

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

**EIGHTEENTH CONGRESS**  
First Regular Session

**House Bill No. 6924**  
*(In Substitution of HB 1297)*

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**Introduced by Representatives Cua, Villafuerte, L. and Oaminal**

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**AN ACT**  
**ENABLING BANKS TO EXPAND SERVICE DELIVERY CHANNELS**  
**THROUGH CASH AGENTS AND PROVIDING GUIDELINES THEREFOR**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

1       SECTION 1. *Short Title.* — This Act shall be known as the "*Bangko sa*  
2 *Baryo Act*".

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4       SEC. 2. *Declaration of Policy.* — The State recognizes the vital role of  
5 banks in providing an environment conducive to the sustained  
6 development of the national economy. Towards this end, the State shall  
7 create an enabling regulatory environment for innovations and allow banks  
8 to exponentially expand reach through cash agents and serve a wider client  
9 base, particularly in the low-income and rural areas.

10  
11       SEC. 3. *Definition of Terms.* — As used in this Act:

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13       a) *Cash Agent* refers to any person with a retail outlet such as but not  
14 limited to convenience stores, pharmacies and other highly accessible retail  
15 outlets that deliver bank services provided in Section 7 of this Act;

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17       b) *Contracting Bank* refers to any bank requesting authority from the  
18 *Bangko Sentral ng Pilipinas* (BSP) to expand service delivery channels  
19 through cash agents;

20  
21       c) *Remote area* refers to an area that either is a long distance from  
22 highly populated settlements or lacks transportation links that are typical in  
23 more populated areas duly-identified by the concerned Local Government  
24 Unit (LGU) in coordination with the *BSP*;

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1 d) *Person* refers to a natural or juridical person.  
2

3 The Monetary Board may, by regulation, further define or clarify terms  
4 used in this Act consistent with the declared State policies above.  
5

6 SEC. 4. *Eligibility Requirements for Cash Agents.* — A Cash Agent may file an  
7 application with a Contracting Bank provided that the following requirements are  
8 met:  
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- 10 a) It is a duly-registered business in the Philippines;  
11  
12 b) It has engaged in commercial activity for at least three (3) months;  
13  
14 c) It has conducted its commercial activities continuously in a place and  
15 area that is known to the public, and possesses sufficient capacity to  
16 properly operate electronic devices; and  
17  
18 d) It has the necessary infrastructure to undertake banking operations.  
19

20 SEC. 5. *Preliminary Screening.* Upon submission of the eligibility  
21 requirements for a Cash Agent, the Contracting Bank shall conduct a  
22 preliminary screening of the documents ensuring that:  
23

- 24 a) The result of the preliminary screening shall be released within five  
25 (5) working days;  
26  
27 b) In case a Cash Agent fails the preliminary screening, the Contracting  
28 Bank shall return the documents and notify the Cash Agent of the  
29 grounds for failure. The Cash Agent may re-submit the documentary  
30 requirements within thirty (30) days from denial; and  
31  
32 c) In case a Cash Agent passes the preliminary screening, the  
33 Contracting Bank shall forward the application to the *BSP*:  
34

35 Provided, That, the Contracting Bank shall have an electronic  
36 banking solution to implement its cash agent operations and comply with  
37 the requirements of Part Seven of the Manual of Regulations for Banks  
38 (MORB), on the Guidelines on Electronic Banking Services and  
39 Operations. The bank shall deploy to its cash agents a device through which  
40 its customers can perform secure online, real-time deposit and  
41 withdrawal transactions on their own bank account, fund transfers, bills  
42 payment, and self-service transactions: *Provided, further,* That the Board of  
43 Directors of the Contracting Bank shall adopt clearly-defined written  
44 policies, procedures, and controls for its Cash Agent operations, including  
45 Cash Agent selection, exercise of due diligence, and customer care  
46 arrangements.  
47

48 SEC. 6. *Evaluation Process.* — The *BSP* shall create an online  
49 evaluation process for a Cash Agent application while ensuring that:  
50

- 1 a) Cash Agent demonstrates good reputation and credit history, has no  
2 previous civil and criminal record, and has a deposit account with the  
3 Contracting Bank against which all bank transactions will be conducted;  
4  
5 b) The result of the application shall be released within seven (7) working  
6 days upon the application by the Contracting Bank;  
7  
8 c) In case an application shall be rejected, the applicant shall be given a  
9 registered, written notification that indicates and explains the ground/s  
10 for rejection;  
11  
12 d) In case an application shall be approved, *BSP* shall issue an Authority  
13 to Utilize As Cash Agent to Contracting Bank valid for two (2) years.  
14 The Authority to Utilize As Cash Agent shall be displayed  
15 conspicuously in the Cash Agent's retail outlet.

16  
17 *SEC. 7. Revocation of Authorization.* — The *BSP* shall revoke the  
18 Authority to Utilize As Cash Agent if a Cash Agent no longer meets the  
19 standards set to qualify for the requirements under this Act.  
20

21 *SEC. 8. Bank Transactions and Services.* — A duly-authorized Cash  
22 Agent may perform any or all of the following bank transactions/services:  
23

- 24 a) Accept and disburse cash on the bank's behalf in connection with the  
25 following self-service transactions of customers:  
26  
27 i. Deposit and withdrawal transactions performed by the  
28 customer on one's bank account;  
29  
30 ii. Fund transfers performed by the customer;  
31  
32 iii. Bills payment; and  
33  
34 iv. Payments due to government institutions, such as contributions  
35 to the Social Security System and premiums payable to the  
36 Philippine Health Insurance Corporation, PAG-IBIG and others;  
37  
38 b) Collect and forward applications for opening a savings account;  
39  
40 c) Forward loan application documents to Contracting Bank;  
41  
42 d) Perform Initial Customer Identity Verification:  
43  
44 i. Conduct customer due diligence (CDD) investigations in  
45 opening low transactional and low risk accounts or accounts  
46 subject to deposit and transactional limits;  
47  
48 ii. Prevent anti-money laundering and countering financing of  
49 terrorism activities;  
50

1 e) Other transactions:  
2

- 3 i. Payment (including loan repayments) using credit and debit  
4 cards, checks, and cash;  
5  
6 ii. Transfers between bank accounts including those to be  
7 remitted to other banks;  
8  
9 iii. Balance inquiries; and  
10  
11 iv. Check encashment.  
12

13 SEC. 9. *Investment Incentives.* — A Cash Agent that establishes  
14 operations in a remote area shall be entitled to the following incentives:  
15

- 16 a) Free training of Cash Agent personnel on various bank processes  
17 conducted by the *BSP*;  
18  
19 b) Expedited processing of permits and certificates that are requisites to  
20 business registration and operation; and  
21  
22 c) Expedited processing of local government permits and other related  
23 documents.  
24

25 The Department of Trade and Industry (DTI) shall require the  
26 Securities and Exchange Commission (SEC) and the local government  
27 unit (LGU) involved to create mechanism for expedited processing from  
28 application to approval.  
29

30 SEC. 10. *Role of LGUs.* — The concerned LGU shall encourage and  
31 provide incentives to a Cash Agent in relation to the purpose of this Act  
32 pursuant to Republic Act No. 7160, otherwise known as the Local  
33 Government Code of 1991.  
34

35 The concerned LGU shall conduct training programs in the barangay on  
36 financial literacy and capacity-building to increase understanding of  
37 different financial services and products.  
38

39 SEC. 11. *Subcontracting Agents.* — A Cash Agent cannot subcontract  
40 its operations or business to third parties.  
41

42 SEC. 12. *Agent Exclusivity.* — *BSP* may permit temporary agent  
43 exclusivity for a period not exceeding two (2) years. Otherwise, the Cash  
44 Agent shall enter into an agreement with another Contracting Bank.  
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46 SEC. 13. *Fees.* — A Cash Agent may set customer fees and charge  
47 customers directly: *Provided*, That the Contracting Bank and the  
48 Department of Trade and Industry shall monitor such pricing for signs of  
49 exploitation or customer confusion.  
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1        *SEC. 14. Principal Liability for Agents.* — The Contracting Bank is liable  
2 for all actions and omissions of the Cash Agent, provided such act is within  
3 the bounds of the agency.  
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5        The Contracting Bank shall exercise due diligence to ensure its Cash  
6 Agents comply with applicable rules, regulations, and policies on  
7 anti-money laundering, consumer protection, bank secrecy and customer data  
8 confidentiality.  
9

10        *SEC. 15. Implementing Rules and Regulations.* — The *BSP*, in  
11 coordination with the Anti-Money Laundering Council, Insurance  
12 Commission, a representative from the Union of Local Authorities of the  
13 Philippines and the DTI shall promulgate, not later than thirty (30) days  
14 upon the effectivity of this Act, the necessary rules and regulations for its  
15 effective implementation.  
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17        *SEC. 16. Separability Clause.* — If any section or part of this Act is  
18 held unconstitutional or invalid, the other sections or provisions not  
19 otherwise affected shall remain in full force and effect.  
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21        *SEC. 17. Repealing Clause.* — All laws, decrees, executive orders,  
22 rules and regulations, issuances or any part thereof inconsistent with the  
23 provisions of this Act, are hereby repealed, amended or modified accordingly.  
24

25        *SEC. 18. Effectivity.* — This Act shall take effect fifteen (15) days after  
26 its publication in the *Official Gazette* or in a newspaper of general  
27 circulation.  
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29        Approved,