



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR FINANCIAL SUPERVISION SECTOR

MEMORANDUM NO. M-2021-074

To : **ALL BSP-SUPERVISED FINANCIAL INSTITUTIONS (BSFIs)**

Subject : **Possible Proliferation of Digital Vote-Buying/
Vote-Selling Schemes**

In view of the recent warnings from the Commission on Election (COMELEC) and the Philippine National Police (PNP) regarding the possibility of vote-buying/selling¹ through digital means in relation to the upcoming 2022 Philippine general elections², the BSP strongly calls for the adoption of enhanced surveillance and monitoring measures to prevent the misuse of the financial system as a conduit for this illegal activity. BSFIs are likewise urged to re-assess their existing controls in detecting or preventing the possible massive influx of fraudulent accounts and transactions.

To mitigate the heightened risk of the possible use/misuse of digital channels (i.e., online banking, mobile wallet applications) in vote-buying/selling activities, BSFIs should institute necessary enhancements and/or remedial measures to ensure that appropriate customer onboarding processes and effective fraud management system (FMS) are in place, and ongoing account and transaction monitoring capabilities are commensurate to respond against the said fraudulent activities. At the minimum, BSFIs should consider the following possible scenarios in calibrating their FMS and account and transaction monitoring rules/parameters:

- Concentration and/or significant number of account registrations in the area or locality where vote-buying/selling is identified to be rampant;
- Large cash transactions during election period;
- Unusual transaction flows between accounts, including the velocity and frequency of transactions (i.e., many-to-one, one-to-many); or
- Unusual volume and/or value in cash in/cash out channels (agents).

Pursuant to Section 922 of the Manual of Regulations for Banks (MORB)/Section 922Q of the Manual of Regulations for Non-Bank Financial Institutions, in relation to Section 3 (b-1) and Section 9(c) of the Anti-Money Laundering Act of 2001 (AMLA), as amended, and Section 1, Rule 3 and Rule

¹ Vote-buying and vote-selling are prohibited acts under Section 261 of the Omnibus Election Code of the Philippines

² From 09 January 2022 to 08 June 2022

22 of its 2018 Implementing Rules and Regulations, BSFIs should submit suspicious transaction reports (STR) to the Anti-Money Laundering Council (AMLC), when warranted, after due investigation of complex, unusually large transactions, unusual patterns of transactions, which have no underlying legal/trade obligation, purpose or economic justification, or the amount involved is not commensurate with the business or financial profile of the client, and other transactions that may be considered suspicious.

For information and guidance.

CHUCHI G. FONACIER
Deputy Governor

31 December 2021