

ASIAPAC BANKING GUIDE FOR NONPROFITS


*HOW TO OPEN AND MANAGE AN ORGANIZATIONAL
BANK ACCOUNT*



PHILIPPINES



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1. OPENING AN ORGANIZATIONAL BANK ACCOUNT

a. What are the requirements to open an organizational bank account?

i. Do organizations have to be physically present in the country to open a bank account? I.e., can they operate in country X but have a bank account in country Y? Is the presence of a statutory representative required or can the presence be fulfilled through an authorization?

Organizations do not have to be physically present in the Philippines to open a bank account, provided that a representative is duly authorized to open such bank account with the relevant bank, including to provide all documentary requirements. The organization may also operate in another country and have a bank account in the Philippines.

If the organization is in the process of incorporation, banks typically require opening a treasurer-in-trust account, which is a temporary and non-transactional account that is convertible to a commercial bank account once the organization has been incorporated.

ii. Are there specific requirements for CSOs to open accounts by law or asked in practice by the banks (e.g, years of operations, annual turnover, to have director or member of governing body to be national of the country)

The typical documentary requirements to open a bank account in the Philippines by a foreign organization are as follows:

1. Certificate of Incorporation/Registration issued by the appropriate regulatory agency

2. License to Operate or do business in the Philippines issued by the Philippine SEC
3. Board Resolution, Secretary's Certificate, or equivalent
4. Articles of Incorporation and By-Laws and amendment (if any) or its equivalent
5. Certificate of Filing Officers or List of Elected Officers for the current year
6. List of principal stockholders
7. Two valid identification documents of the owner/s and authorized signatories
8. Secondary licenses issued by the Philippine Securities and Exchange Commission ("**Philippine SEC**") if any.

If the organization is established or existing in another country without a license to operate issued by the Philippine SEC, the typical documentary requirements are as follows:

1. Certification addressed to the branch head specifying that the corporation will not operate business in the Philippines and executed by the authorized signatory/representative. If executed outside the Philippines, certification shall be notarized and authenticated before the Philippine Consulate/Embassy thereat.
2. Certification issued by the "Companies Register" to show proof that the corporation or business entity is legitimate and duly registered with the appropriate office, magistrate, or agency in the country of incorporation. This document must be duly notarized and authenticated before the Philippine Consulate/Embassy thereat.
3. Board Resolution, Secretary's Certificate, or equivalent – duly certified/notarized copy and authenticated/consularized before the Philippine Consulate/Embassy. The document shall specifically contain the intention of the corporation/company to open account(s) and designate the bank as the depository bank, and manage the deposit account and the appointment of its authorized signatories/representatives.
4. Articles/Certificate of Incorporation and By-Laws and Amendment or its equivalent – duly certified/notarized copy and authenticated/consularized before the Philippine Consulate/Embassy.
5. Two (2) valid, unexpired personal IDs of the owner and authorized signatories (e.g., passport, state/national ID or other IDs issued by the official authority of the client's country of origin (e.g., driver's license, national ID))

If the organization is incorporated in the Philippines, typical requirements to open a bank account are as follows:

1. Articles of Incorporation and By-Laws;
2. Philippine SEC registration certificate; and
3. Notarized board resolution naming the signatories and providing authorization to open an account with the bank.

If the organization is in the process of being incorporated in the Philippines, banks require the following requirements to open a treasurer-in-trust account:

1. Valid identification documents of the treasurer-in-trust or authorized signatory;
2. Proposed Articles of Incorporation and By-Laws; and
3. Notarized Treasurer Affidavit.

The above documents are required in addition to each bank's typical KYC requirements.

Further, under *Philippine SEC Memorandum Circular No. 8, series of 2006*, Foundations (defined as “a non-stock, non-profit corporation established for the purpose of extending grants or endowments to support its goals or raising funds to accomplish charitable religious, educational, athletic, cultural, literacy, scientific, social welfare, or other similar objectives”) are required to be deposited in a banking institution regulated by the Bangko Sentral ng Pilipinas (the Philippine Central Bank or “BSP”).

iii. Who is authorized/required to open a bank account? Can this be done online, or that person needs to be present in the country?

Any representative of the organization duly authorized to open a bank account.

Banks typically require the authorized representative to be physically present in the Philippines when opening a bank account. However, there are some banks that allow accounts to be opened online.

If the organization is not incorporated in the Philippines and is without a license to operate in the Philippines, some documentary requirements as described in question 1(a)(ii) above would require notarization and authentication in the

relevant Philippine Consulate or Embassy before such documents are accepted by the bank. Such documents are then normally processed with the assistance of the authorized representative physically present in the Philippines. Such authorized representative could be a person or representative of an entity (such as a law firm) duly appointed to act on behalf of the organization in the Philippines.

iv. What is the process of setting up a bank account? E.g., how long it takes, is there a practice to have an interview in the bank?

Once all documents are complete and submitted, and subject to each banks' internal policies, it can take around 2 to 3 weeks for the bank account to be set up.

2. BANKING ACTIVITIES

a. What customer due diligence requirements are in place and what is their impact on civil society organizations' banking activities?

Under the *Manual of Regulations for Banks*, the BSP requires banks to strictly conduct customer due diligence, including e-KYC, by maintaining a system that will ensure that the following procedures are performed:

- a. Identify the customer and verify the true identity of the customer based on official documents or other reliable, independent source documents, data, or information. In case of corporate and juridical entities, verify their legal existence and organizational structure, as well as the authority and identification of all persons purporting to act on their behalf.
- b. Identifying the beneficial owner and taking reasonable measures to verify the identity of the beneficial owner based on official documents, or using relevant information or data obtained from reliable sources, such that the covered person is satisfied that it knows who the beneficial owner is. The covered person should have a system to understand the nature of the customer's business and its ownership and control structure, in case of juridical persons or legal arrangements.

Where the customer, or the owner of the controlling interest, is a company listed in a stock exchange and subject to disclosure requirements (either by stock exchange rules or through law or enforceable means) to ensure adequate transparency of beneficial ownership, or is a majority-owned subsidiary of such a company, the covered person is not required to verify the identity of any shareholder or beneficial owner of such companies. The relevant identification data may be obtained from a public register, from the customer, or from other reliable sources.

The covered person shall keep records of the actions taken in order to identify the beneficial owner.

c. Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship; and

d. Conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of the relationship to ensure that the transactions being conducted are consistent with the covered person's knowledge of the customer, their business, and risk profile, including, where necessary, the source of funds.

Further details are available online.¹

The Philippines recognizes the financing risks associated with non-profit organizations ("NPOs") and assessed that these could be at risk of money laundering and terrorist financing abuse. Accordingly, banks may conduct enhanced due diligence measures and continuous monitoring of transactions of NPOs that may have an impact on a CSO/NPO's banking activities.

b. Which internal principles or official (central bank) "suspicious transaction" monitoring criteria are in place affecting the civil society organizations? Is it publicly available?

The BSP requires banks to report to the Anti-Money Laundering Council ("AMLC") all covered and suspicious transactions within five working days, unless otherwise prescribed by the AMLC, not exceeding 15 working days, from occurrence thereof.

For suspicious transactions, "occurrence" refers to the date of determination of the suspicious nature of the transaction, which

¹ <https://morb.bsp.gov.ph/921-customer-due-diligence/>, <https://www.bsp.gov.ph/Regulations/Issuances/2023/1170.pdf>

determination should be made not more than 10 calendar days from the date of transaction. However, if the transaction is in any way related to, or the person transacting is involved in or connected to, an unlawful activity or money laundering offense, the 10-day period for determination shall be reckoned from the date the covered person knew or should have known the suspicious transaction.

These monitoring criteria are publicly available and may be accessed online.²

c. Do the banks in the country of operations have any restrictions/limitations to bank transactions and transfers to certain jurisdictions (such as high-risk ones).

Yes. The Philippines imposes financial sanctions in relation to anti-money laundering and counter-terrorism financing. This includes jurisdictions or countries that have been identified as not having an effective anti-money laundering and anti-terrorist financing system or as having significant levels of corruption or other criminal offences pursuant to *Republic Act No. 11479* or the *Anti-Terrorism Act of 2020* (“ATA”) and *Republic Act No. 10168 or the Terrorism Financing Prevention and Suppression Act of 2012* (“TFPSA”).

i. If yes, is the list of jurisdictions publicly available?

Under current regulation, all covered persons, which includes banks, must screen all relevant parties against the Anti-Terrorism Council (“ATC”) List and the United Nations Security Council (“UNSC”) Resolutions. The sanctions database include the following and their respective resolutions:

1. UNSC Consolidated List that includes *UNSC Resolutions 1267/1989* (Al Qaeda), *1988* (Taliban), and *2253* (ISIL Daesh) for Targeted Financial Sanctions (“TFS”) on terrorism and terrorist financing;
2. UNSC Consolidated List that includes *UNSC Resolution Numbers 1718 of 2006* (DPRK) and *2231 of 2015* (Iran) for TFS on Proliferation Financing; and
3. Domestic designations (or those that are designated by the ATC pursuant to *UNSC Resolution 1373*, Section 25 of the

² <https://morb.bsp.gov.ph/923-covered-and-suspicious-transaction-reporting/>

Anti-Terrorism Act of 2020, Rule 15.b of the *Implementing Rules and Regulations of The Terrorism Financing Prevention and Suppression Act of 2012* (“TFPSA”), and those proscribed by the Court of Appeals under Section 26 of *The Anti-Terrorism Act of 2020*.

The UNSC Consolidated List and the updates thereto may be downloaded from the UNSC website.³ Locally designated individual and organizations may be downloaded from the ATC website.⁴ Lists may also be accessed on the AMLC website.⁵

ii. What would be the procedures the bank would follow in this case for their CSO clients?

Banks will follow standard policies and procedures and would apply sanctions and necessary restrictions to comply with the Philippines anti-money laundering regime requirements and any other relevant regulations. The procedures would not be specific to CSOs. There may be some restrictions for high-risk countries. The banks could provide further details of countries that have been designated “high-risk.” With respect to remittance to foreign countries, banks may also request additional information about the background of transaction, funds of remittance, and other details. Banks would likely conduct enhanced due diligence measures and continuous monitoring of transactions.

3. OBLIGATIONS AND REPORTING REQUIREMENTS

a. Are banks required to provide CSO clients’ financial information to CSO regulatory authorities or public officials? If yes, under what circumstances must banks do so, and what types of information must they provide?

In general, there is an obligation for banks to maintain bank secrecy and prohibits any person, subject to the exceptions, from disclosing to any person any information relative to the funds or properties belonging to the depositors in the custody of the bank.

³ <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

⁴ <https://atc.gov.ph/>

⁵ <http://www.amlc.gov.ph/un-sanctions-list/al-qaeda>, <http://www.amlc.gov.ph/un-sanctions-list/taliban>

Under the *Law on Secrecy of Bank Deposits Republic Act No. 1405*, as amended (“**Banking Secrecy Law**”), all deposits with banks or banking institutions in the Philippines, including investments in government-issued bonds, are considered absolutely confidential in nature. As such, they cannot be examined, inquired, or looked into by any person, government official, bureau, or office, except in the following instances:

1. Written permission or consent of the depositor has been obtained;
2. In cases of impeachment of an impeachable government officer;
3. Upon order of a competent court in cases of bribery or dereliction of duty of public officials;
4. Upon order of the court where the money deposited or invested is the subject matter of the litigation;
5. Upon a subpoena issued by the Ombudsman of the Philippines concerning an investigation it is conducting, provided that there must already be a case pending in court, the account be clearly identified, the inspection be limited to the subject matter of the pending case, and the bank personnel and the depositor must be notified to be present during the inspection;
6. By the Bureau of Internal Revenue in an application for compromise of tax liability or determination of decedent’s gross estate;
7. By the AMLC, pursuant to a court order where there is probable cause that the deposits are related to an unlawful activity or money laundering offense;
8. By the AMLC, without court order, when deposits are related to kidnapping for ransom, violation of dangerous drugs law, hijacking, destructive arson, or murder;
9. By the BSP in the course of its periodic or special examination regarding compliance with the *Anti-Money Laundering Act* (“**AMLA**”);
10. In case of directors, officers, stockholders, and related interests (“**DOSRI**”) loans under the *General Banking Act*, where the borrower is required to waive the secrecy of his or her bank deposits;
11. Under the *ATA*, upon court order, by law enforcement officials in cases of financing of acts of terrorism;
12. Under the Philippine Deposit Insurance Corporation (“**PDIC**”) Charter, where the BSP and the PDIC are authorized to look into deposits in cases involving unsound or unsafe banking;

13. Disclosure by banks to the Treasurer of the Philippines for dormant deposits for at least 10 years under the *Unclaimed Balances Act*;
14. Report of banks to the AMLC of all covered transactions and suspicious transactions within a period of five working days from occurrence thereof, unless the AMLC prescribes a different period not exceeding 15 working days;
15. The Supreme Court has created exceptions in cases of unexplained wealth under the Anti-Graft Law, plunder, and on grounds of equity, when deposits of a foreign transient can be proceeded against to prevent injustice; and
16. In the case of foreign currency deposits in banks operating in the Philippines, when there is written consent of the depositor.

Other laws that provided for exceptions are AMLA and ATA. The above list is not exhaustive.

b. What obligations do banks have to protect the privacy of clients' information?

Aside from the *Banking Secrecy Law, Republic Act No. 10173* or the *Data Privacy Act of 2012* (“DPA”) governs the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical persons. Although the DPA expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the DPA applies to all other personal information obtained by banks for other purposes.

Institutions that are subject to AMLA, including banks, are also required to establish and record the identities of their clients based on official documents. In addition, all records of transactions are required to be maintained and stored for a minimum of 10 years from the date of a transaction. Records of closed accounts must also be kept for five years after their closure. Covered transactions are single transactions in cash or other equivalent monetary instrument involving a total amount in excess of 500,000 Philippine Pesos within one Banking Day.

c. Are there specific reporting obligations for banks to inform governments on civil society banking in certain circumstances?

There are no CSO-specific reporting obligations for banks to inform governments as such on CSO's banking activities.

d. Are you aware of any change in regulation/practice due to the Russian sanctions?

We are not aware of banks affected by sanctions against Russia operating on the Philippines market. However, the impact of sanctions is still present as local banks cannot make international payments for their clients to Russian banks via the SWIFT system. Furthermore, Visa and Mastercard cards issued by domestic banks currently cannot be used in Russia.



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