

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 3744



Introduced by **HON. MIGUEL LUIS R. VILLAFUERTE, HON. VINCENZO RENATO LUIGI R. VILLAFUERTE, HON. TSUYOSHI ANTHONY G. HORIBATA, AND HON. TERRY L. RIDON**

EXPLANATORY NOTE

Financial inclusion is a state wherein individuals and businesses have effective access to a wide range of financial services including savings, payments, credit, and insurance that are affordable, appropriate, and responsibly delivered. It is widely recognized as a key enabler of poverty reduction and inclusive economic growth.¹

Despite progress in financial technology and regulation, many Filipinos especially in geographically isolated and disadvantaged areas remain financially excluded. The Bangko Sentral ng Pilipinas (BSP) reports that the share of Filipino adults with bank accounts increased from 56% in 2021 to 65% in 2022.² However, a significant portion of the population still lacks access to essential financial services. As of March 2025, 468 cities and municipalities in the Philippines were still unbanked, 45% of which is in Mindanao.³

A major barrier to inclusion is the limited availability of banking infrastructure. Rural Filipinos often have to travel long distances and incur high costs just to access financial services. To address this, the BSP has allowed banks to utilize cash agents through retail outlets such as sari-sari stores, pharmacies, and convenience shops to deliver basic banking services like cash deposits and withdrawals, balance inquiry, fund transfer, and bills payment.⁴ This bill seeks to institutionalize and expand the use of cash agents by:

- Establishing a legal framework to govern their operations;
- Defining the responsibilities and liabilities of contracting banks;
- Setting uniform eligibility and accreditation standards;
- Providing incentives such as free training and expedited permitting for agents in remote areas; and
- Enabling local government units to promote financial literacy and help strengthen community-level banking access.

To ensure consumer protection and financial integrity, the measure requires banks to maintain full accountability over their accredited cash agents, enforce anti-money laundering protocols, and ensure proper risk management controls.

¹ World Bank. (2024). *Financial Inclusion Overview*. <https://www.worldbank.org/en/topic/financialinclusion>

² Ta-asan, Keisha. (2023, October 25). *Filipinos with bank accounts rise to 65% of population*. Business World Online. <https://www.bworldonline.com/top-stories/2023/10/25/553449>

³ Bangko Sentral ng Pilipinas. (2025, June 27). *Unbanked cities and municipalities in the Philippines as of 31 March 2025*. <https://www.bsp.gov.ph/Lists/Directories/Attachments/10/unbanked.pdf>

⁴ BSP Circular No. 940, Series of 2017. *Guidelines on Cash Agent Operations*. <https://www.bsp.gov.ph/Regulations/Issuances/2017/c940.pdf>

This bill reinforces the objectives of the National Strategy for Financial Inclusion and aligns with the BSP's Digital Payments Transformation Roadmap to digitize 60-70% of retail payments by 2028.⁵ By making banking more accessible to the grassroots, this bill supports inclusive economic development, enhances household financial resilience, and promotes equitable growth.

This measure was approved on third reading by the House during the 18th Congress and was subsequently refiled during the 19th Congress.

In view of the foregoing, the immediate passage of this measure is earnestly sought.



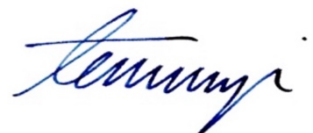
HON. MIGUEL LUIS R. VILLAFUERTE



HON. VINCENZO RENATO LUIGI R. VILLAFUERTE



HON. TSUYOSHI ANTHONY G. HORIBATA



HON. TERRY L. RIDON

⁵ Cigaral, Ian Nicolas. (2025, July 8). *Almost 60% of Philippine retail payments now digital*. Inquirer.net. <https://business.inquirer.net/534532/almost-60-of-ph-retail-payments-now-digital#:~:text=BSP%20deputy%20governor%20Mamerto%20Tangonan,in%20the%20country%20by%202028>.

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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:*

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

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

SECTION 3. *Definition of Terms.* — For the purposes of this Act:

- (a) *Cash Agent* refers to any person with a retail outlet such as but not limited to convenience stores, pharmacies and other highly accessible retail outlets that deliver bank services provided in Section 7 of this Act.
- (b) *Contracting Bank* refers to any bank requesting authority from the Bangko Sentral ng Pilipinas (BSP) to expand service delivery channels through cash agents.
- (c) *Remote area* refers to an area that either is a long distance from highly populated settlements or lacks transportation links that are typical in more populated areas duly-identified by the concerned Local Government Unit (LGU) in coordination with the BSP.
- (d) *Person* refers to a natural or juridical person.

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

SECTION 4. *Eligibility Requirements for Cash Agents.* — A Cash Agent may file an application with a Contracting Bank provided that the following requirements are met:

- (a) It is a duly-registered business in the Philippines;
- (b) It has engaged in commercial activity for at least three (3) months;

- (c) It has conducted its commercial activities continuously in a place and area that is known to the public, and possesses sufficient capacity to properly operate electronic devices; and
- (d) It has necessary infrastructure to undertake banking operations.

SECTION 5. *Preliminary Screening.* — Upon submission of the eligibility requirements for a Cash Agent, the Contracting Bank shall conduct a preliminary screening of the documents ensuring that:

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

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

SECTION 6. *Evaluation Process.* — The BSP shall create an inline evaluation process for a Cash Agent application while ensuring that:

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

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

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

- (a) Accept and disburse cash on the bank's behalf in connection with the following self-service transactions of customers:
 - (i) Deposit and withdrawal transactions performed by the customer on one's bank account;
 - (ii) Fund transfers performed by the customer;
 - (iii) Bills payment; and
 - (iv) Payments due to government institutions, such as contributions to the Social Security System and premiums payable to the Philippine Health Insurance Corporation, PAG-IBIG and others;
- (b) Collect and forward applications for opening a savings account;
- (c) Forward loan application documents to Contracting Bank;
- (d) Perform Initial Customer Identity Verification:
 - (i) Conduct customer due diligence (CDD) investigations in opening low transactional and low risk accounts or accounts subject to deposit and transactional limits;
 - (ii) Prevent anti-money laundering and countering financing of terrorism activities;
- (e) Other transactions:
 - (i) Payment (including loan repayments) using credit and debit cards, checks, and cash;
 - (ii) Transfers between bank accounts including those to be remitted to other banks;
 - (iii) Balance inquiries; and
 - (iv) Check encashment.

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

- (a) Free training of Cash Agent personnel on various bank processes conducted by the BSP;
- (b) Expedited processing of permits and certificated that are requisites to business registration and operation; and
- (c) Expedited processing of local government permits and other related documents.

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

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

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

SECTION 11. *Subcontracting Agents.* — A Cash Agent cannot subcontract its operations or business to third parties.

SECTION 12. *Agent Exclusivity.* — BSP may permit temporary agent exclusivity for a period not exceeding two (2) years. Otherwise, the Cash Agent shall enter into an agreement with another Contracting Bank.

SECTION 13. *Fees.* — A Cash Agent may set customer fees and charge customers directly: Provided, That the Contracting Bank and the Department of Trade and Industry shall monitor such pricing for signs of exploitation or customer confusion.

SECTION 14. *Principal Liability for Agents.* — The Contracting Bank is liable for all actions and omissions of the Cash Agent, provided such act is within the bounds of the agency.

The Contracting Bank shall exercise due diligence to ensure its Cash Agents comply with applicable rules, regulations, and policies on anti-money laundering, consumer protection, bank secrecy, and customer data confidentiality.

SECTION 15. *Implementing Rules and Regulations.* — The BSP, in coordination with the Anti-Money Laundering Council, Insurance Commission, a representative from the Union of Local Authorities of the Philippines and the DTI shall promulgate, not later than thirty (30) days upon the effectivity of this Act, the necessary rules and regulations for its effective implementation.

SECTION 16. *Separability Clause.* — If any section or part of this Act is held unconstitutional or invalid, the other sections or provisions not otherwise affected shall remain in full force and effect.

SECTION 17. *Repealing Clause.* — All laws, decrees, executive orders, rules and regulations, issuances or any part thereof inconsistent with the provisions of this Act, are hereby repealed, amended, or modified accordingly.

SECTION 18. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,