



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 620
Series of 2008

Subject : **REVISED RULES AND REGULATIONS ON BANK PROTECTION**

Pursuant to Monetary Board Resolution No. 1057 dated 14 August 2008, the provisions of the Manual of Regulations for Banks (MORB) on bank protection are hereby amended.

Section 1. The provisions of Section X171 of the MORB and its Subsections are hereby amended to read as follows:

"Sec. X171 Bank Protection. Each bank shall adopt an adequate security program commensurate to its operations, taking into consideration its size, location, number of offices and business operations.

"Subsec. X171.1 Objectives. These regulations are designed to:

- a. Promote maximum protection of life and property against crimes (e.g. robbery, hold-up, theft, etc.) and other destructive causes;
- b. Prevent and discourage perpetration of crimes against banks; and
- c. Assist law enforcement agencies in the identification, apprehension and prosecution of the perpetrators of crimes committed against banks.

"Subsec. X171.2 Designation of Security Officer. The board of directors of each bank or the country head in the case of a foreign bank branch, shall appoint or designate a qualified security officer who shall hold office under the direct authority and supervision of the president of the bank or the country head in the case of a foreign bank branch. Subject to prior BSP approval, banks with limited security risk exposure due to the nature of their operations such as single unit foreign bank branch operating in a highly secured environment or TBs or RBs/CBs with total assets of less than P100 million, may appoint one of their senior officers as security officer in a concurrent capacity: Provided, That if the senior officer so appointed does not

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possess the necessary qualifications, he shall be supported by a competent consultant/adviser until such time that he acquires the necessary competency on security matters: Provided, further, that such appointment shall not result to a conflict of interest situation.

The security officer must: a) at least be thirty (30) years of age; (b) be a college graduate; (c) have at least five (5) years of supervisory experience in the field of law enforcement and/or security operations; and (d) possess all the qualifications and none of the disqualifications provided for under Sections X142 and X143.

The security officer shall be responsible for:

- a. The development and administration of a security program acceptable to BSP;
- b. The conduct of continuing security awareness program among all bank employees to highlight that security is a common concern;
- c. Investigation of bank robberies/hold-ups, recommending the filing of appropriate charges in court as the evidence may warrant and assisting in the prosecution of the perpetrator(s) thereof;
- d. The establishment of an effective working relationship with the BSP, Philippine National Police (PNP), and other law enforcement agencies in the prevention of bank crimes and other natural and man-made hazards; and
- e. The conduct of continuing research and studies on new techniques, methods and equipment to enhance bank protection measures.

For purposes of the foregoing, a security management team headed by the security officer may be constituted if warranted.

“Subsec. X171.3 Security Program. The security program of each bank shall be in writing, duly approved by its board of directors or the country head in the case of a foreign bank branch. In addition, the security program shall define measures and procedures to detect and prevent the commission of bank crimes, as well as provide contingency plans in case of calamities, terrorist attacks and other emergency situations. The security program shall include the following:

- a. Installation of the prescribed minimum security devices;
- b. A schedule for the periodic inspection, testing and servicing of all security devices installed in each of the bank's offices, designation of

an officer or employee responsible for ensuring that such devices are inspected, tested, serviced and kept in good working order, and requiring record of such inspections, testing and servicing;

- c. Standard operating procedures for the safekeeping of all currencies, negotiable securities and similar valuables in vaults or safes;
- d. Provision for other security measures and procedures aimed at giving added protection to the bank, e.g., procedures for the transport of funds and other cash items, and defining responsibility for their implementation;
- e. Provision for the training and periodic re-training of employees in their respective areas of responsibility under the security program, including the proper use of security devices and proper employee conduct during and after an emergency situation;
- f. Contingency measures for security and rescue operations in emergency situations;
- g. Provision for the posting of adequate number of security personnel in all vital and/or critical areas in the bank's premises, and the minimum number of hours when each personnel shall be on duty; and
- h. Such other provisions/measures as the president of the bank or country head in the case of a foreign bank branch may, in consultation with its security officer, deem appropriate.

"Subsec. X171.4 Minimum Security Measures.

a. Guard System. All banking offices shall be manned by an adequate number of security personnel to be determined by the bank, taking into consideration its size, location, costs and overall bank protection requirement: Provided, That cash centers shall be manned by an adequate number of security guards as may be necessary during banking hours. For this purpose "Cash centers" shall refer to branches which also handle the cash requirements of other branches of the same bank.

b. Security Devices. Within one hundred twenty (120) calendar days from the effectivity of this circular in the case of existing offices and before opening for business in the case of offices to be opened after the effectivity of this circular, banks shall effect the installation, operation and maintenance, as individually appropriate, of the following security devices in each banking office:

1. A time delay device in the cash vault/safe;
2. A lighting system for illuminating the area around the vault, if the vault is visible from outside the banking office;
3. Tamper-resistant locks on exterior doors and windows;
4. A robbery alarm system or other appropriate device for promptly notifying the nearest law enforcement office either directly or through an intermediary of an attempted, ongoing or perpetrated robbery;
5. Anti-burglary or intrusion system capable of detecting promptly an attack on the outer doors, walls, floor or ceiling of the bank premises, including the vault(s); and
6. Such other devices like the closed circuit television (CCTV) and video recording system appropriate to deter the commission of bank crimes and assist in the identification and apprehension of the culprit/s: Provided, That the bank security officer shall consider, among other things, the following:
 - i. The incidence of crimes against the particular banking office and other business establishments in the area where the banking office is located;
 - ii. The amount of currency or other valuables exposed to robbery and other man-made hazards;
 - iii. The distance of the banking office from the nearest law enforcement office and the time ordinarily required for law-enforcement officers to arrive at the banking office;
 - iv. The cost of the security devices;
 - v. Other existing security measures in effect at the banking office; and
 - vi. The physical characteristics of the banking office structure and its surroundings.

Each bank shall install, operate and maintain security devices which are expected to give a general level of bank protection equivalent, at least, to the standards prescribed under this Circular.

c. Vaults and Safes. Vault walls, ceilings and floors, shall be made of steel-reinforced concrete or such other equally safe materials/specifications. Vault doors shall be made of steel or other drill and torch resistant material, equipped with a dual combination lock and time-delay device, and provided with inner and outer grill doors: Provided, That all vaults constructed after the effectivity of this Circular shall be equipped with a breathing/ventilation device and emergency button capable of giving audible and visible signal in case of accidental lock-up.

A vault record book shall be maintained to record all activities relative to the opening and closing of the vault.

Safes should be sufficiently heavy or be securely anchored to the premises where located. The door shall be equipped with a combination lock with a time-delay device if used for safekeeping cash and other valuables. The body shall consist of steel with an ultimate tensile strength of 50,000 pounds per square inch or the equivalent in metric system.

Safe and vault combinations must be changed whenever the custodian is terminated or transferred to another place of assignment. A record of the names of the holder of the keys and combinations shall be maintained for each lock, safe, vault and compartment. Changing of combinations shall be documented to pinpoint responsibility and to ensure confidentiality and proper observance of this requirement.

d. Security of the Premises. For emergency purposes and where applicable, each banking office shall be provided with a back door with steel or grill door which shall be used as an alternative exit door for evacuation in case of fire, flood, bomb threats, wind damage, explosion, civil disturbance, earthquake, or other emergency.

Steel grills, where applicable, shall support exterior glass doors and windows of all banking offices for protection against any forcible entry. Access to the back door shall be limited to authorized bank personnel. Opening and closing thereof before and after banking hours shall be recorded in a registry.

Firearms and other deadly weapons shall not be allowed inside bank premises except when so authorized by the bank. A signage for this purpose shall be conspicuously placed near the main entrance door of the bank. Specific guidelines as to when to allow firearms and other deadly weapons inside bank premises should be incorporated in the security program.

A bank shall maintain within its premises a record of the addresses and telephone numbers of the nearest law enforcement agencies, hospitals, rescue agencies and fire departments.

The security officer of each bank shall conduct, at least annually, a security survey of bank premises and make available the inspection report to BSP examiners during the regular examination.

The bank shall conduct fire, earthquake and bomb threat drill at least once a year.

e. Automated Teller Machine (ATM). ATM sites shall be provided with adequate security. Where there are no security personnel assigned to secure the ATM, an anti-tampering device shall be installed on the ATM and its immediate surroundings shall be regularly inspected to promptly detect any attempt to rob or destroy the same.

f. Armored Car Operation. To ensure the protection of crew members and valuables, all armored vehicles shall be built with bullet-resistant materials capable of withstanding the firepower of high-powered firearms, e.g., M16 and M14 rifles. Moreover, armored vehicles shall be equipped with a vault or safe or a partition wall with a combination lock designed to prevent retrieval of the cargo while in transit. When in use the armored vehicles shall be provided with at least two (2) armed guards and its operations must be supervised by at least two (2) officers of the bank.

All canvass bags that contain cash and other items of value shall be provided with padlocks for security and control purposes. Armored cars shall not be operated as mobile bank.

"Subsec. X171.5 Reports. Banks shall conduct a review and self-assessment of their security program to ensure their compliance with prescribed security requirements. Any substantive amendment thereto shall be approved by the bank's board of directors or country head in the case of branches of foreign banks. The self-assessment of compliance with prescribed security requirements together with the updated security program (if amended during the year) shall be submitted annually to the appropriate department of the Supervision and Examination Sector on or before 30 January of the following year in accordance with the format shown in Appendix 10. The self-assessment together with the updated security program shall be considered category A-2 reports.

"Subsec. X171.6 Bangko Sentral ng Pilipinas Inspection. During regular examination, the BSP reserves the right to perform a compliance assessment of the adequacy of a bank's security arrangements. The BSP, with

approval of the Governor, may also conduct at any time a targetted inspection of the bank's implementation of its security program to determine compliance with regulations. For this purpose the BSP may avail of the services of experts as resource persons.

"Subsec. X171.7 Common Security Service Provision. A bank, with prior BSP approval, may share the services of a security officer or a security management team with its related financial institutions.

"Subsec. X171.8 Sanctions. Any violation of the provisions of this Section, as well as non-compliance with the minimum standards set forth or any directive of the Monetary Board issued pursuant to Section X171 hereof, shall be subject to the administrative sanctions provided under Section 37 of R.A. No. 7653 and may, depending on the materiality or seriousness of the violation, constitute a ground for considering the same as an unsafe and unsound banking practice."

Section 2. Repealing Clause. CB Circular No. 566 dated 27 April 1977, as amended by BSP Circular No. 91 dated 4 October 1995 and Memorandum Circular for All Banks dated 27 April 1977 and all other Circulars, rules and regulations contrary to or inconsistent with the provisions of this Circular are hereby repealed, amended and/or modified accordingly.

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

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

3 September 2008

**FORMAT OF SELF-ASSESSMENT AND CERTIFICATION ON
COMPLIANCE WITH RULES AND REGULATIONS ON BANK
PROTECTION**

(Appendix to Subsec. X171.5)

I hereby certify that the Bank has developed and adopted an updated security program which has been reduced in writing and approved by the Bank's Board of Directors in its Resolution No. _____ dated _____ and retained by this Bank in such form as will readily permit determination of its adequacy and effectiveness. I also certify that I have evaluated/assessed said security program and its implementation and that to the best of my knowledge and belief said security program equals or exceeds the standards prescribed by the Bangko Sentral rules and regulations.

Attached are the results of the self-assessment prepared under my supervision regarding the Bank's security program.

President

Date

ASSESSMENT OF COMPLIANCE WITH RULES AND
REGULATIONS ON BANK PROTECTION
(Attachment to Appendix 10)

Bank Name

I, _____, Security Officer of (Name of Bank), hereby certify that –

1. The bank has a written security program approved by its board of directors and retained by this bank in such form as will readily permit determination of its adequacy and effectiveness;
2. The security program is compliant with the standards set by BSP rules and regulations and commensurate to the bank's operations, taking into consideration its size, locations and the number of its offices. The security program of the bank is deemed adequate to promote maximum protection of life and property against crimes and other destructive causes; prevent and discourage crimes against the bank; and assist law enforcement agencies in the identification and prosecution of perpetrators of crimes committed against the bank.
3. The assessment we conducted last _____ disclosed that said security program of the bank has faithfully been implemented by the bank and the implementation thereof is substantially compliant with the requirements on bank protection prescribed under Section X171 of the Manual of Regulations for Banks (MORB), as follows:

a. Guard system

Description of the system.

b. Security devices

Description of the security devices, such as:

- surveillance system;
- burglar alarm system; and
- robbery/hold-up alarm system.

c. Vaults and safes

State physical description and minimum security measures designed for the vault.

d. Security of the premises

Description of the security measures/devices for banking premises.

e. Automated Teller Machine (ATM)

Description of security measures/devices for ATMs.

f. Armored car operation

Description of armored vehicles and security measures adopted for them.

g. Employees training

Describe training given.

There are no noted adverse deviations of the program from the requirements under BSP rules and regulations. (If there are deviations, please state, "We noted the following deviations and the measures taken to address the deviations.")

4. The bank has written procedures on the following emergency programs:

- a. Anti-robbery/hold-up plan;
- b. Bomb threat plan;
- c. Fire protection plan; and
- d. Other disaster plan like earthquake and terrorist attack.

5. The bank periodically inspects, tests, and reviews its security program and records thereof are adequately maintained and will be made readily available to the BSP for the determination of the program's adequacy and effectiveness.

Security Officer

Date

Noted by:

President

Date