance with relevant rules and regulations. In such cases, the bank may market itself as a bank offering “digital banking products or services” or other equivalent terms: *Provided*, That the bank has secured the requisite Bangko Sentral license on electronic payment and financial services for these digital banking products or services.

For guidance and implementation.

**CHUCHI G. FONACIER**  
Deputy Governor

13 October 2021