



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
MONETARY AND ECONOMICS SECTOR

MEMORANDUM NO. M-2020-081

To : All Concerned Banks

Subject : Conduct of Off-site Credit Verification as an Alternative to On-site Credit Verificaiton Relative to Availments in the Bangko Sentral ng Pilipinas' (BSP) Rediscount Facility

In lieu of the conduct of On-site (Pre and Post) Credit Verification on banks availing of the BSP's Rediscount Facility, the Department of Loans and Credit (DLC) shall conduct the Off-site Credit Verification in view of the restrictions brought about the Corona Virus Disease 2019 pandemic. Under this alternative, On-site Credit Verification activities will be conducted remotely by requiring banks to submit scanned copies of collateral documents through electronic mail (email) or present them on BSP-organized virtual meetings via Microsoft Office (MS) Teams or other similar platform accessible to the bank.

Accordingly, the following guidelines are issued on the documentary requirements and procedures relative to the implementation of the Off-site Credit Verification:

A. Documentary Requirements for Submission to BSP thru Email¹

1. For Post-Credit and Pre-Credit Verification

- a. End-user borrower's (EUB) promissory notes (PNs) and bills of exchange;
- b. Subsidiary ledger of the EUB;
- c. Documents to show (actual) release of proceeds (e.g. collections receipts, credit advice, swift messages);
- d. Certified true copy of titles;
- e. Owner's duplicate copy of title;
- f. Real estate mortgage duly registered with the Registry of Deeds;
- g. Tax declarations;
- h. For agricultural land (over 5 hectares), clearance from Department of Agrarian Reform;
- i. Appraisal reports;
- j. Current insurance policy and official receipt for premium payment on improvements;
- k. Credit Report Memoranda; and
- l. Credit Guarantees/Sureties issued by Industrial Guarantee and Loan Fund, Small Business Corporation, Credit Surety Fund and the National Government, if applicable.

¹ Other documentary requirements shall be presented virtually.

2. Additional Requirements for Post-Credit Verification

- a. Schedule of Bills Payable of BSP rediscounting loan;
- b. Certification from the bank that it has no pending legal cases related to credit²;
- c. Certification from bank that it has no past due obligations with other financial lending institutions²; and
- d. Proof that rediscounted documents are securely kept and segregated in the borrowing/custodian bank's vault:
 - For banks with held-in-trust arrangement, a certificate from the vault custodian indicating the time and date that the rediscounted PNs together with all other loan documents were submitted for safekeeping;
 - For banks with Depository Custodianship Agreement, a scanned copy of the list of rediscounted credit instruments, underlying collaterals and all other loan documents submitted for safekeeping duly acknowledged by the authorized representative of the custodian bank; and
 - For banks without custodian banks, a scanned copy of the list of rediscounted credit instruments, underlying collaterals and all other loan documents submitted for safekeeping duly acknowledged by the authorized representative of the BSP Regional Office/Branch.

B. Procedures on the Conduct of Off-site Credit Verification

1. DLC shall send to the Bank, through email, a scanned letter signed by the Department Head, informing of the Department's conduct of Off-site Credit Verification.
2. The bank shall submit scanned copy of the documentary requirements with certification³, through email, to DLCmail@bsp.gov.ph and eRediscounting@bsp.gov.ph within the period prescribed in the DLC letter. It shall also prepare the documents to be presented during the virtual meeting.
3. DLC shall evaluate the documents upon receipt from or virtual presentation by the bank, as applicable. DLC may request for additional documents and engage with bank personnel for any additional queries and verification procedures, as necessary. The same shall be facilitated through telecommunications, emails, or scheduling of virtual meetings via MS Teams or other similar platform accessible to the bank.
4. DLC shall conduct an exit conference via MS Teams or other similar platform accessible to the bank. The same shall be recorded and duly documented through a call report to be signed by all attending parties.

² Latest available and certified by a Senior Officer.

³ Pursuant to BSP Memorandum No. M-2020-051 dated 17 June 2020, banks are required to submit a certification signed by the bank's authorized officer/s indicating that: i) all electronic copies submitted are true and faithful copy of the original; and ii) the bank acknowledges that any misrepresentation shall be subject to appropriate enforcement actions, among other legal recourses available to the BSP.

5. DLC shall provide the results of verification to the bank, through a letter, for information and/or appropriate action.

This memorandum shall take effect immediately until superseded or revoked by the BSP.

For strict compliance.


FRANCISCO G. DAKILA, JR.
Deputy Governor

22 October 2020