



BANGKO SENTRAL NG PILIPINAS

**OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR**

MEMORANDUM NO. M-2016-017

To : ALL BANKS

Subject : Reminder on Account Opening Process, Verification Procedures and Ongoing Monitoring

The Bangko Sentral ng Pilipinas received information on the unusually high number of individual accounts being opened in certain banks, which, reportedly, will be used for grants or donations that will be provided by certain organization or foundation.

Banks are reminded to exercise caution and conduct appropriate customer due diligence procedures based on the risk posed by the customer. Under Subsection X806.1 of the Manual of Regulations for Banks (MORB), the customer acceptance policy of the bank should consider, among others, the background and source of funds. Whenever enhanced due diligence is warranted, Subsection X806.1.b of the MORB requires obtaining additional information¹ other than the minimum information and/or documents required for the conduct of average due diligence, performing validation procedures on any or all of the information provided and obtaining senior management approval for establishing business relationship.

In this case, relevant validation procedures include, among others, establishing the legitimacy and/or validity of the source of funds of applicants who are opening accounts under similar circumstances. In the event that the bank's validation yields an unsatisfactory result, the bank shall deny banking relationship with the applicant². If the accounts already exist, the Bank may tag these accounts, closely monitor movements or transactions and verify the source/s of funding or deposits. These are without prejudice to filing of a suspicious transaction report (STR) to the Anti-Money Laundering Council, if any of the circumstances under Section X803 of the MORB exists.

For guidance.


NESTOR A. ESPENILLA, JR.
Deputy Governor

16 November 2016

¹ Such as nature and intended purpose for establishing the account or relationship

² Subsection X806.1.b of the MORB