

**[ BSP CIRCULAR NO. 748, February 13, 2012 ]**

**AMENDING SUBSECTION X361.7, MORB ON THE PROVISION OF MICRO-AGRI LOANS**

*Adopted: 13 February 2012*

*Date Filed: 08 March 2012*

Pursuant to Monetary Board Resolution No. 184 dated 2 February 2012, the rules and regulations for the provision of micro-agri loans are hereby amended to read as follows:

**Section 1. Statement of Policy.** The Bangko Sentral ng Pilipinas (BSP) adopts a holistic approach in addressing social and economic objectives through microfinance. microfinance utilizes an innovative technology and methodology that has been proven successful in providing the appropriate financing for microentrepreneurs who were previously underserved by the formal financial system. Through the years, it has been evident that the microfinance technology and methodology can be appropriately utilized to deliver other types of financial services in sound, prudent and sustainable manner, including for small farming activities.

**Section 2. Minimum Criteria to Determine Banks' capacity to Offer Micro-Agri Loans.** The BSP will review the application based on the following basic principles:

- a. To ensure that the banks have the FINANCIAL capacity, MANAGERIAL And technical capabilities to offer micro-agri loans; THE FOLLOWING PRUDENTIAL REQUIREMENTS MUST BE COMPLIED AT ALL TIMES:
  - a) CAMELS RATING OF AT LEAST "3" AND A MANAGEMENT SCORE OF AT LEAST "3";
  - b) CAPITAL ADEQUACY RATIO OF NOT LOWER THAN 12 PERCENT;
  - c) NO MAJOR SUPERVISORY CONCERNS AS TO WARRANT INITIATION OF PROMPT CORRECTIVE ACTION UNDER EXISTING REGULATIONS; AND
  - d) NO ARREARAGES ON MICROFINANCE BORROWINGS (BILLS PAYABLE) FROM BSP OR OTHER CREDITORS.

BANKS AUTHORIZED TO OFFER A MICRO-AGRI LOAN PRODUCT SHALL CONTINUALLY COMPLY WITH THE ABOVE-MENTIONED PRUDENTIAL REQUIREMENTS. BANKS FOUND TO BE NON-COMPLIANT WITH ANY OR ALL OF THE REQUIREMENTS SHALL BE GIVEN ONE EXAMINATION-CYCLE TO CORRECT NON-COMPLIANCE WITH ANY OR ALL OF THE PRUDENTIAL REQUIREMENTS, PROVIDED THE BANK SUBMITS A VIABLE PLAN TO RECTIFY PERTINENT NON-COMPLIANCE. IF THE BANK REMAINS NON-COMPLIANT