



# BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

**CIRCULAR NO. 931**  
Series of 2016

**Subject: New Service Fees for Banks' Deposit and Withdrawal Transactions and Amendments to Operational Processes under the Enhanced Cash Management Services and Guidelines on Clean Note and Coin Policy**

The Monetary Board, in its Resolution Nos. 1965 and 2060 dated 3 and 17 November 2016 respectively, approved the following: (a) imposition of new service fees for banks' deposit and withdrawal transactions and amendments to operational processes under the Enhanced Cash Management (ECM) services, (b) adoption of guidelines aimed at strengthening compliance with Clean Note and Coin Policy, and (c) the corresponding amendments to the Manual of Regulations for Banks (MORB).

**Section 1.** Section X954 of the MORB shall be amended to read as follows:

**Section X954 Service Fee for Transactions with the Bangko Sentral.** The succeeding subsections provide the guidelines on the imposition of service fee on transactions of banks with the Cash Department (CD), Currency Management Sub-Sector (CMSS) and the Regional Offices and Branches, Regional Monetary Affairs Sub-Sector (RMAS). The guidelines and procedures governing currency deposits and withdrawals of banks are provided in Appendix 80, as revised herein.

**Section 2.** Subsections X954.1 and X954.2 of the MORB are hereby added to read as follows:

**Subsection X954.1 Fee Structure under the Enhanced Cash Management (ECM) Services Offered by the Cash Department (CD), Currency Management Sub-Sector (CMSS).** The following shall govern the transactions of banks with the CD, CMSS, covered under the ECM services:

a. Service fees applicable to cash transactions are, as follows:

<b>Type of transaction</b>	<b>Applicable Service Fees (per bundle)</b>
• New/Fit banknote deposits	P100.00
• Unfit banknote deposits	None
• Mixed banknote deposits	P120.00
• Fit banknotes found inserted in unfit banknote deposits verified	P100.00

Type of transaction	Applicable Service Fees (per bundle)
<ul style="list-style-type: none"> <li>Withdrawals (new/verified/unverified<sup>1</sup> fit banknotes)</li> </ul>	None

Deposits classified as fit banknotes but found to include unfit banknotes shall be reclassified as mixed banknotes and accordingly charged a fee of P120.00 per bundle.

- b. Banks shall issue a letter of authority in favor of the Bangko Sentral, through the CMSS to debit their respective DDA maintained with the Bangko Sentral, for the service fee on their transactions on the day of deposit based on the deposit slip/s.
- c. Banks shall continue to prepare separate deposit slip/s for new/fit, mixed and unfit notes which will serve as basis for the imposition of applicable service fees for new/fit and mixed notes.

**Subsection X954.2. Fee Structure for Transactions with the Bangko Sentral Regional Offices and Branches, RMASS.** The following shall govern the transaction of banks with the Bangko Sentral Regional Offices and Branches, RMASS:

- a. Service fees applicable to cash transactions are as follows:

Type of transaction	Applicable Service Fees (per bundle)
<ul style="list-style-type: none"> <li>Fit banknote deposits</li> </ul>	P100.00
<ul style="list-style-type: none"> <li>Unfit banknote deposits</li> </ul>	None
<ul style="list-style-type: none"> <li>Fit banknotes inserted/mixed-in with unfit banknote deposits</li> </ul>	P100.00
<ul style="list-style-type: none"> <li>Withdrawals (new/verified/unverified<sup>1</sup> fit banknotes)</li> </ul>	None

- b. Banks shall issue a letter of authority in favor of the Bangko Sentral ng Pilipinas, through RMASS, to debit their respective DDA maintained with the Bangko Sentral for the service fee on their transactions on the day of deposit based on the deposit slip/s.

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<sup>1</sup>As a matter of policy, the Bangko Sentral verifies deposits of banks. In certain instances, the Bangko Sentral allows withdrawals by bank of unverified fit notes.

- c. Banks shall continue to prepare separate deposit slip/s for fit and unfit notes, which will serve as the basis for the imposition of applicable service fees for fit notes.
- d. The Bangko Sentral Regional Offices and Branches shall accept deposit of bundled fit notes packed in sealed plastic containers in uniform quantity of twenty (20) bundles of one (1) or various denominations.

**Section 3.** Appendix 80 of the MORB on the Guidelines and Procedures Governing Currency Deposits and Withdrawals of Banks for Credit to and Debit from their Demand Deposit Accounts with the Bangko Sentral shall be amended to read as follows:

The Bangko Sentral Cash Department (CD) and Regional Offices/Branches shall accept all types of currency notes (i.e. fit, unfit, mixed)/coins (i.e. fit, unfit) for deposit except mutilated currency notes/coins, which must be presented for determination of redemption/exchange value by the Currency Issue and Integrity Office (CIIO).

Banks are encouraged to arrange direct exchange of their accumulated excess new/fit currency notes/coins with other banks to optimize circulation of said notes/coins and to deposit only unfit currency to their DDAs with the Bangko Sentral.

To facilitate the expeditious receipt of banks' cash deposits and servicing of their cash withdrawals by the Bangko Sentral, all banks, including their provincial branches shall observe the following guidelines and procedures when making cash deposits and/or withdrawals with the Bangko Sentral CD or any of the Bangko Sentral Regional Offices/Branches:

- a. The operating hours for currency transactions are as follows:

<b>Transactions</b>	<b>CD</b>	<b>Bangko Sentral Regional Offices and Branches</b>
Deposit	8:00 AM – 3:00 PM	9:00 AM – 2:00 PM
Withdrawal	9:00 AM – 4:00 PM	9:00 AM – 12:00 NN

- b. The Bangko Sentral shall accept new/fit, unfit and mixed banknote deposits (for CD only) only after conducting bundle and wrapper count. New/fit notes need not be verified piece-by-piece by the Bangko Sentral before the same shall be re-issued to service cash withdrawals of banks.

- c. Bank deposits of new/fit currency notes referred to in item “b” above not withdrawn by the banks shall be scheduled for piece-by-piece verification by the Bangko Sentral.
- d. The Bangko Sentral may accept coin deposits in standard quantity per denomination in containers prescribed by the Bangko Sentral.

### **Currency Deposits**

- e. Head Offices/Cash Centers of banks in Metro Manila or their designated cash centers/main branch in the provinces shall make direct deposits (on a cash basis) of currency notes and coins with the Bangko Sentral CD or the nearest Bangko Sentral Regional Office/Branch, respectively. The currency notes shall be duly classified as new/fit, unfit, or mixed in accordance with the “Currency Guide for Bank Tellers, Money Counters and Cash Custodian” prepared by the Bangko Sentral CD, and by denomination.
- f. In areas with no immediate access to the Bangko Sentral Regional Offices/Branches, provincial branches of banks shall arrange with their respective Head Offices the shipment of their unfit notes/coins for deposit with the Bangko Sentral CD. Cost of shipment and other related expenses to be incurred shall solely be for the account of the bank concerned.
- g. Banks shall provide securely sealed transparent plastic bags prescribed by the Bangko Sentral for their deposits at the Bangko Sentral CD; separately for the new, fit, unfit and mixed notes. Each plastic bag shall have uniform quantity of 20 bundles<sup>2</sup> of same series, denomination and classification with the following dimensions: Length – 45.67”; Width – 12.99”; and Height – 5.12”. The deposit slip for each type/category of currency notes shall be clearly labeled as “NEW”, “FIT”, “UNFIT” OR “MIXED” as the case maybe.

At the Bangko Sentral Regional Offices/Branches, banks shall deposit notes using securely sealed transparent plastic bags containing twenty (20) bundles<sup>2</sup> of one (1) or various denominations, stacked vertically.<sup>3</sup> Each plastic bag shall exclusively contain either fit or unfit notes, and shall have dimensions as follows: Length – 47”; Width – 12.50”; and Height – 5.25,” or as may be specified by RMASS. Each plastic bag shall also have a deposit slip indicating the type/category of notes contained (*i.e.*, “FIT” or “UNFIT”).

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<sup>2</sup>Each bundle of banknotes consists of 1,000 pieces, or 10 wrappers of 100 pieces of banknotes of same denomination per wrapper.

<sup>3</sup>The measure prescribing the use of transparent plastic bags for banknote deposits relative to the Bangko Sentral Regional Offices/Branches shall be effective the first banking day of January 2017.

A deposit slip for each type/category shall be prepared in advance (properly and accurately) by the bank representative to facilitate smooth flow of transactions and avoid errors in accomplishing the forms. Amount in words and in figures should be consistent and all details should be provided.

- h. To facilitate handling of cash deposits, notes and coins shall be deposited in the following manner:

**(1) Banknotes**

- (a) Type of banknote deposits - Banks can deposit banknotes to the Banko Sentral, either through:

- (i) *Regular Deposits* - refer to deposits which do not bear any restriction as to volume and amount. These banknote deposits should be placed in the prescribed clear plastic bags, with each containing exactly 20 bundles of banknotes; and
- (ii) *Over-the-Counter Deposits* (for CD only) – refer to deposits which range from a minimum of one (1) wrapper to a maximum of four (4) bundles.

- (b) Classifications of Banknote Deposits - Deposits must be sorted by series and denomination, as follows:

- (i) **New/Fit Banknote Deposits** refer to:
  - (aa) Clean notes such that the prints are clear and the genuineness is obvious;
  - (ab) Notes without writing and/or heavy creases; and
  - (ac) Notes that can maintain their upright position when held at the mid-portion of one of the shorter borders.
- (ii) **Unfit Banknote Deposits** refer to banknotes that do not qualify as fit banknotes.
- (iii) **Mixed Banknote Deposits** (for CD only) refer to deposits which consist of combination of fit and unfit banknotes in a bundle or wrapper.

- (c) For deposits at the Bangko Sentral CD, each standard currency bag shall contain currency notes amounting to:

<b>Denomination</b>	<b>Value per Prescribed Bag</b>
1000-Piso	P20,000,000.00
500-Piso	10,000,000.00
200-Piso	4,000,000.00
100-Piso	2,000,000.00
50-Piso	1,000,000.00
20-Piso	400,000.00

However, the Bangko Sentral Regional Offices/Branches shall accept deposits in uniform quantity of twenty (20) bundles of one (1) or various denominations per plastic bag.

- (d) Wrapper strap - The wrapper strap binding the 100 pieces of notes should be white in color and plainly marked with:

- (i) the denomination and amount of currency;
- (ii) the date of bank's verification;
- (iii) the printed name(s) and signature(s) of depositing bank's verifier; and
- (iv) the name of the depositing bank.

- (e) Tags in each plastic bag, indicating the date of deposit, name of bank, classification, tag number, denomination, quantity, amount, name and signature of depositor/bank representative, and, name and signature of the Bangko Sentral accountable officer (for CD)/Teller(RMASS), shall be placed inside and attached outside the plastic bag, using the following color coding:

- (i) New/Fit Notes – brown tag for CD; and white tag for Regional Offices/Branches.
- (ii) Unfit Notes – pink tag for CD; and blue tag for Regional Offices/Branches.
- (iii) Mixed Notes – green tag for CD.

- (f) Pins, clips, staple wires, and stickers/adhesive residue, if any, must be removed prior to deposit.

## (2) Coins

(a) Type of coin deposits – Banks may deposit coins to the Bangko Sentral through:

- (i) Regular Deposits – refer to coin deposits that are in multiples of fifty (50) bags<sup>4</sup> per denomination for CD, while for RMASS, twenty (20) bags of one (1) or various denominations and by classification (fit or unfit) and placed in the prescribed bag.<sup>5</sup>
- (ii) Over-the-counter Deposits (for CD only) – refer to deposits which range from a minimum of 1 bag to a maximum of 4 bags.

(b) Coin deposits shall be sorted into fit and unfit with the latter defined in Subsection X950.6c. Coin deposits shall be free from adhesive tapes, and shall not be inserted with foreign coins, token coins or other objects.

(c) Individual bags shall contain standard number of pieces and amount per denomination as follows:

Denomination	Color of Tags (CD)	Color of Tags (Bangko Sentral Regional Offices and Branches)	Quantity (pieces)	Value	Approximate Weight per bag (in Kgs)
10-piso	green	green	1,200	P12,000.00	10.44
5-piso	pink	green	1,500	7,500.00	11.55
1-piso	brown	green	2,000	2,000.00	12.20
25-sentimo	brown	green	3,000	750.00	11.40
10-sentimo	brown	green	4,500	450.00	11.25
5-sentimo	brown	green	5,000	250.00	9.50
1-sentimo	brown	green	5,000	50.00	10.00

<sup>4</sup> Each bag shall contain coins of the same denomination.

<sup>5</sup> The measure prescribing the 20-bag limit per tag number for coin deposits relative to the Bangko Sentral Regional Offices/Branches shall be effective the first banking day of January 2017.

- (d) For CD, the tag in each coin bag, indicating the date of deposit, name of bank, classification, tag number, denomination, quantity, amount, name and signature of depositor/bank representative, and name and signature of the Bangko Sentral accountable officer, shall be placed inside and another tag attached outside the coin bag.

For the Bangko Sentral Regional Offices and Branches, a tag shall be placed inside, and another tag attached outside each bag. The tags shall contain the date of deposit, name of the bank, classification, denomination, quantity, and amount/value of notes deposited. A separate deposit tag (format prescribed by the Bangko Sentral) shall be prepared for every deposit of twenty (20) coin bags of one (1) or various denominations. The deposit tag shall contain the name of the bank, date of deposit, tag number, denomination, quantity, amount of coins deposited, name and signature of bank representative.

- i. Upon delivery of the currency notes/coins to the Bangko Sentral CD/Regional Office/Branch, the representative of the depositing bank shall witness the bundle and wrapper count for notes and bag count for coins made by the Bangko Sentral CD accountable officer and the Bangko Sentral Regional Office/Branch teller. If found in order, the said Bangko Sentral officer/teller shall acknowledge receipt of the currency note/coin deposits.
- j. Deposits of currency notes at the Bangko Sentral CD and/or Regional Offices/Branches need not be taken out of the container since contents are seen and can be counted through the transparent plastic bag.
- k. The CD/Regional Offices/Branches of the Bangko Sentral may refuse acceptance of deposits that do not conform to the foregoing guidelines and procedures, such as, but not limited to, the following:

(1) Banknotes:

- (a) Shortage or overage in bundle and/or wrapper count;
- (b) Misclassification and insertion of other denomination/s and series;
- (c) Discrepancies in denomination and/or amount against the Deposit Tags and/or Cash Deposit Slip;
- (d) Worn-out, damaged, tampered and/or unsealed transparent plastic bag; and
- (e) Arrival of bank representatives and armored vehicles beyond the designated time.



**(2) Coins:**

- (a) Coin bags for deposit contain dust/flour/residue;
- (b) Discrepancy in the number of bags against the deposit tag and/or cash deposit slip; and
- (c) Arrival of bank representatives and armored vehicles beyond the designated time.

**Currency Withdrawals**

- i. The Cash Department (CD) and the Bangko Sentral Regional Offices/Branches shall service cash withdrawals of banks from unverified fit currency deposits and/or from verified fit/new currency in stock. In case of withdrawals using unverified fit currency deposits (that are still sealed), any discrepancy found during verification shall be for the account of the depositing bank.
- m. Only the authorized representative of the depositor-bank may open the sealed bag(s) of unverified fit note deposits, from which the Bangko Sentral shall service the cash withdrawal of another bank. It is understood that said representative, who upon at least one (1) day notice, shall make himself available to service the withdrawals of another bank, whenever assigned to the Bangko Sentral CD/Regional Office/Branch to effect cash withdrawals.
- n. The manner of withdrawal shall be as follows:
  - (1) At CD, cash withdrawals of banks shall be effected using the Electronic Cash Withdrawal System. On Day 1, Cash Order Slip (COS) shall be sent by banks through fax to CD not later than 12:00 noon. COS shall be accurately prepared and submitted without alterations/erasures. If there are corrections to the detail/s in the COS, at least one of the two (2) signatories to the COS shall validate the correction/s on Day 2.

On Day 2, Cash withdrawal shall be settled through PhilPaSS and bank representatives shall present to CD the original and authenticated COS with their final order.

For banknotes, banks may opt to withdraw these in bundles/boxes (new or fit notes) and/or in cassette-ready form (consisting of two bundles or 2,000 pieces reissued banknotes; for CD only).

At the Bangko Sentral CD, emergency withdrawals may be allowed but not to exceed two (2) times a week.

- (2) At the Bangko Sentral Regional Offices/Branches, cash withdrawal shall be made using the electronic cash transaction system of RMASS [e.g., Integrated Regional Information System (IRIS)]. Banks shall transmit their withdrawal transactions via the system not later than 4:00 pm, one (1) business day prior to the date of actual withdrawal.<sup>6</sup> On the day of the withdrawal, required documents (such as Authority to Debit, the Bangko Sentral demand deposit check/s, and Authority to Withdraw) shall be presented by the bank not later than 12:00 noon. Otherwise, the withdrawal shall no longer be processed.

Cash withdrawals that were not transmitted within the prescribed period shall only be considered on a case-to-case basis, upon formal written request/explanation from the bank, at the discretion of the Bangko Sentral Regional Office or Branch Head.

(3) Bank Representatives

(a) Bank representatives must wear the prescribed uniform, i.e., pocketless pants (for both CD and RMASS); and T-shirt with the bank's logo and name printed at the back (for CD only).

(b) Personal belongings, including cell phones, are not allowed in the loading bay area.

- o. The authorized representative of the withdrawing bank shall conduct box/bag/bundle/wrapper count of the notes, and bag/box count of the coins withdrawn from the new/verified fit/unverified fit currency note/coin deposits witnessed by authorized representative of the Bangko Sentral. Additionally, for withdrawals of unverified fit notes and coins, the representative of the bank from whose deposits the unverified notes/coins are withdrawn shall witness the count.

**Section 4.** Subsection X950.5 of the MORB shall be amended to read as follows:

**Subsection X950.5 (2008 - X610.5) Clean note and coin policy.** As part of banks' duties to effect an expeditious withdrawal from circulation of unfit Philippine currency notes classified under Subsec. X950.6, banks and their branches shall observe the guidelines and procedures governing currency deposits and withdrawals of banks provided in Appendix 80.

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<sup>6</sup> The requirement for banks to submit their withdrawal transactions thru the electronic cash transaction system of RMASS (e.g., IRIS) not later than 4:00 p.m., one (1) business day prior to the date of actual withdrawal shall be effective the first banking day of January 2017.

Provincial branches of banks may make direct deposits of currency notes, duly identified and sorted, with the nearest Bangko Sentral Regional Office/Branch. In areas where there are no Bangko Sentral Regional Offices/Branches, provincial branches of banks shall arrange with their respective Head Offices the shipment of their unfit or dirty notes for deposit with the CD, Bangko Sentral in Quezon City. Cost of shipment and other related expenses to be incurred shall be solely for the account of the bank concerned.

Coins submitted by banks to Bangko Sentral for deposit/determination of redemption value shall be packed/bagged in accordance with the following procedure:

- a. Coins shall be free from adhesive tapes;
- b. Coins shall be sorted into fit, unfit or mutilated, per denomination and per series;
- c. Each bag of coins shall contain the following standard number of pieces and amount per denomination:

Denomination	Pieces Per Bag	Amount Per Bag
10-piso	1,200	12,000.00
5-piso	1,500	7,500.00
1-piso	2,000	2,000.00
25-sentimo	3,000	750.00
10-sentimo	4,500	450.00
5-sentimo	5,000	250.00
1-sentimo	5,000	50.00

Provided, however, that in the case of unfit or mutilated coins, these could be packed in amounts of One Thousand Pesos (P1,000.00) for denomination 10-, 5-, and 1-piso; and fifty pesos (P50.00) for 25-, 10-, 5-, and 1-sentimo.

The CD and the Regional Offices/Branches of the Bangko Sentral may refuse acceptance of cash deposits that do not conform to these guidelines and procedures.

**Section 5.** Section X955 and Subsections X955.1-X955.3 of the MORB are hereby added to read as follows:

**Section X955. Adoption of Clean Note and Coin Policy.** The Board of Directors shall adopt a Clean Note and Coin Policy consistent with the principles and guidelines issued by the Bangko Sentral. The Board shall ensure that the policy takes a holistic approach to avoid biases in implementation in favor of certain areas or regions.

The Clean Note and Coin Policy shall include, among others, the following:

- a. *Coverage.* This shall emphasize that the policy shall be implemented bank-wide covering all branches.
- b. *Criteria to determine when a note/coin is to be pulled out of circulation.* This shall provide the conditions under which a currency is to be withdrawn from circulation as well as the system for properly segregating fit notes/coins from unfit notes/coins. This shall also cover the quality of notes to be loaded in automated teller machines.
- c. *Guidelines in ensuring that the life of currency notes/coins is extended.* This shall identify measures that deter unacceptable practices, such as, among others, stapling and writing on currencies, and excessive folding.
- d. *Deposit and/or exchange on a regular basis of unfit notes/coins with the Bangko Sentral.* This shall include safeguards that will ensure compliance with the guidelines set by the Bangko Sentral when making cash deposits with the Cash Department or any of the Regional Offices/Branches. Said policy shall include guidelines that aim to facilitate regular deposit and/or exchange with the various Bangko Sentral cash units of unfit notes/coins.

The Board of Directors shall ensure that on a periodic basis, consistent adherence to the Clean Note and Coin Policy is assessed, and that the continuing relevance and effectiveness of said policy is reviewed.

**Subsection X955.1. Compliance program.** The Clean Note and Coin Policy shall be included in the Compliance Program. In this regard, the compliance function shall conduct periodic compliance testing to assess compliance with internal policies as well as with the principles and guidelines issued by the Bangko Sentral. Coverage of such testing shall include the head office and branches. Further, the compliance function shall periodically assess the risk of non-compliance with the said policy.

**Subsection X955.2. Internal audit.** The internal audit function shall provide an independent assurance on the effectiveness of governance, risk management, and internal controls with respect to the bank's compliance with the Clean Note and Coin Policy. It shall conduct an independent review of operations to assess whether policies, procedures, and control processes are being effectively implemented or are still relevant considering the size, risk profile, and complexity of operations of the bank. The internal audit function shall ensure that the scope of audit shall cover the head office and the branches.

**Subsection X955.3. Supervisory enforcement action.** The Bangko Sentral reserves the right to deploy its range of supervisory tools to promote adherence to the requirements set forth in Section X955 and its Subsections and bring about timely corrective actions and compliance with the Bangko Sentral directives. The Bangko Sentral may issue directives or impose sanctions on the bank, for violation of the provisions of Section X955 and its Subsections, which may include, among others, restrictions or prohibitions from certain authorities/activities. Sanctions may likewise be imposed on bank directors, officers, and employees concerned.

**Section 6. Effectivity.** This Circular shall take effect fifteen (15) calendar days following its publication in the Official Gazette or in a newspaper of general circulation.

**FOR THE MONETARY BOARD:**



**AMANDO M. TETANGCO, JR.**  
Governor

9 December 2016