



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1240 Series of 2026

Subject: **Prudential Requirements for Technology-Driven Thrift, Rural and Cooperative Banks**

The Monetary Board, in its Resolution No. 838 dated 3 September 2026, approved the adoption of prudential requirements applicable to technology-driven thrift, rural and cooperative banks (TBs, RBs, and Coop Banks) to support prudent digital transformation while ensuring that their operations remain aligned with their respective mandates and business models.

Section 1. Section 102 of the MORB shall be amended as follows:

102 BASIC GUIDELINES IN ESTABLISHING DOMESTIC BANKS

xxx

Establishment of digital banks

xxx

c. Physical touchpoints. xxx

Digital banks may offer financial products and services through cash agents and other qualified service providers subject to the guidelines provided under Secs. 275 and 112, respectively.

Digital banks may establish physical, non-transactional touch points to support the delivery of their products and services: *Provided, that* the activities to be conducted within the said physical touch points are approved by the appropriate Bangko Sentral supervising department.

The application and documentary requirements for the establishment of digital banks are provided under *Appendix 33*.

Thrift, Rural and Cooperative Banks with technology-driven business model.

- A. The Bangko Sentral shall impose additional prudential requirements in any of the following cases:
1. TBs, RBs, and Coop Banks determined by the Bangko Sentral to be operating under a business model similar to that of a digital bank or where supervisory concerns indicate that the risk management system and capital level of the TBs, RBs, and Coop Banks are no longer commensurate with their business model and risk profile.
 2. TBs, RBs, and Coop Banks utilizing digital platforms to deliver services and demonstrate significant increase in loan or deposit balances. For this purpose, a significant increase pertains to a quarterly growth rate in either loan or deposit balances of more than thirty percent (30%) for two (2) consecutive quarters.

The additional prudential requirements may include, but are not limited to, requiring additional capital to meet the minimum capital requirement for digital banks,

imposing restrictions on certain activities or the marketing or introduction of new digital products/services, requiring enhanced supervisory reporting, and directing the strengthening of risk management and control systems including the adoption of automated anti-money laundering system and real time fraud monitoring and detection systems, and such other measures as the Bangko Sentral may deem necessary to ensure that the bank's risk management framework remains commensurate with the nature, scale, complexity, and risk profile of its operations.

- B. In cases where the proposed acquisition of a TB, RB, and Coop Bank is intended to transform the bank into a technology-driven business model, the Bangko Sentral shall require compliance with the prudential standards applicable to digital banks, including the minimum capital requirement of ₱1.0 billion.

The Bangko Sentral may issue additional digital bank licenses, including through the conversion of existing TBs, RBs, and Coop Banks, subject to compliance with the applicable licensing framework for digital banks. In evaluating applications, the Bangko Sentral shall consider, among others, the proposed business model, governance framework, risk management and control systems, financial and operational capacity, technological capabilities, strategic value proposition, and such other factors as prescribed under existing regulations.

xxx

Section 2. Transitory Provision. Existing TBs, RBs, and Coop Banks determined by the Bangko Sentral to be operating under a business model similar to that of a digital bank shall be required to comply with the prudential requirements applicable to digital banks, including the minimum capital requirement of ₱1.0 billion, within six (6) months from receipt of the BSP's notice.¹

Section 3. This Circular shall take effect fifteen (15) calendar days following its publication in the Official Gazette or any newspaper of general circulation.

FOR THE MONETARY BOARD:



ELI M. REMOLONA, JR.

Governor

21 September 2026

¹ To be incorporated as a footnote to Section 102, Subtopic "Thrift, Rural and Cooperative Banks with technology-driven business model."