



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM NO. M-2010-040

To : ALL BANKS

Subject : Processing Guidelines for Microfinance Other Banking Offices (MF-OBOs) or Microbanking Offices (MBOs) Pursuant to Circular 694 Dated 14 October 2010

Pursuant to Circular 694 dated 14 October 2010 on the Amendments of Regulations on the Establishment of Other Banking Offices (OBOs) and the Notes on Microfinance, please be guided by the following processing guidelines:

The processing of applications will be undertaken in a two-stage process.

Stage 1 : Letter of Intent and Pre-qualification as per Circular 694
Stage 2 : Business Plan (Strategic and Operational Plan Assessment)

Stage 1: The applicant bank shall submit a letter of intent duly authorized by the Board of Directors, signed by the President or equivalent rank. The letter will be evaluated by the appropriate Supervision and Examination Sector (SES) Department based on safety and soundness considerations.

Stage 2: The applicant bank will be required to submit a business plan containing the strategic and operational details. Among others, such plan shall address the following questions:

1. Why is the bank establishing micro-banking offices (MBOs) and how does it relate to the overall corporate strategy?
2. How many are to be established in the next 1 year, 3 years, 5 years? Where are these to be established? Why have these areas been identified?
3. What are the products and services to be offered?
4. How is the expansion to be funded?
5. How does the bank plan to maintain adequate command and control over the expanded network?
6. The proposed MBOs are to be linked operationally to which branches?

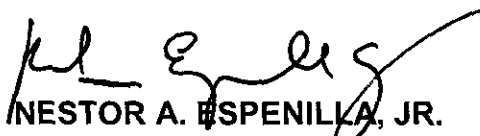
PANANALAPING MATATAG, BANSANG PANATAG

7. How does the bank propose to comply with the minimum 50% microfinance transaction requirement per MBO? (Microfinance transactions comprise of micro-loans and micro-deposits)
8. What is the policy on the minimum cash position of the MBO? This shall include arrangement for replenishment.
9. What are the management and organizational arrangements for the MBO? This shall include proposed staffing pattern and functions and qualification of the personnel in accordance with the requirements in the Circular.
10. What are the Management Information Systems (MIS) and financial accounting arrangements to support customer handling and proper recording and reporting of transactions?
11. What are the physical security arrangements? These arrangements shall be included in the overall security program of the bank.

A final decision will be made based on the quality of Stage 2 submissions. Stage 2 submissions will be evaluated whether the proposed operational plan is commensurate and proportionate to the strategy to ascertain safe and sound MBO operations. A bank may apply for additional MBOs, after six (6) months from approval of the initial set/ batch. All MBOs must be opened within one (1) year from their approval. If not deemed satisfactory, the application may be denied. Re-application shall only be allowed after six (6) months from the date of receipt of denial.

All applications are to be submitted through the Central Application and Licensing Group (CALG) of the Supervision and Examination Sector.

For information and guidance.


NESTOR A. ESPENILLA, JR.
Deputy Governor

04 November 2010