PROPOSED RI ON COMPUTERIZED RECORDS OF BANK DEPOSITS



PART I:
BACKGROUND OF THE PROPOSED RI

PART II:
DEPOSIT ACCOUNT VIEW (DAV) DETAILS

PART I BACKGROUND OF THE PROPOSED RI

Basis of the Proposed RI

Section 9 (d)(1) of RA 3591 as amended:

- Requires each insured bank:
 - to keep and maintain a true and accurate record or statement of its daily deposit transactions
 - Consistent with the standards set by BSP and PDIC
- Compliance to be duly certified by the bank president or compliance officer
 - Sanctions under Section 21 (f) of RA 3591, as amended to be imposed for willful failure or refusal to issue the required certification

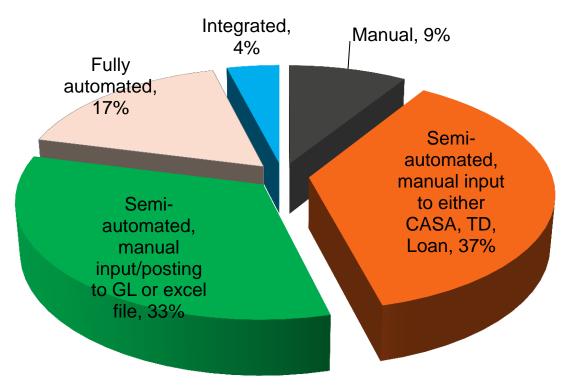
Policy Consideration

- For efficient determination of the amount of insured deposit
- For prompt and accurate reimbursement of deposit insurance claims

Policy Consideration

- Adherence to international standards
 - International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems
 - Core Principle 17 on Reimbursing Depositors
 - Requirement for single customer view (guidance #2)
 - Reliance on technology-based systems (guidance #5)

RB Systems

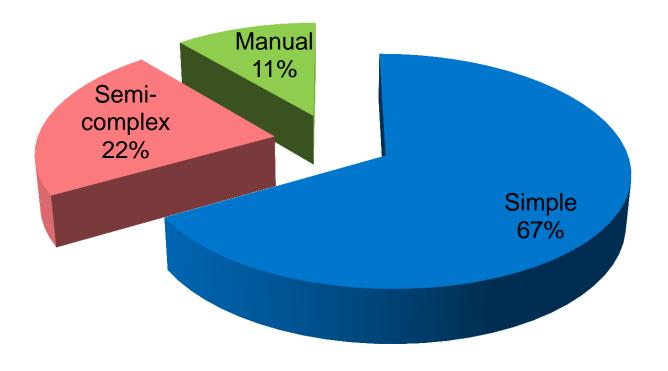


Note:

- 1) Manual system posting is done manually using ledgers for either CASA, TD, or Loan
- 2) <u>Integrated</u> no manual intervention from CASA to Time Deposits or CASA to Loans, no manual input to GL
- 3) <u>Fully automated -</u> no manual intervention from CASA/TD Loan transactions up to GL posting -own branch only
- 4) <u>Semi-automated</u> partly supported by a system but requires manual input or posting either CASA, TD, Loan, GL, excel file

Source: Feasibility Study on the Adoption of a Uniform Core Banking System for Rural Banks Needs Assessment Report, December 10, 2012

IT Systems of Banks Closed in 2013



- a computerized database system where updated and accurate depositor/deposit information and deposit transactions for each and every deposit account are maintained and safely stored
 - Retention period: five (5) years from date of transaction

 a Facility that can readily generate the report called Deposit Account View (DAV)

Facility refers to:

an application that is integrated with the bank's computerized deposit database system to enable the electronic generation of a report in prescribed form.

DAV refers to:

an electronically generated report that provides consolidated depositor/deposit information for each and every deposit account.

In format specified in <u>Annex A</u>

- a backup and recovery arrangement for the depositor/deposit information and deposit transactions
 - in accordance with BSP requirements:
 - Updated Business Continuity Plan (Memoranda to All Banks dated 3 April 2003)
 - Back-up Operation Centers and Data Recovery Sites (Memoranda to All Banks dated 22 January 2004)
 - Guidelines on Information Technology Risk Management (Circular No. 808 series of 2013)

4) Submit the following to PDIC:

Report	Deadline*
Features of Systems Used for Computerized Database (Annex B), duly attested to by the bank's Compliance Officer (Revised RK1)	Within 30 days from RI effectivity and from date of effectivity of any update or change thereafter
Plan of Implementation for PDIC requirements in Sections 3.1 (a) (b) (c)	Within 30 days from date of effectivity of this RI
Certification of Compliance	To be later determined based on submitted Plan of Implementation

^{*} Deadlines to be adjusted after result of consultation with banks/banking associations

Plan of Implementation should detail timetable for the following activities:

- (1) Computerized Database System
- (2) DAV facility
- (3) Back-up and Recovery

Plan of Implementation in compliance with PDIC requirements in Sections 3.1 (a) (b) (c)

TASK	DATE STARTED	DATE COMPLETED	COMMENTS
ı. Review of Existing System			
a.			
b.			
II. Design			
a.			
b.			
III. Development			
a.			
b.			
ıv. Testing			
a.			
b.			
v. Build-up			
a.			
b.			
vı. Roll-out			
a.			
b.			

Conduct of Compliance Check

Thru compliance audit conducted exclusively for this purpose or as part of regular and special examination In accordance with the Law on Secrecy of Bank Deposits (RA 1405)

SECTION 2. All deposits of whatever nature with banks or banking institutions in the Philippines including investments in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities, are hereby considered as of an absolutely **confidential nature and may not be examined, inquired or looked into by any person, government official, bureau or office, except upon written permission of the depositor, or in cases of impeachment, or upon order of a competent court in cases of bribery or dereliction of duty of public officials, or in cases where the money deposited or invested is the subject matter of the litigation.**

RI Implementation

 Briefings /dialogues are scheduled to be conducted from July to September 2014

 The RI is targeted for approval and issuance in December 2014/January 2015

PART II

DEPOSIT ACCOUNT VIEW (DAV) DETAILS

DEPOSIT ACCOUNT VIEW DETAILS Depositor Information

COLUMN TOWNS TO SERVICE STATE OF THE PERSON SERVICE STATE	DEPOSIT INFORMATION		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
	Depositor Code	Depo_ID	Unique identification code to match all accounts belonging to same depositor	numeric	Yes	Text	Text	Prospectively, bank must ensure that only 1 code is assigned to a depositor. In case where multiple codes were previously assigned to a depositor, bank should link all of the codes to the unique depositor code, which could be either 1 of the previously-assigned codes or a new code

a a a a a a a a a a a a a a a a a a a	DEPOSIT INFORMATION		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
	Depositor Type	Depo_Type	"I" for Individual; "C" for Corporate; "J" for Joint; and "ITF/By" for Held-in- Trust-For or By account	Character	Yes	Text	I, C, J, ITF/By	

STATES OF THE PERSON NAMED IN COLUMN 1		POSIT RMATION	DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
	Depositor Full Name	Depo_Name	Complete name of depositor	Character	Yes	Last Name + "," First Name & Suffix(Jr., Sr, III), Middle Initial + "." (for persons); Name as it appears in bank records or proof of deposit (for entities)	NA	

DEPOS INFORM		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
Depositor's Middle Name	Depo_MN	Middle Name; " " if not applicable	Character	No	Text	Text;	

	OSITOR MATION	DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
Birthdate	Depo_BD	Date of birth, " " if not applicable	Date	Yes	Date (mm/dd/yyyy)	Date	

Sample:

Depositor Information

Depositor Code	Depositor Type	Depositor Full Name	Depositor's Middle Name	Birthdate
Depo_ID	Depo_Type	Depo_Name	Depo_MN	Depo_BD
1233	I	ONG, WENG	GUTIERREZ	4/9/1980

STATE OF THE PERSON NAMED IN		DEPOSITOR INFORMATION			DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
	Province	Add_Prov	Full name of province, please do not abbreviate	Character	Yes	Yes	Text		
	City/ Municipality/ Town	Add_City	Full name of city or municipality or town, please do not abbreviate	Character	Yes	Text	Text	Bank must ensure that a depositor's address match the adress/es, for all his/her deposit accounts	

DEPOSITOR INFORMATION		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS	
aranggay/ Jbdivision/ Village	Add_Brgy	Full name of baranggay or subdivision or village please do not abbreviate	Alpha numeric	Yes	Text	Text		
Building/ Unit or House Number/ Street	Add_St	Unit number, building and street name (for building address); House number and name of street (for house address). Partial abbreviation of name of street/building acceptable (eg. Jose P. Rizal Street may be stated as J.P. Rizal St.)	Alpha numeric	Yes	Text		Bank must ensure that a depositor's address match the adress/es, for all his/her deposit accounts	

Sample:

Depositor Information

	Addr	ess (separated into cells)	
Province	City/Municipality/ Town	Barangay/Subdivision/ Village	Building/ Unit or House Number/ Street
Add_Prov	Add_City	Add_Brgy	Add_St
LAGUNA	STA.ROSA	SAN LORENZO SOUTH	BLK.1 LOT 9 PHASE 1-D

DEPOSITOR INFORMATION		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
Borrower? Borr?		"Y" if depositor has existing loan/s with bank; "N" otherwise	Alpha numeric	Yes	Text	Y, N	
Co-Maker or Guarantor?	Co_Borr?	"C" if depositor acts as co-maker of an existing loan; "G" if the depositor's deposit account serves as guarantee for an existing loan of another person or entity; "N" otherwise	Alpha numeric	Yes	Text	C, G, N	

Sample:

Depositor Information

Borrower?	Co-Maker or Guarantor?
Borr?	Co_Borr?
Υ	С
N	G

DEPOSIT INF	DEPOSIT INFORMATION		DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
Deposit Account Number	Dep_Ac_No	Bank-issued identification number for the deposit account	Alpha numeric	Yes	Text	Text	
Branch Name or Code	Br_NaCo	Branch where the deposit account was opened	Alpha numeric	Yes	Text	Text	If abbreviated/ coded, legend for abbreviations/ codes should be available

DEPOSIT IN	FORMATION	DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
Deposit Type	Dep_Type	"SA" for Savings or Special Savings; "TD" for Time Deposit; "DD" for Demand Deposit; "NOW" for Negotiable Order of Withdrawal; "NCTD" for Negotiable Certificate of Time Deposit	Alpha numeric	Yes	Text	SA,DD, TD, NOW, NCTD	
Deposit Sub-Type	Dep_Type2	Either the product name (eg. Regular Time, Premium Savings, Kiddie Savings) or product code	Alpha numeric	Yes	Text	Text	Legend for abbreviations/ codes should be available

DEPOSIT INFORMATION			DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
	Currency Code	Dep_Cur	3-character code corresponding to the currency of the deposit (eg. USD, PHP, YEN)	Numeric	Yes	Text	Text	Legend for the codes should be available

Sample:

Depositor Information

Deposit Account Number	Branch Name or Code	Deposit Type	Deposit Sub- Type	Currency Code
Dep_Ac_No	Br_NaCo	Dep_Type	Dep_Type2	Dep_Cur
000123458	KBPNB002	SA	PS XXX	USD
000123459	RBSL001	NCTD	PS XXX	PHP
000123460	TBPSB003	DD	GO XXX	PHP

	DEPOSIT INFORMATION		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
P. T.		Int%	Applicable interest rate on deposit	Numeric	Yes	99.99%	Numbers	Value should be zero(0) if not interest bearing
T E R E S T O N D E P O S I T	Interest Payment/ Postina	Int_post_date	Date of bank's last payment/posting of interest on deposit	Date	Yes	Date (mm/dd/yyyy)	Date	
	Last Interest Payment Cut-off Date	Int_cutoff	Date last interest payment became or will become due to depositor. For instance, if last interest payment was made on 03/02/2013, but said interest payment applies for the period 01/01/2013 to 03/31/2013, then the last interest payment cut-off date is 03/31/2013	Date	Yes	Date (mm/dd/yyyy)	Date	

and and and and and and	DEPOSIT INFORMATION		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
	Issue Date		Date granted for TD	Date	Yes	Date (mm/dd/yyyy)	Date	
	Maturity Date	Mat_date	Date of maturity, only in the case of termed deposit, such as time or special savings	Date	Yes	Date (mm/dd/yyyy)	Date	

Sample:

Deposit Information

	Interest on Dep			
Interest Rate	Date of Last Interest Payment/Posting	Interest Payment I		Maturity Date
Int%	Int_post_date	Int_cutoff		Mat_date
1.50%	9/8/2011	9/9/2013	7/8/2014	7/9/2015
1.00%	9/9/2011	9/10/2013	6/17/2014	12/16/2014

DAV Details Deposit Information

	DEPOSIT INFORMATION		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS	
		ithholding 「ax Rate	WTax%	Applicable withholding tax rate on interest income	Numeric	Yes	99.99%	Numbers	Value should be zero(0) if account is exempted from tax
A T		Withholding Tax on Interest Income	Wtax_date	Date of last deduction of withholding tax on interest income	Date	Yes	Date (mm/dd/yyyy)	Date	
1	6 O L N A 6 O F F	Dormancy Charge	Dorm_ch_date	Date of last deduction of dormancy charge from deposit account balance	Date	Yes	Date (mm/dd/yyyy)	Date	

Sample:

Deposit Information

	Date of Last Deduction of:						
Withholding Tax Rate	Withholding Tax on Interest Income	Dormancy Charge					
WTax%	Wtax_date	Dorm_ch_date					
2.00%	1.75%	0-0-000					
2.00%	1.75%	0-0-000					

DAV Details Deposit Information

al a Mananana	DEPOSIT INFORMATION		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
	Date of Last Deposit/ Withdrawal Transaction	Last_trans_date	Date of latest deposit or withdrawal transaction of depositor	Date	Yes	Date (mm/dd/yyyy)	Date	
	Available Balance	Avail_Bal	Deposit account balance per CASA/ bank records	Numeric	Yes for balances > 0	9999999.99	Numbers	

DAV Details Deposit Information

DEPOSIT INFORMATION		DESCRIPTION	DATA TYPE	MANDATORY	FORMAT	VALID VALUES	REMARKS
Restricted?	Restrict?	"Y" if restricted (eg. freeze account, under investigation, with pending legal case); "N" otherwise	Alpha numeric	Yes	Text	Y, N	
Account Status	Ac_Stat	"A" for Active Accounts; "D" for Dormant; "ES" for Escheat (due to the Treasurer of the Philippines)	Alpha	Yes	Text	Text	

Sample:

Deposit Information

Date of Last Deposit/Withdrawal Transaction	Available Balance	Restricted?	Account Status
Last_trans_date	Avail_Bal	Restrict?	Ac_Stat
9/20/2013	100,000.00	N	Α
10/8/2012	70,000.00	Υ	Α

END OF PRESENTATION THANK YOU!

Sample:

Depositor Code	Depositor Type	Depositor Full Name	Depositor's Middle Name	Birthdate	
Depo_ID Depo_Type		Depo_Name	Depo_MN	Depo_BD	
A001@A035	J	SEGOVIA, JUN CARLO AND/OR VALDEZ, JEFF	CEBUMA@SANTOS	6/17/2000@4/21/2000	
A002	ITF	OLARTE, EDWIN ITF GONZALES, GENALYN	MALABANAN@CRUZ	7/15/1998@4/23/1999	

Single **2**

A001 | I | SEGOVIA, JUN

CARLO | CEBUMA | 6/17/2000 | BULACAN | PULILAN | DAMPOL 1ST | 674 DIMAS | NO | NO | 01-SA-

01234 | PULILAN | SA | SDA | PHP | 0.01 | 6/30/2014 | 6/30/2014 | N /A | N/A | 0.2 | | N/A | N/A | N/A | 6/30/2014 | 100000 | NO | A A002 | M | OLARTE,

EDWIN | MALABANAN | 7/15/1998 | NCR | MAKATI | | NO | NO | 0 1-TD-

01234|BATANGAS|CTD|TD|PHP|0.01||6/30/2014|6/30/201 3|6/30/2014|0.2||N/A|N/A|N/A||100000|NO|A

Joint 🗹

A001@A035 | J | SEGOVIA, JUN CARLO AND/OR VALDEZ, JEFF | CEBUMA@SANTOS | 6/17/2000@4/21/2000 | BULACAN@NU EVA ECIJA | PULILAN@CABANATUAN | DAMPOL 1ST@PUROK 2 | 674 DIMAS@123 J.VICTOR | NO@NO | NO@NO | 01-SA-01234 | PULILAN | SA | SDA | PHP | 0.01 | 6/30/2014 | 6/30/2014 | N/ A | N/A | 0.2 | | N/A | N/A | N/A | 6/30/2014 | 100000 | NO | A A002 | J | OLARTE, EDWIN ITF: GONZALES, GENALYN | MALABANAN@CRUZ | 7/15/1998@4/23/1999 | NCR@ CAVITE | MAKATI@BACOOR | @CAMELLA ST. | NO | NO | 01-TD-01234 | BATANGAS | CTD | TD | PHP | 0.01 | | 6/30/2014 | 6/30/2013 | 6/30/2014 | 0.2 | | N/A | N/A | N/A | | 100000 | NO | A

COMMENTS OF BANK ASSOCIATIONS

Time and cost considerations

- 30-days too short to submit a Plan of Implementation, a 6-month time frame is suggested / RI implementation be deferred for at least one year.
- Consider inserting transitory period between Section 5 and 6; to give any affected member bank a one (1) year transitory period from effectivity of the RI or such other period determined by PDIC, to comply with the requirements in 3.1 (a) and (b)
- Cost of modification of a bank's existing facility, which could have more impact on smaller and even medium-sized banks, should be taken into account

COMMENTS OF BANK ASSOCIATIONS

DAV Standard Format / Required Information

- Loan/borrower, co-maker, guarantor information are maintained manually or not in deposit database system, tagging not yet existing.
- Address format are not the same as with PDIC. Also, some banks use multiple addresses to allow clients the option of having bank statements of different accounts delivered to different addresses
- Information on Dormancy charges, Other charges are not available, the bank lumps these under Service Charge
- Proposed formatting should not be strictly imposed

COMMENTS OF BANK ASSOCIATIONS

- Alignment with Other Laws / Regulatory Requirements
 - Issue on conduct of compliance checking due to Law on Secrecy of Deposits (RA 1405)