# Rural bank mergers/consolidations in the Philippines : a preliminary study

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IDE DISCUSSION PAPER No. 651

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Chie KASHIWABARA

March 2017

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**Keywords:** mergers, consolidations, rural banks, the banking sector, the Philippines

**JEL classification:** E42, E52, G38

* Director, Fiscal and Financial Policy Study Group, Development Studies Center, IDE
(chie_kashiwabara@ide.go.jp)

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INSTITUTE OF DEVELOPING ECONOMIES (IDE), JETRO
3-2-2, WAKABA, MIHAMA-KU, CHIBA-SHI
CHIBA 261-8545, JAPAN

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The central bank of the Philippines (Bangko Sentral ng Pilipinas, BSP) has encouraged the country's rural banks to merger and/or consolidate for strengthening their financial soundness and competiveness, and extending branch networks with providing some incentive measures mainly financial supports. Overviewing the cases realized from January 2000 to December 2016, we found (1) the rural banks which are considered to have expansive business strategies spend about a decade to repeat bilateral mergers, unlike BSP's intention to realize "at least five rural banks" in one merger case, (2) most of the mergers are bilateral and "one-off" cases, where surviving banks seem to increase some assets and branch(es). In order to further promote mergers/consolidations in the sector, BSP may need to consider modifying the incentive measures to answer actual cases, and/or allying them more closely to the on-going capital increase requirements.

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> "Among others, rural banks face increasingly stiffer competition from both smaller and bigger players. More cooperative and non-government organizations (NGOs) now operate in the countryside with relatively lower costs than most rural banks. As such, these entities may acquire portions of your market – not only from frontier areas but possibly even those you have nurtured through time." (Tetangco, Jr. (2014))

## 1. Introduction

Under the Philippine Development Plan (PDP) 2017-2022, the objective of the current Duterte Administration is to reduce overall poverty rate to 14 percent and poverty incidence in the rural areas to 20 percent by year 2022 by promoting inclusive growth. Along with the PDP 2017-2022, the Government's 10-point socio-economic agenda includes promoting countryside development by catering to the micro, small and medium enterprises (MSMEs), which are deemed to be able to liberate people from poverty by creating jobs and serving as catalysts for growth in their communities.

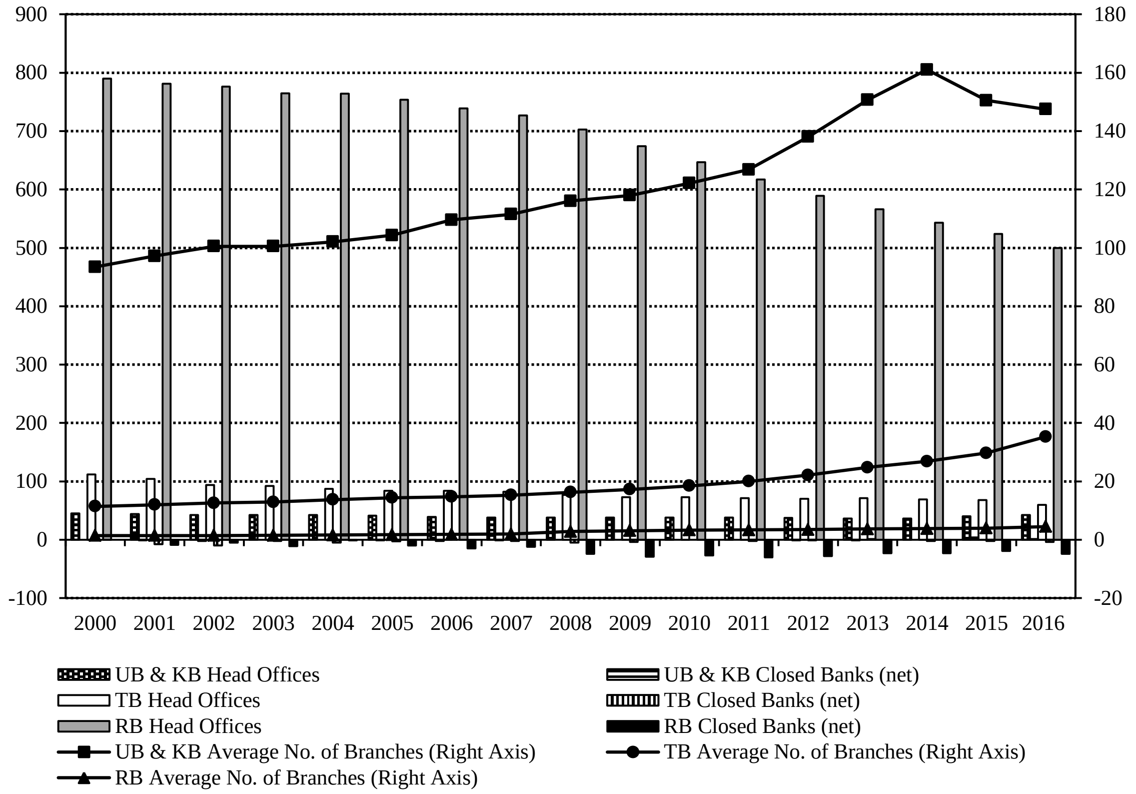
For the part of Philippine central bank (Bangko Sentral ng Pilipinas, BSP) as the supervising authority of the country's banking sector, improving financial access in terms of saving and borrowing money nationwide and rationalizing the segmented sector – especially the rural bank (RB) sector – has been one of BSP's strong intentions in the area of developmental issues regarding the banking sector. Accordingly, the BSP has provided the RBs of several incentive measures to encourage them to merge or consolidate in order to improve/strengthen their financial basis and competitiveness, and to expand their physical network. The objectives of this preliminary study are: (1) to overview the merger/consolidation cases and discuss how the results of the incentive measures so far (Do RBs utilize those measures?), and (2) to examine if there is any divergence or mismatch between the measures and actual merger/ consolidation cases.

This paper consists as follows: in Section 2, the presence and size of physical network of the rural banking sector are overviewed; in Section 3, BSP's programs to promote rural bank mergers/consolidations are described; in Section 4, the actual merger/consolidation cases among rural banks and their characteristics are examined; and the last section concludes.

## 2. Profile of the Philippine rural banks

The Philippine RB sector's share in the total resources in the country's financial system has been declined in the past decades, and not exceeded a few percent in the recent years.[1] On the contrary, the number of institutions in the sector overwhelms those of other categories (universal and commercial banks, and thrift banks) in the banking sector. However, Figure 1 shows that since 2000, more than 260 RBs have (voluntarily or forcefully) exited from the market, and the tendency has been strengthened since 2007-2008.

**Figure 1: Numbers of head offices and closed banks, average number of offices by bank categories, 2000-2016 (end of the year)**



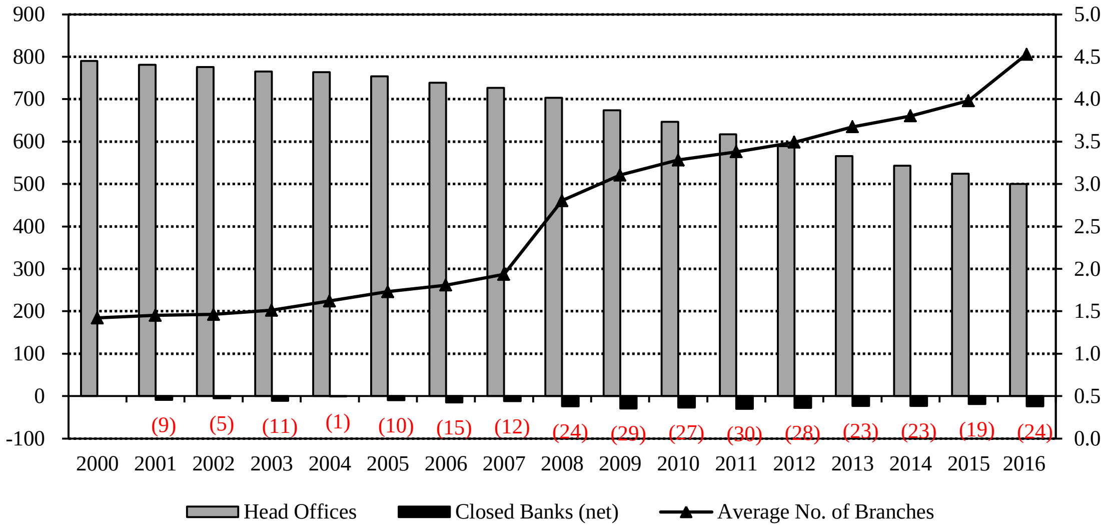

[Note] UB & KB: universal and commercial banks, TB: thrift banks, RB: rural banks.
[Source] BSP statistics.

Figure 2 provides a closer look, focusing on the RB sector. It clearly shows that the years 2007-2008 is a turning point for the sector. After 2008, more than 25 RBs on average are closed annually, compared with 9 RBs every year during 2001-2007. As the number of RBs

[1] As of December 2016, the share is 1.6% of the resources of the total banking system (BSP statistics).

declines, average numbers of branches have increased and then tripled in the past 15 years, from about 1.5 offices per a RB in 2000 to 4.5 offices in 2016. It implies that RBs surviving in the market purchased and/or merged physical networks of exiting RBs, or further, that the RB sector has become polarized: most of non-viable RBs have been exited from the sector and viable ones have been extending their branch networks.

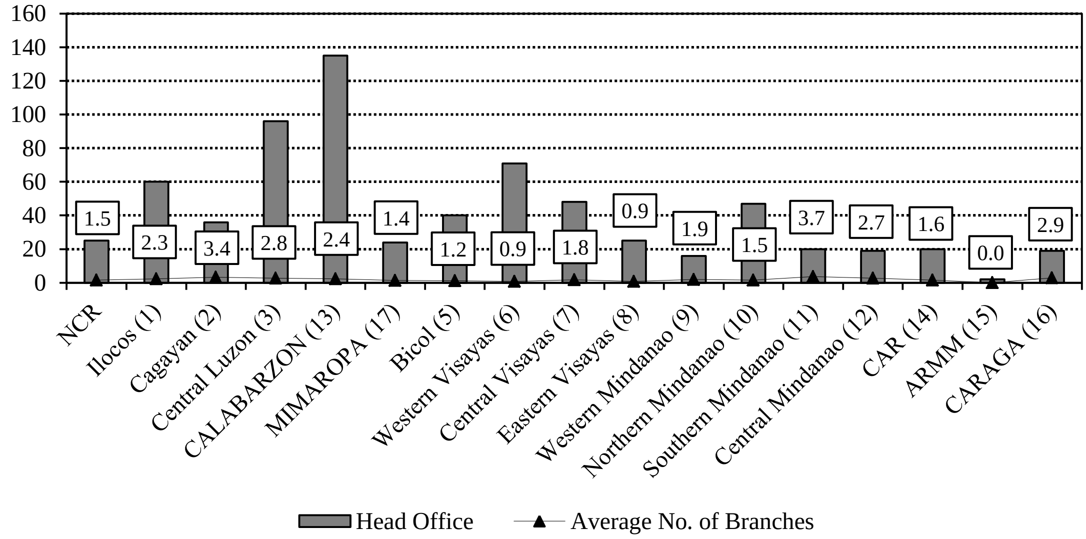
**Figure 2: Numbers of head offices and closed banks, average number of offices of rural banks, 2000-2016 (end of the year)**




[Note] The numbers in parentheses are those of closed rural banks in each year (net).
[Source] BSP statistics.

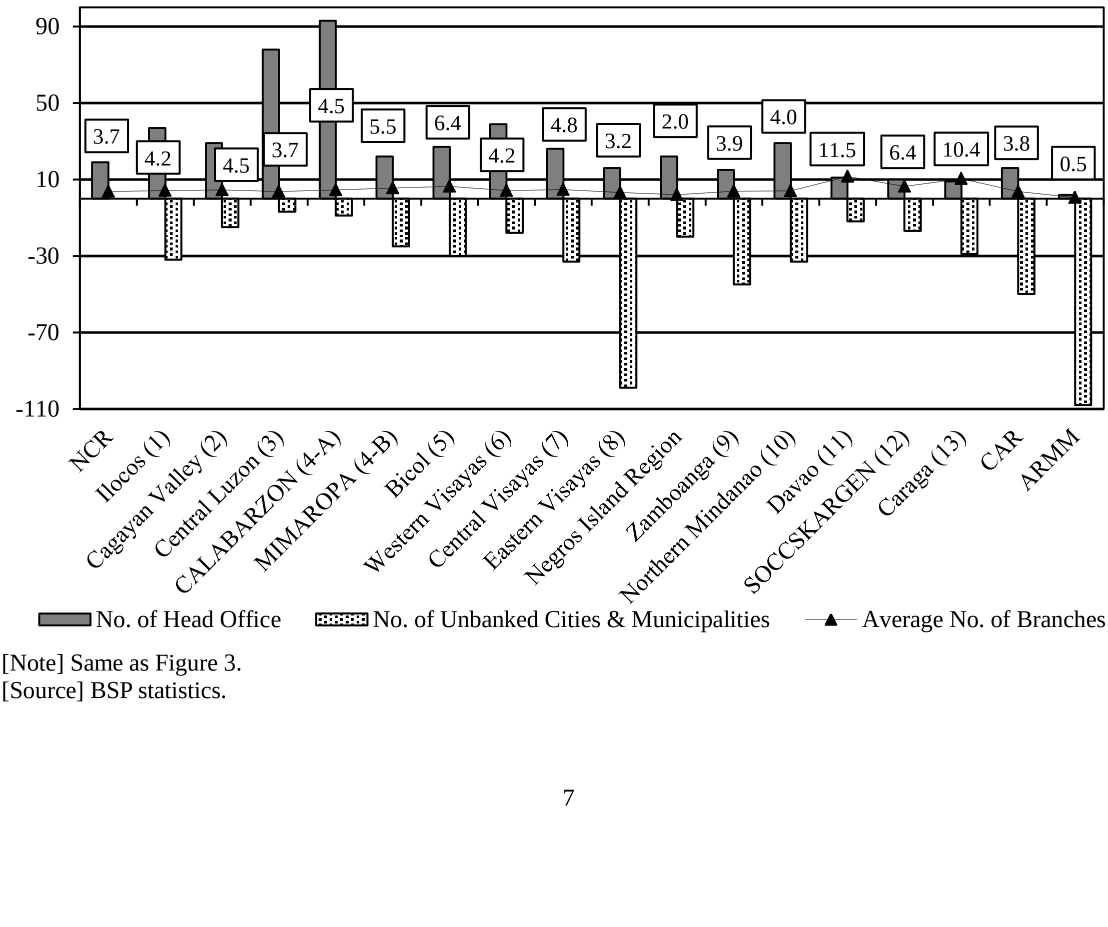
Figures 3 and 4 show the numbers of RB head offices, branches per an RB on average, and that of unbanked cities and municipalities in each region at end-2008 and end-2016, respectively. In spite that the names and geographical regional borders are not completely the same between end-2008 and end-2016, what we can clearly observe from the Figures are: (1) RBs are more densely located in economically-large and populated areas, such as the National Capital Region (NCR) and its surrounding regions, e.g., CALABARZON (Region 4-A in Figure 4) and Central Luzon, as well as other banking sectors (universal/commercial banks and thrift banks); (2) the density of RBs and the scale of branch networks have not been drastically changed between the two points; (3) especially from Figure 4, there is a strong inverse correlation between the distribution of RBs and the numbers of unbanked cities and municipalities by region – the less and smaller RBs and their branch networks are located in one region, the more it has unbanked cities and municipalities. Another point notable is that in Davao Region (Southern Mindanao in Figure 3), the average branch network has been drastically expanded in the eight years although the number of RBs has been halved in the same period. It implies an RB(s) was established as a result of a large-scale merger/consolidation, or some RBs conducted many merger/consolidations to expand their business networks.

**Figure 3: Distribution of rural banks and their physical networks by region (as of December 2008)**




[Note] The numbers in squares are average numbers of branches. Those in parentheses are the number of the region.
The numbers of unbanked cities and municipalities by region at end-December 2008 are not available.
[Source] BSP statistics.

**Figure 4: Distribution of rural banks and their physical networks (as of December 2016), and the numbers of unbanked cities and municipalities by region**




[Note] Same as Figure 3.
[Source] BSP statistics.

## 3. Incentives for mergers/consolidations for rural banks

As already seen in Section 2 (Figure 1), the RB sector has been much smaller than other sectors (universal/commercial banks and thrift banks) in the industry in terms of each RB's scale and physical network. However, the BSP has put a vital importance on the sector in view of economic/industrial development in the rural areas (i.e., non-National Capital Region and its surrounding regions) thus the BSP has solicited the RB sector to further improve and expand their financial/business bases for serving more effectively much-needed financial access/ facilities and better contributing to ensure balanced and sustainable economic growth in their localities. Followings are the incentive programs provided by the BSP and other related agencies to the RB sector. As of March 2017, only the CPRB is available.

For the discussions later, another measure, which indirectly promotes mergers/ consolidations, is described at the end of this section.

### 3.1 Strengthening Program for Rural Banks (SPRB)

Originally established in December 2009, the SPRB is a program jointly conceptualized by the BSP and the Philippine Deposit Insurance Corporation (PDIC) aimed at promoting mergers, consolidations and acquisitions (MCAs) through the grant of financial assistance (FA) to eligible strategic third party investors (STPIs) as a means to further strengthen the rural banking system and to help eligible RBs to survive, mainly those that are capital deficient.

Under the SPRB, a common fund of up to 5.0-billion pesos shared equally between the BSP and the PDIC of up to 2.5-billion pesos each, was prepared. The main feature of FAs to the STPIs are granting of (1) a combination of (a) subscription to preferred shares to provide additional capital to reinforce the capital position of the STPIs by the BSP and PDIC up to 100% of the preferred shares, and (b) direct loans, or (2) single FA of (a) or (b). Pre-regulatory relief by the BSP to the RBs desiring to enter into mergers and consolidations with eligible distressed RBs may be considered under the SPRB.[2] The SPRB was available until 17 September, 2015.

### 3.2 Consolidation Program for Rural Banks (CPRB)

Similar to the SPRB, the Monetary Board (MB) of the BSP has approved-in-principle on 18 June 2015 the Consolidation Program for Rural Banks (CPRB), a progressive incentive program jointly conceptualized by the BSP, the PDIC, and the Land Bank of the Philippines (LBP) to

[2] BSP (2016) *Manual of Regulations for Banks*, p. 75.

encourage mergers and consolidations among the RBs. With the approvals by the PDIC Board and the LBP President, the CPRB Memorandum of Agreement (MOA) contains the terms and conditions as well as other arrangements among the foregoing agencies in implementing the program. The program was inaugurated on 26 August, 2015, and will be available for two (2) years until 25 August 2017.

**Table 1: Program supports under the CPRB**

| | |
|---|---|
| Condition for Applicability | A "consolidation" should involve the combination of **at least five (5) RBs**, resulting in their dissolution and the creation of a new entity, subject to the provisions of existing applicable and relevant laws. |

| Sorts of Services | Ratios of Supports | Services Applicable to Supports |
|---|---|---|
| Financial advisory service | 80% of the cost, by CFIEP | (a) Advisory on the general conduct of the merger/consolidation process in relation to the program requirements;<br>(b) Engagement of financial and legal advisers on the optimal merger/ consolidation structure;<br>(c) Due diligence and valuation activities and presentation of the results thereof to the Board of Directors and the shareholders of the proponent banks;<br>(d) Documentation of transaction and submissions to regulatory agencies. |
| Business process improvement services | 80% for 1st year, 50% for 2nd year of the cost, by CFIEP | (a) Integration process (data and records integration, consolidation of backroom activities, financial reporting);<br>(b) Development and updating of manuals;<br>(c) Guidance of automation/new system requirement as a result of integration |
| Capacity building support services | To be funded by CFIEP, BSP, LBP and PDIC | (a) Training* – credit evaluation and administration, audit and internal control, personnel management, accounting/record keeping, treasury, information technology;<br>(b) Governance. |
| Others | | Possible equity participation by LBP.<br>BSP to observe full flexibility in the grant of incentives allowable under existing banking laws and regulations including BSP Circular Nos. 771 dated October 11 2012 and 494 dated 20 September 2005.<br>Other incentives as may be approved by the PDIC, LBP, and CFIEP. |

[Note] For example, the Rural Bank Management Course, a four-day training program targeted for the board of directors and senior officers of rural banks, which was developed by the BSP Supervision and Examination Sector and was handed over to the Rural Bankers' Association of the Philippines.
[Source] BSP Circular Letter No. CL-2015-043 and 050.

The features of CPRB sprang from the need to strengthen the RB industry, in recognition of the major role that RBs play in financial inclusion. It intends to promote mergers and consolidations among RBs to bring about a less fragmented banking system by enabling them to improve financial strength, enhance viability, strengthen management and governance and expand market reach, among others. What is different from the SPRB is that (1) the supports provided under the CPRB can only be applicable to "collective" mergers/consolidations, and (2) the Countryside Financial Institutions Enhancement Program (CFIEP), consistent with its mandate to improve the countryside financial institutions' long-term sustainability and viability, sets 25 million pesos aside to fund the implementation of the program in support of the CPRB. The amount will support the financial advisory, business process improvement, and capacity-building support services, necessary to ensure the attainment of the program's objectives (Table 1). On its part, the BSP observes full flexibility in granting regulatory and other incentives allowable under existing banking laws and regulations including BSP Circular No. 237 as amended by Circular Nos. 771 dated 11 October 2012 and 494 dated 20 September 2005.

### 3.3 Strengthening Program for Cooperative Banks (SPCB) and SPCB Plus

In addition to the programs to promote mergers/consolidations among RBs, the SPRB, the BSP, PIDS and LBP also provided a similar facility to cooperative banks (CBs), named Strengthening Program for Cooperative Banks (SPCB) during 2010-2012. The concept and structure of the SPCB was quite the same as the SPRB, aimed to encourage mergers, consolidation and acquisitions of cooperative banks to strengthen the cooperative banking sector, via the grant of financial assistance from the PDIC and LBP, and regulatory relief(s), branching and other incentives from the BSP.

The replacement of the expired SPCB, the SPCB Plus, was started in 2014, which expanded the eligible STPIs, not only CBs, but also (1) well-managed rural banks and thrift banks, whether or not majority owned or not by cooperatives, primary cooperatives and/or federation of cooperatives, and (2) commercial banks, in view of realizing a new banking partnerships.

Though the availability of SPCB Plus was closed on 17 September, 2015 (BSP Circular Letter No. CL-2015-029), one consolidation case was completed under the SPCB Plus. Six (6) cooperative banks[3] and National Confederation of Cooperatives as an STPI were reorganized under the name of Network Consolidated Cooperative Bank, and started operation in September 2014.

### 3.4 Another measure for promoting mergers/consolidations

Other than directly providing financial assistances to the financial institutions which considers mergers/consolidations, to revise the minimum capital levels upward may have an effective and

[3] Those cooperative banks were: Cooperative Bank of Agusan del Sur, Capiz Settlers Cooperative Rural Bank, Inc., Cooperative Bank of Camarines Norte, Cooperative Bank of Leyte, Sorsogon Provincial Cooperative Bank, and Southern Leyte Cooperative Bank.

strong influence on the decisions of the banking sector.

On 20 October 2014, BSP decided to further strengthen the banking system with the upward revision in minimum capital levels. It is a separate requirement from compliance with risk-based capital adequacy ratios in accordance with Basel III requirements as implemented by BSP Circular Nos. 781 and 822 dated 15 January 2013 and 13 December 2013, respectively. The minimum capital requirement for universal and commercial banks has not changed since 1999 while that of thrift and rural banks' were last increased in 2010 and 2011. As we see later in the next section, the number of BSP-approved merger/consolidations among RBs in 2011 recorded the highest, realized in one year.

The 2014 revision has new characteristics: the thrift, rural and cooperative banks, both the location of the head office and size of the physical network (number of branches) are considered in tiering the minimum capital requirements, unlike the replaced regulation by category, which had only the criteria on the location of their head office.[4] Existing banks (including those which are newly authorized but not yet operating) that cannot immediately meet the new minimum capital requirement may avail of a five-year transition period to fully comply. Such banks are required to submit an acceptable capital build-up program to the BSP. Banks that fail to propose an acceptable capital build-up or otherwise fail to comply with the minimum capital requirements face curtailment of future expansion plans.

According to the BSP, asset growth, increasing complexity, technological innovations, liberalization of more foreign bank entries in the universal and commercial banking sector, the opening of rural banks to foreign investments, and the ASEAN regional banking integration were considered in adjusting the minimum capitalization of banks. Further, Consistent with global efforts to enhance bank regulation, the BSP finds it prudent to continuously update domestic regulatory standards given the ever-changing risks faced by the banking sector, then, well-capitalized domestic banks promote financial stability and effective delivery of financial services.

## 4. Overview of the merger/consolidation cases in the RB sector and their characteristics

As already seen in Section 3, the BSP, in cooperation with the PDIC and LBP, has provided the incentives and assistances to the RB sector encouraging merger and consolidations among themselves and other (non-bank) financial institutions. According to the BSP Circular Letters from 1 January 1996 to 31 December 2016, there reported eighty-one (81) merger/consolidation cases of banks and non-bank financial institutions under BSP's supervisory authority. Of which,

[4] For details of the new minimum capital requirements, see Annex 1.

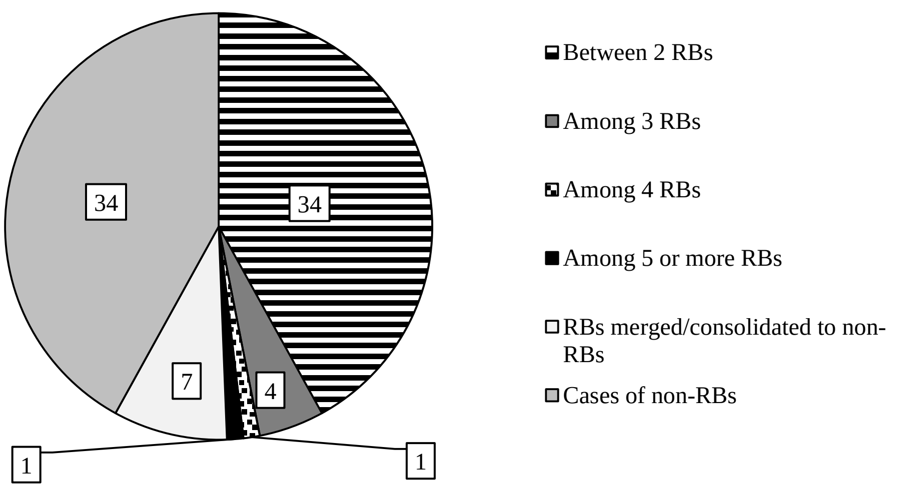
forty-seven (47) cases involve the RBs as surviving or merged/consolidated counterparts.[5] In the following section, we overview the patters and indicated preferences for mergers/ consolidations of the RBs.

### 4.1 How and when do the RBs merge/consolidate?

Based on the information released in the BSP Circular Letters Series 1996-2016, firstly, all mergers/consolidations are divided into three (3) groups, namely, (1) the mergers/consolidations solely between/among RBs, (2) those where RBs were merged/consolidated to other financial institutions, and (3) those between/among non-RBs (i.e., other banking institutions and non-bank financial institutions under the BSP supervision). The group (1) cases are further categorized depending on the numbers of RBs involved in each case. Figure 3 shows the shares of each group during the whole period 1996-2016, and Figure 4 shows the break-downs by group in each year.

From Figure 3, it is obvious that the RBs have strongly preferred "bilateral" mergers/ consolidations, which account 85% of the total forty (40) cases solely between/among RBs. As already seen in Section 3.3, the only "Among 5 or more RBs" case was realized by six (6) cooperative banks and an STPI and created a new RB in 2014 under the SPCB Plus.

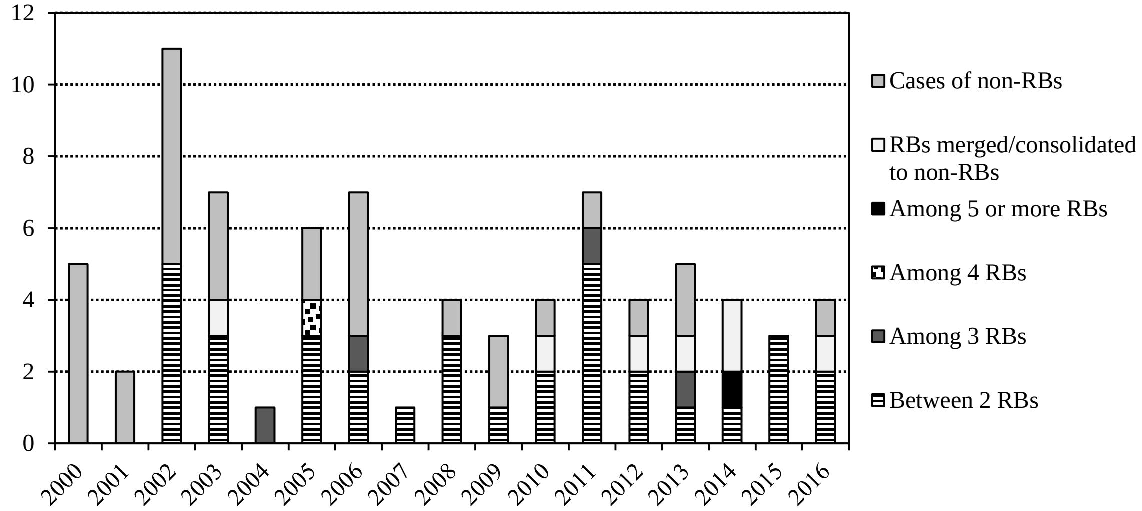
**Figure 3: BSP-approved mergers/consolidations of the financial institutions by group, 1996-2016**




[Note] Inclusive of multi-time cases conducted by one (surviving) financial institutions.
[Source] BSP Circular Letter Series (various years).

[5] From 1996 to 2001, there was no merger/consolidation case among or related to the rural banks approved by the BSP.

**Figure 4: BSP-approved merger/consolidations of the financial institutions, 2000-2016**




[Note] No merger/consolidation case related to RBs was approved by the BSP from 1996 to 2001.
[Source] BSP Circular Letter Series (various years).

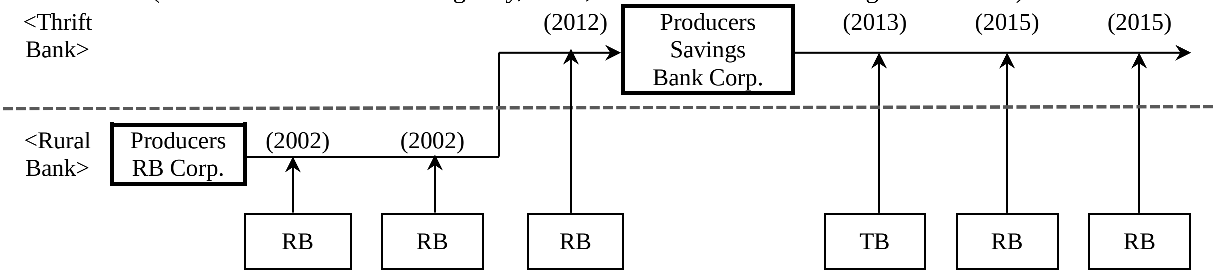
Although ambiguously but we can see a sort of tendency on the timing where RBs decide to merge or consolidate from Figure 4. The findings are: (1) the number of "bilateral" mergers/ consolidations increases in the same year or the next when the BSP conducts an upward revision in the minimum capitalization requirements, depending on the timing of releasing new regulations by the BSP; (2) since 2010, the cases where RBs are merged to other banking institutions (universal/commercial banks or thrift banks) are constantly approved; (3) considering with the numbers of exited RBs (in Figure 2), those which are not in a good financial shape have exited from the market, voluntarily or by BSP's order of revoking license or cease and desist, before finding a "white knight." Based on these findings, it can be assumed regarding the circumstances surrounding the RB industry that the RB mergers/consolidations and survival are in general the results influenced by the uncontrollable factors, such as BSP's regulations and/or international accords, and business strategies for the non-NCR regions of the players in larger categories (universal/commercial banks and thrift banks), rather than by RBs' own business strategies.

## 4.2 Do RBs grow in terms of size (physical network) and financial basis?

On the other hand, there are some RBs which have clearly shown expansive strategies during the analyzed period. Although the number of samples is small (three in total), of which, two RBs have conducted multiple – basically bilateral – mergers and upgraded themselves to be authorized as thrift banks. Another RB stays in the same category, but has grown up to one of the largest in the industry in terms of their physical networks and capitalization. Figures 5-7 illustrate how they have developed through mergers.

**Figure 5: "Multiple" merger/consolidations by a rural bank**
**Pattern A-1: Upgrading from an RB to a thrift bank (TB)**

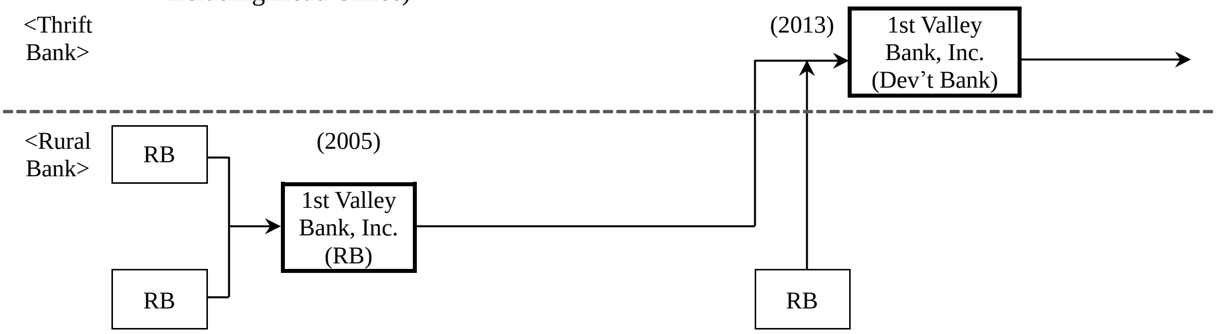
(Head Office located in Pasig City, NCR, with 141 offices including Head Office)




[Note] Banks in bold squares are surviving (merging) or newly established/renamed banks. Others are merged ones.
RB: a rural bank, TB: a thrift bank, Dev't Bank: a development bank, which is included in the category of thrift banks.
Numbers in parentheses are the years where the merger/consolidation cases were completed.
[Source] BSP Circular Letter Series (various issues).

**Figure 6: "Multiple" merger/consolidations by a rural bank**
**Pattern A-2: Upgrading from an RB to a TB**

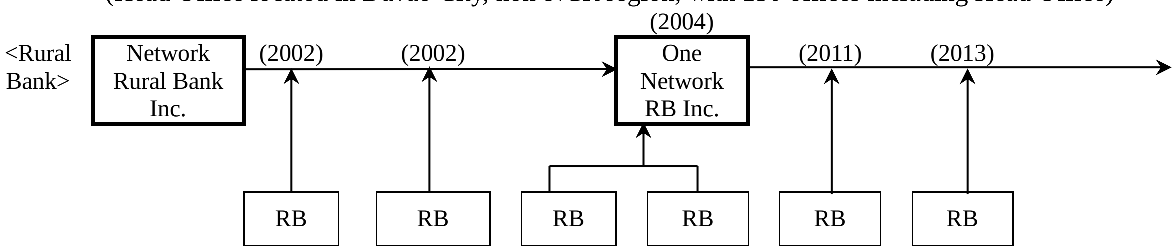
(Head Office located in Cagayan de Oro City, non-NCR region, with 45 offices including Head Office)




[Note] Same as Figure 5.
[Source] Same as Figure 5.

**Figure 7: "Multiple" merger/consolidations by a rural bank**
**Pattern B: Without upgrading**

(Head Office located in Davao City, non-NCR region, with 130 offices including Head Office)




[Source] Same as Figure 5.

Two cases in Figures 5 (Pattern A-1) and 6 (Pattern A-2) are both of RBs which upgraded themselves to thrift banks (TBs) through mergers more than twice. Differences between A-1 and A-2 are: (1) if the RB is the only surviving bank throughout the period (in the A-2 case, two RBs were consolidated in 2005 and became a newly established RB); and (2) if the surviving bank conducted other mergers after upgrading. As of end-2016, both TBs have larger branch networks than the average of the whole TB industry, especially, that of the TB in Figure 5 is close to the average of the universal and commercial bank sector.

Contrarily, Figure 7 (Pattern B) shows that an RB conducted five mergers (six RBs in total) in the past 15 years, likewise the TB in Figure 5, and developed its branch network close to the average of the universal/commercial banks. Although the RB did not choose to be authorized as of end-2016, it is assumed that the RB is one of the largest/dominant banks in the Region in terms of the branch network.

The above three cases imply that some RBs have an intention to strengthen their financial and physical basis and continue to grow, but as already described in the previous section, most of the merger/consolidation cases are bilateral and "one-shot" (not multiple or conducted by one RB more than twice) thus it suggests that the cases so far are not results of each RB's active/expansive business strategy, but of passive choice influenced by the regulatory and supervisory circumstances. The time may have yet to come for the RB industry to aspire further development transcending the financial/physical situation on a moment-to-moment basis under a certain set of regulation and supervision.

### 4.3 Mismatch between the incentive measures and the reality?

Three cases described above are considered out of BSP's incentive measures, especially the well-funded CPRB and SPCB Plus[6], under which large-scale mergers (at least among five banks) are encouraged for the availment of financial assistances. The regulatory side indicated the situation as follows:

> "… our (BSP's) efforts to promote mergers and consolidations have yet to produce the results we look forward to. While we continue to receive applications for incentives under the BSP-PDIC Strengthening Program for Rural Banks, the reality is… less than 20% of available funding for capital build-up has been utilized." (Tetangco, Jr. (2013))

Then, why RBs have not actively utilized them? Although the number of actual cases is

[6] The RBs, before upgrading themselves to TBs, may have availed capital assistances from the incentive measures in each merger case. As the BSP has not published any analyses or data regarding those measures yet, further information and clarifications are needed for .

limited, two aspects can be pointed out based on the “multiple” merger/consolidations. First, there seems certain mismatch between the program periods of the incentive measures and the planning and time frame of the RBs that intend to merge other banks or expand their business scale. In the cases described in the previous section, those RBs have spent a decade before achieving to their current business scale through multiple mergers. Therefore, the time frame and scope of BSP’s incentive measures – usually available/applicable for only one or two years, though the expiring dates have been sometimes extended – have some difficulty to align those on the RBs’ side.

On the other hand, if the BSP and related parties put a high importance on promoting “large-scale” mergers/consolidations, it would be necessary for them to think about providing some separate/additional supports (financially, technically and/or on the information basis) applicable for RBs on the stage of finding/identifying possible consolidation counterparts. Even an intention to merge/consolidate is put aside, the business and financial scale of RBs are quite smaller compared with those of TBs and universal/commercial banks. Naturally it is presumed that each RB by itself does not have enough/abundant financial affordability for going through the process. In addition to such research costs, finding a merger/consolidation counterpart is quite opportunity-depending. Thus, it would be highly contributive to the RBs which have willingness to merge/consolidate if those intentions are gathered and available as information on the regional/prefectural base, given the business scale of RBs. Regional rural bank associations and/or BSP regional branches are possibly able to play a certain role as information providers.

## 5. Conclusion

As having seen above, most mergers and consolidations of RBs are “bilateral” and “one-time,” which seemingly completed as a result of uncontrollable changes of their business environment such as regulatory revisions and/or market competitions. As discussed in Aragon, et.al. (2011) and BSP Governor’s speeches (Tetangco, Jr. (2013, 2014)) if every RB plays an important role as a catalyst for rural economic development, and a reduction of its presence in those rural areas may have adverse consequences for rural development, it is necessary to expand the scope of the incentive measures more suitable/applicable to the actual merger/consolidation processes which RBs have taken. For further encouraging the whole RB industry to reconsider and rationalize their business bases/scales, a sort of bird’s eye view and information on the RB industry – provided by regional rural bank associations and/or BSP regional branches at least by the prefectures or the regions – would help the RBs to identify possible merger/consolidation counterparts.

On deepening the discussion of this issue, further information is to be collected, for example, (1) more details about the merger/consolidation cases, e.g., financial conditions of the merged RBs at that time, capital scale and structure increase of the surviving banks, etc., (2) regional disparities/distribution of the merger/consolidation cases, (3) the actual financial assistances availed by the RBs under the SPRB, CPRB/CPRB Plus, and SPCB/SPCB Plus.

**Annex 1: Amended (increased) minimum capital level requirement for all banks**
(BSP Monetary Board decision on October 20, 2014)

| Bank Category/Network Size | Old Minimum Capitalization | Revised Minimum Capitalization |
|---|---|---|
| ●**Universal Banks** | P4.95 billion** | |
| Head Office Only | | P3.00 billion |
| Up to 10 branches* | | 6.00 billion |
| 11 to 100 branches* | | 15.00 billion |
| More than 100 branches* | | 20.00 billion |
| ●**Commercial Banks** | P2.40 billion** | |
| Head Office only | | P2.00 billion |
| Up to 10 branches* | | 4.00 billion |
| 11 to 100 branches* | | 10.00 billion |
| More than 100 branches* | | 15.00 billion |
| ●**Thrift Banks** | | |
| Head Office in: | | |
| Metro Manila | P1.00 billion** | |
| Cebu and Davao cities | 500 million** | |
| Other Areas | 250 million** | |
| Head Office in the National Capital Region (NCR) | | |
| Head Office only | | P500 million |
| Up to 10 branches* | | 750 million |
| 11 to 50 branches* | | 1.00 billion |
| More than 50 branches* | | 2.00 billion |
| Head Office in All Other Areas Outside NCR | | |
| Head Office only | | P200 million |
| Up to 10 branches* | | 300 million |
| 11 to 50 branches* | | 400 million |
| More than 50 branches* | | 800 million |
| ●**Rural and Cooperative Banks** | | |
| Head Office in: | | |
| Metro Manila | P100 million** | |
| Cebu and Davao Cities | 50 million** | |
| Other cities | 25 million** | |
| 1st to 4th class municipalities | 10 million** | |
| 5th to 6th class municipalities | 5 million** | |
| Head Office in the NCR: | | |
| Head Office only | | P50 million |
| Up to 10 branches* | | 75 million |
| 11 to 50 branches* | | 100 million |
| More than 50 branches* | | 200 million |
| Head Office in All Other Areas Outside NCR (All cities up to 3rd class municipalities) | | |
| Head Office only | | P20 million |
| Up to 10 branches* | | 30 million |
| 11 to 50 branches* | | 40 million |
| More than 50 branches* | | 80 million |
| Head Office in All Other Areas Outside NCR (4th to 6th class municipalities) | | |
| Head Office only | | P10 million |
| Up to 10 branches* | | 15 million |
| 11 to 50 branches* | | 20 million |
| More than 50 branches* | | 40 million |

[Note] *: Inclusive of Head Office. **: With no distinction for network size.
[Source] BSP Media Releases, dated on October 20, 2014.

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