



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

CIRCULAR LETTER NO. CL-2008- 054

To : All Banks and Non-Stock Savings and Loan Associations

Subject : Handling of dormant accounts and those that fall below the minimum average daily balance

Due to the increasing complaints on dormancy fees and charges on deposit accounts falling below the minimum average daily balance (ADB), all banks and non-stock savings and loan associations (NSSLAs) are hereby reminded of the provisions of the Manual of Regulations for Banks (MORB), the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI), and the live implementation of the Financial Reporting Package (FRP) issued under Circular No. 512 dated 3 February 2006, as further clarified by Memorandum No. M-2007-044 issued on 27 December 2007, providing additional guidance in the preparation of the report.

Compliance with all existing regulations in handling foreign and peso-denominated dormant accounts and those that fall below the minimum ADB includes, but is not necessarily limited to, the following:

1. Observance of the provisions under Section X163 of the MORB and its subsections on, among others, joint custody of dormant accounts, confirmation of dormant accounts, other internal control standards and procedures on dormant deposit accounts.
2. Compliance with the conditions enumerated under Section X263 of the MORB for collection of service charges and/or maintenance fees on savings and demand deposit accounts, whether active or dormant, that fall below the required minimum monthly ADB.
3. Prior notice requirement in effecting amendments to terms and conditions for the imposition of service charges and/or maintenance fees in accordance with Subsection X263.1 of the MORB.
4. Booking of dormant deposit liabilities not yet reported to the Treasurer of the Philippines pursuant to the provisions of the Unclaimed Balances Act (Act. No. 3936, as amended), in the Additional Information section under Dormant Accounts in accordance with Schedule 22 of the FRP and the provisions of the FRP on Liability Accounts.

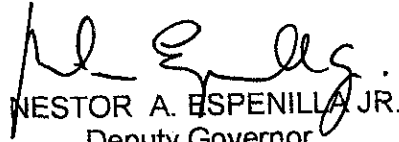
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5. Transfer/reclassification of dormant deposit liabilities, which have been reported to the Treasurer of the Philippines pursuant to the provisions of the Unclaimed Balances Act (Act. No. 3936, as amended), from the deposit liability/other credit account to the liability account "*Due to Treasurer of the Philippines*" up to the time the proceeds thereof have been remitted under court order to the Treasurer of the Philippines or other parties, in accordance with the provisions of the FRP on Liability Accounts and Section X264 of the MORB on Unclaimed Balances.
6. Submission by Non-Stock Savings and Loan Associations (NSSLAs) for prior BSP approval of the amount of fee charged for the maintenance of dormant savings deposit, as required under Section 4209S of the MORNBFI.

Section 37 of R.A. No. 7653, the New Central Bank Act, provides administrative sanctions for, among others, any willful making of a false or misleading statement to the Board or the appropriate supervising and examining department or its examiners; any willful failure or refusal to comply with, or violation of, any banking law or any order, instruction or regulation issued by the Monetary Board, or any order, instruction or ruling by the Governor; or any commission of irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Monetary Board. This is without prejudice to the criminal sanctions against the culpable persons provided in Sections 34, 35 and 36 of the same Act.

For your guidance and strict implementation


NESTOR A. ESPENILLA JR.
Deputy Governor

29 August 2008