

# COMPARATIVE BANKING LAWS OF THE SEACEN COUNTRIES



The South East Asian Central Banks (SEACEN)  
Research and Training Centre

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## FOREWORD

This volume grew out of the decision of the Directors of Supervision, at their Fifth Meeting on 9 – 11 September 1985 in Kuala Lumpur, to update the comparative compilation of banking laws of the SEACEN member countries undertaken by The SEACEN Centre in August 1982. This revised version reflects the continuing efforts of The SEACEN Centre to promote closer collaboration and understanding among the SEACEN member central banks and monetary authorities, which in this instance focusses on supervision and regulation of financial institutions.

The volume consists of three sections. The first section is on *Central Banking* which gives the pertinent provisions governing this area; it includes, among others, the functions, powers, reserve requirements, credit and loan policies of the eight central banks and monetary authorities. The second section on *Supervision of Financial Institutions* covers the provisions giving the central bank supervisory and inspection authority over financial institutions. Under the third section on *Commercial Banking*, the listed regulations cover a number of areas, such as licensing, capital requirements, operations, priority lending, submission of data and solvency.

The preparation of this publication was based on replies and up-dates from the member central banks and monetary authorities as of 31 October 1987. The SEACEN Centre takes this opportunity to thank the banking and supervision departments of the member central banks/monetary authorities for all the information they had provided, and for reviewing the preliminary draft of this publication. Mr. Dahlan M. Sitalaksana, Assistant Director (Research) supervised the compilation of this volume. Mr. Gerardo S. Tison edited the whole volume; Mrs. Wong Yoke Mei coordinated its production; and, Miss Karen How provided secretarial support.

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Director  
The SEACEN Centre

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## SOURCES AND SYMBOLS

**Sources:** The banking laws in this compilation are derived from the various bank acts and charters, published annual reports and bulletins of the eight central banks and monetary authorities which are members of the South East Asian Central Banks (SEACEN) grouping.

**Symbols:** The following symbols are used to convey the corresponding information:

Symbol	Information
n.a.	Information not available
n.p.	No provision in the Act or Charter
---	Not applicable or appropriate

## **CENTRAL BANKING**

- A. The Central Bank
- B. Commencement of Operations
- C. Capital
- D. Head Office and Branches
- E. Governing Body
- F. Functions
- G. Powers
- H. Reserve Requirements
- I. Credit Policy
- J. Loans to Banks
- K. Currency
- L. Par Value and Exchange Rates
- M. Annual Accounts and Reports
- N. Allocation of Profits



## 2 Central Banking

	Burma	Indonesia	Malaysia	Nepal
<b>A. The Central Bank</b>	Union of Burma Bank (UBB)	Bank Indonesia (BI)	Bank Negara Malaysia (BNM)	Nepal Rastra Bank (NRB)
<b>B. Commencement of Operations</b>	1 October 1947	1 July 1953	24 January 1959	26 April 1956
<b>C. Capital</b>	<ol style="list-style-type: none"> <li>4 crores of kyats of which one crore shall be paid-up by the Union Government. The balance may be issued and subscribed at any time by the Government as determined by the President.</li> <li>The President may determine any increase in the capital.</li> </ol>	<ol style="list-style-type: none"> <li>Rupiah 1 billion subscribed by the State.</li> <li>The capital can be increased with the approval of House of Parliament.</li> </ol>	<ol style="list-style-type: none"> <li>Commenced operations with an authorised capital of M\$50 million, of which M\$20 million was paid-up by the Government. These were raised to M\$200 million and M\$100 million, respectively, in September 1977.</li> </ol>	<ol style="list-style-type: none"> <li>Paid-up capital is Rs10 million.</li> <li>His Majesty's Government may, if it considers necessary taking into account the recommendations of the Board of Directors, increase or reduce the amount.</li> </ol>
<b>D. Head Office and Branches</b>	Rangoon 1 branch (Mandalay) *****	Jakarta 40 branches *****	Kuala Lumpur 9 branches 1 New York representative office *****	Kathmandu 4 branches 3 sub-branches *****

	Philippines	Singapore	Sri Lanka	Thailand
<b>A. Central Bank</b>	Central Bank of the Philippines (CBP)  Note: Under Section 20, Article XII of the 1986 Constitution, the CBP shall function as the central monetary authority until Congress otherwise provides.	The Monetary Authority of Singapore (MAS)	Central Bank of Sri Lanka (CBSL) effective 31 December 1985; previously Central Bank of Ceylon.	Bank of Thailand (BOT)
<b>B. Commencement of Operations</b>	3 January 1949	1 January 1971	28 August 1950	10 December 1942
<b>C. Capital</b>	Authorised capital shall be P10 billion with an initial subscription of P10 million appropriated from the defunct Exchange Standard Fund.	Authorised capital: S\$30 million. On the establishment of the MAS, such portion may be paid-up by the Government. In 1972, the paid-up capital was raised to S\$100 million.	Capital is Rs15 million which is appropriated from the surplus assets of the Board of Commissioners of Currency.	Initial capital is B20 million, which sum shall be assigned to it by the State as a grant. Capital may be increased or reduced with the approval of the Government, provided that the total capital does not exceed B100 million at any one time.
<b>D. Head Office and Branches</b>	Manila Quezon City 4 regional offices 11 regional units (cash and clearing)  *****	Singapore No branches 1 overseas office in New York  *****	Colombo 3 regional offices  *****	Bangkok 3 branches: Southern Region, North-Eastern Region and Northern Region  *****

#### 4 Central Banking

	Burma	Indonesia	Malaysia	Nepal
<b>E. Governing Body</b>	<p>Board of Directors –</p> <ol style="list-style-type: none"> <li>The Board of Directors is responsible for formulating policies affecting management, operations and administration. The Board has 7 members: <ol style="list-style-type: none"> <li>6 directors appointed by the President; and,</li> <li>the person holding office as Secretary to the Union Government in charge of Finance.</li> </ol> </li> <li>Each director serves for a term of 6 years.</li> <li>The President designates the Chairman and Deputy Chairman bi-annually from the 6 he nominated.</li> <li>The General Manager is the chief executive officer.</li> <li>Board meets at least once a month.</li> </ol> <p>*****</p>	<p>Board of Directors –</p> <ol style="list-style-type: none"> <li>The Board is responsible for executing all banking business, implement monetary policy and determine the management of BI.</li> <li>There are not less than 5 and more than 7 members, excluding the Governor of BI. The President shall appoint the Governor and Directors for a term of 5 years and designate 2 Directors as Deputy Governors.</li> <li>The Governor of Bank Indonesia has the same rank as a cabinet minister.</li> </ol> <p>*****</p>	<p>Board of Directors –</p> <ol style="list-style-type: none"> <li>The Board shall be responsible for the policy and administration of BNM and consists of: <ol style="list-style-type: none"> <li>Governor of BNM who is Chairman;</li> <li>Deputy Governor of BNM; and,</li> <li>Not less than 5 and not more than 8 Directors appointed by the King.</li> </ol> </li> <li>The Governor and Deputy Governor are appointed for a term not exceeding 5 years and other Directors for a term not exceeding 3 years.</li> <li>The Board meets not less frequently than once a month.</li> </ol> <p>*****</p>	<p>Board of Directors –</p> <ol style="list-style-type: none"> <li>There shall be a Board of Directors consisting of the following members: <ol style="list-style-type: none"> <li>Governor;</li> <li>Not more than 2 Deputy Governors, if appointed by His Majesty's Government under sub-section (3); and,</li> <li>4 other Directors.</li> </ol> </li> <li>The Governor of the Bank shall be appointed by His Majesty's Government. His term of office shall be for 5 years but he may be re-appointed on the expiry of his terms. His salary, allowances and other facilities shall be prescribed by His Majesty's Government.</li> <li>Directors mentioned in clause (c) of sub-section (1) shall be appointed by His Majesty's Government for a term of 4 years. In case His Majesty's Government so considers appropriate, it may re-appoint him on the same post on the expiry of his term. He shall receive remuneration as prescribed by His Majesty's Government for each day he attends the meeting of the Board.</li> <li>The Board is required to meet 6 times a year or at least once in 3 months.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>E. Governing Body</b>	<p>Monetary Board –</p> <ol style="list-style-type: none"> <li>The Board consists of 7 members: <ol style="list-style-type: none"> <li>Governor of the CBP who is Chairman of the Board and appointed by the President for a term of 6 years;</li> <li>Secretary of Finance;</li> <li>Director-General of National Economic and Development Authority (NEDA);</li> <li>Chairman, Board of Investments;</li> <li>Secretary of Budget; and,</li> <li>3 part-time members from the private sector to be appointed by the President for a term of 6 years.</li> </ol> <p>In lieu of (c) and (d) above, such head of any other financial or economic agency or department of the Government as the President may determine. Whenever the Governor is unable to attend meeting of the Board, the Senior Deputy Governor acts as Chairman. In the case of other Board members named in (b), (c) and (d), their respective alternates attend, as follows:</p> <ol style="list-style-type: none"> <li>For the Secretary of Finance, his designated Undersecretary;</li> <li>For the Director-General of the National Economic and Development Authority, his designated Deputy Director-General;</li> <li>For the Chairman of the Board of Investments, his designated Vice-Chairman of the Board; and</li> <li>For the Secretary of Budget, his designated Undersecretary.</li> </ol> <p>Note: Under the 1986 Constitution, the members of the governing board of the central monetary authority must be natural born Filipino citizens, of known probity, integrity, and patriotism, the majority of whom shall come from the private sector, subject to such other qualifications and disabilities as may be prescribed by law.</p> </li> <li>Exercise of Authority by the Monetary Board: <ol style="list-style-type: none"> <li>Prepare and issue rules and regulations as it considers necessary for the effective discharge of the responsibilities and exercise of the powers assigned to the Monetary Board and to the Central Bank under the Charter;</li> </ol> </li> </ol>	<p>Board of Directors –</p> <ol style="list-style-type: none"> <li>The Board is responsible for the policy and general administration of MAS and consists of 7 members: <ol style="list-style-type: none"> <li>Minister of Finance who is the Chairman; and,</li> <li>6 other Directors appointed by the President for a term of 3 years. The President may appoint one of these Directors to be the Managing Director.</li> </ol> </li> <li>The Chairman shall summon meetings as often as required but not less than once every 3 months.</li> </ol> <p>*****</p>	<p>Monetary Board –</p> <ol style="list-style-type: none"> <li>The Monetary Board shall determine the policies and measures to be taken and be responsible for the management, operations and administration of CBSL. The Board consists of 3 members: <ol style="list-style-type: none"> <li>Governor of CBSL who is the Chairman;</li> <li>The Secretary to the Ministry of Finance; and,</li> <li>A third member appointed by the President.</li> </ol> </li> <li>The term of the Governor is for 6 years.</li> <li>If the Minister of Finance and CBSL are unable to agree on monetary policy, the Minister may inform the Board that the Government accepts responsibility for the adoption by the Board of a policy acceptable to the Government and direct that such policy be adopted by the Board and such direction shall be carried out by the Board.</li> <li>The Board is required to meet at least once in 2 weeks and as frequently as needed.</li> </ol> <p>*****</p>	<p>Court of Directors –</p> <ol style="list-style-type: none"> <li>The general supervision of BOT is vested in the Minister of Finance.</li> <li>The general administration shall be entrusted to a Court of Directors consisting of not less than 7 members: <ol style="list-style-type: none"> <li>Governor of BOT who is the Chairman;</li> <li>Deputy Governor of BOT who is the Vice Chairman; and,</li> <li>Not less than 5 members.</li> </ol> <p>The Governor and the Deputy Governor are appointed by the Crown upon the recommendation of the Cabinet. Other members are appointed by the Cabinet upon the recommendation of the Minister of Finance.</p> </li> <li>The Court is responsible for: <ol style="list-style-type: none"> <li>Establishment and abolition of branches and agencies;</li> <li>Determination of conditions and limits of business as authorised by Royal Decree;</li> <li>Determination of standard rates of discount and interest;</li> <li>Granting credit;</li> <li>Presenting annual accounts and reports; and,</li> <li>Making regulations of BOT.</li> </ol> </li> <li>The Court meets not less than once a month.</li> </ol> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal

	Philippines	Singapore	Sri Lanka	Thailand
	<p>b) Direct the management, operations and administration of the Central Bank, re-organise its personnel, and issue such rules and regulations as it may deem necessary or convenient for this purpose;</p> <p>c) On the recommendation of the Governor, appoint, fix the remunerations and other emoluments, and remove personnel of the Central Bank, with the exception of the Governor, subject to pertinent civil service rules; and,</p> <p>d) Authorise such expenditures by the Central Bank as are in the interest of effective administration and operations of the Bank in accordance with applicable laws and regulations.</p> <p>3. The Monetary Board meets as frequently as necessary and not less than once every 2 weeks.</p> <p>*****</p>			

	Burma	Indonesia	Malaysia	Nepal
<b>F. Functions</b>	<ol style="list-style-type: none"> <li>1. Contribute to monetary stability.</li> <li>2. Contribute to stability of currency in relation to foreign currencies.</li> <li>3. Contribute to the development of productive resources and a rising level of real income.</li> <li>4. Sole right to issue bank notes and coins.</li> <li>5. Maintain an international reserve consisting of gold or foreign currencies and securities. The value of the reserves shall not be less than 25% of the Bank's liability on account of deposits and currency in circulation. The Bank may with the prior approval of the President hold less than 25% specified.</li> <li>6. Fiscal agent and banker to the Government, its constituent units and authorities. It may represent the Government in dealings, negotiations, or transactions with the IMF, IBRD or other institutions.</li> <li>7. Advise the Government on monetary implications of fiscal developments and contemplated operations by the Government involving external or internal borrowing. Bank shall suggest remedial measures to counter unfavourable movements in international reserves.</li> <li>8. Official depository of Government.</li> <li>9. Take loans for the business of the Bank and give security for such borrowing provided that the amount at no time exceed paid-up capital and Reserve Fund of the Bank with the approval of the President.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Sole right to issue banknotes and coins as legal tender.</li> <li>2. Promote a sound development of credit and banking business.</li> <li>3. The cashier of the government.</li> <li>4. Assist the government in the placement, administration and settlement of government's bonds.</li> <li>5. Promote the mobilization of funds of the community by banks for purposes of productive and planned development effort.</li> <li>6. Regulate, safeguard and maintain the stability of the value of the rupiah.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Issue currency in Malaysia and to keep reserves to safeguard the value of the currency. Sole right to issue notes and coins.</li> <li>2. Banker and financial adviser to the Government.</li> <li>3. Promote monetary stability and a sound financial structure.</li> <li>4. Influence credit situation to the advantage of country.</li> <li>5. Maintain a reserve of external assets to meet obligations. Total value of assets shall not be less than such percentage of BNM's notes and coins in circulation as Minister of Finance by notice in the Gazette, declares to correspond to the minimum reserve of external assets which the Board of Commissioners of Currency, Malaya and British Borneo would have been required to maintain (80.59 percent):</li> <li>6. Agent of the Government under the Exchange Control Act 1953.</li> <li>7. Banker and financial agent to the Government.</li> <li>8. To act as correspondent, banker or agent for any central bank or other monetary authority for any international bank or international monetary authority established under Government auspices.</li> <li>9. Promote and maintain banking services for the public and further high standards of banking.</li> <li>10. BNM shall not engage in trade or have a direct interest in any undertaking except with the approval of the Minister of Finance in undertakings set up to promote the development of money market or securities market or for financing economic development in Malaysia, and except in the course of settlement of debts due to BNM.</li> <li>11. Establish a Clearing House in Kuala Lumpur and in such places considered necessary to facilitate clearing of cheques and other credit instruments.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Sole right to issue Nepalese currency notes.</li> <li>2. Render advice to His Majesty's Government on financial matters.</li> <li>3. Stabilise exchange rate of Nepalese currency to ensure convenience and economic interest of general public.</li> <li>4. Mobilise capital for development and encourage trade and industry.</li> <li>5. Develop the banking system.</li> <li>6. Maintain adequate international reserves to meet needs of country.</li> <li>7. Act as fiscal agent and banker to Government.</li> <li>8. Act as bankers' bank and a lender of last resort.</li> <li>9. Mobilise capital and manage public debt.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>F. Functions</b>	<ol style="list-style-type: none"> <li>Constitutional mandate: <ol style="list-style-type: none"> <li>Provide policy direction in the areas of money, banking and credit.</li> <li>Have supervision over the operations of banks and exercise such regulatory powers as may be provided by law over the operation of finance companies and other institutions performing similar functions.</li> <li>Regulate foreign loans obtained or guaranteed by the government.</li> </ol> </li> <li>Statutory mandate: <ol style="list-style-type: none"> <li>Prepare forecasts of the balance of payments of the Philippines, statistics on the monthly movement of the money supply and of prices and other statistical series and economic studies useful for the formulation and analysis of monetary, banking and exchange policies.</li> <li>Supervise, examine and/or regulate all banking institutions, including Government credit institutions, and non-bank financial institutions.</li> <li>Maintain par value of the peso and the convertibility of the peso into other freely convertible currencies primarily for, although not necessarily limited to, current payments for foreign trade and invisibles.</li> <li>Has sole right and authority, to issue currency notes and coins within Philippine territory.</li> <li>Endeavour to control any expansion or contraction of money supply, in the level of credit or any rise or fall in prices which may be prejudicial to the attainment or maintenance of a balanced and sustainable growth of the economy.</li> <li>Maintain Bank's international reserves adequate to meet any foreseeable net demands for foreign currencies.</li> <li>Buy and sell gold in any form to be made in the national currency at the effective exchange rate or rates and at the prevailing international market price as determined by the Monetary Board.</li> <li>Buy and sell foreign notes and coins, and documents and instruments of types customarily employed for the international transfer of funds and may engage in future exchange operations.</li> <li>Regulate foreign exchange operations of banks.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>Act as banker to and financial adviser of Government.</li> <li>Promote, within the context of general economic policy of the Government, monetary stability and credit and exchange conditions conducive to growth of the economy.</li> <li>Exercise powers to perform duties and functions transferred to MAS regarding banks, finance companies, insurance companies, securities companies, futures companies and exchange control.</li> </ol> <p style="text-align: center;">*****</p>	<ol style="list-style-type: none"> <li>Regulate the supply, availability and cost of money.</li> <li>Maintain the par value of the rupee and to regulate its exchange rate with other currencies and to ensure its full use for current transactions. The CBSL shall maintain an international reserve adequate to meet any unforeseeable deficits in the balance of payments.</li> <li>Make loans to or take loans from any institution and engage in transactions with foreign commercial and central banks, international financial institutions and foreign governments and agencies.</li> <li>Has the sole right to issue currency.</li> <li>Encourage and promote full development of the country's productive resources.</li> <li>Carry out open market operations to increase liquidity or stabilise the values of Government securities and CBSL obligations and increase or decrease money supply and cost of money.</li> <li>Buy and sell Government securities and issue, place, buy and sell freely negotiable securities issued by CBSL.</li> <li>Give guarantees for Government and its agencies.</li> <li>As agent of Government, CBSL manages the public debt.</li> <li>Submit to the Minister of Finance on or before 15 September a confidential report analysing the monetary situation and examining the effect of current fiscal policy to be used for preparing the budget.</li> <li>Act as the fiscal agent and banker of Government and is the official depository.</li> <li>Provide facilities for clearing transactions among banks. Deposit reserves serve as the basis for clearing of cheques.</li> </ol> <p style="text-align: center;">*****</p>	<ol style="list-style-type: none"> <li>Has sole right to issue and manage bank-notes including other printings as approved by the Minister and manage the reserve as provided in Chapter IV of the BOT Act, B.E. 2485.</li> <li>Accept money on current account without interest from financial institutions and Government.</li> <li>Purchase, sell and re-discount bills of exchange and promissory notes arising out of bona-fide trade or commercial transactions bearing two or more good signatures, one of which shall be that of a bank, or other financial institutions, and maturing within such period as may be fixed by the Court of Directors, but not exceeding 6 months from the date of such purchase or re-discount, exclusive of days of grace.</li> <li>Purchase, sell and re-discount bills of exchange and promissory notes arising from industry, agriculture, animal husbandry, forestry, fishery, mining, salt farming, silk spinning, or bills of exchange and promissory notes issued for the purpose of financing operations relating to an international buffer stock of which Thailand is a member and by virtue of which Thailand is permitted by the International Monetary Fund for this purpose.</li> <li>Purchase from and sell to banks, foreign exchange via the Exchange Equalization Fund.</li> <li>Keep balances with Government Treasuries and other banks and retain with them either repayable at call or at notice or at fixed dates such sums as may be deemed appropriate.</li> <li>Grant loans on the security of: <ol style="list-style-type: none"> <li>Government securities or securities guaranteed as to principal and interest by the Government;</li> <li>Gold, silver or documents of title of the same;</li> <li>Such bills of exchange or promissory notes as are eligible for purchase or re-discount under (3) above;</li> <li>Such bills of exchange or promissory notes as are eligible for purchase or re-discount under (4) above;</li> </ol> </li> </ol>



	Burma	Indonesia	Malaysia	Nepal

	Philippines	Singapore	Sri Lanka	Thailand
	<p>j) Authorise the extension of rediscounts, discounts, loans and advances to banking institutions in order to regulate the volume, cost, availability and character of bank credit and to provide the banking system with liquid funds in times of need, to make full use of the credit operations whenever national monetary policy requires an expansion of the money supply and to refrain from extending credit to banks as long as inflationary dangers exist.</p> <p>k) Carry out open market operations exclusively for the purpose of achieving the objectives of national monetary policy and to buy and sell in the open market for its own account government securities and to issue and negotiate Central Bank obligations; decisions on such operations shall be governed by its effect on the balance of payments and the volume in money supply.</p> <p>l) Make suggestions or recommendations to government-owned corporations which perform banking or credit functions for the more effective coordination of their policies with those of the Central Bank.</p> <p>m) Act as the fiscal agent, financial advisor, banker and official depository of the Government, its political sub-divisions and instrumentalities.</p> <p>n) Issue obligations of, and for amount of, the Government, provided that the Central Bank does not subscribe to the issue of such securities or guarantee their placement.</p> <p>o) Administer a Securities Stabilization Fund for account of the Government for the purchase and sale in the open market of government bonds and other evidences of indebtedness to increase the liquidity and stabilize the value of said securities, to promote private investment in Government obligations and to moderate price fluctuations of said obligations.</p> <p>p) Administer the Security Printing Plant and the Mint and Gold Refinery.</p> <p>*****</p>			<p>e) Promissory notes of any bank supported by documents of title to goods which have been transferred or pledged to any such bank as security for a cash credit or overdraft granted for bona-fide trade or commercial transactions; and</p> <p>f) Securities of foreign governments.</p> <p>8. Grant loans to financial institutions on the security of shares of banks, financial institutions or any other companies, or properties other than those specified in (7), only in cases where such financial institutions are facing or about to face a financial crisis, the consequences of which may materially and adversely affect the financial system generally. The Court shall have power to fix the terms and conditions of such loans as it deems appropriate.</p> <p>9. Grant money as initial capital of the Deposit Insurance Institution to be established by the Government, in accordance with the conditions prescribed by the Court.</p> <p>10. Grant unsecured loans to the Government, through the Ministry of Finance, for expenditures authorised in the ordinary budget up to an amount not exceeding 25% of such expenditures and subject to repayment within the first quarter of the succeeding fiscal year.</p> <p>11. Issue demand drafts made payable at its own offices or agencies.</p> <p>12. Subscribe to, and purchase and sale of, securities of the Government of Thailand and foreign governments, securities of international financial institutions of which Thailand is a member, which include instruments issued by the specialised agencies of the United Nations as evidence that holders of such instruments participate with these specialised agencies in extending loans to member governments or organizations of said member governments of the said specialised agencies in an amount as specified in such instruments and foreign trustee securities.</p> <p>13. Take care of monies, securities and other articles of value and the collection of the proceeds, whether principal or interest, of any such securities.</p> <p>14. Purchase and sell gold and silver.</p>

	Burma	Indonesia	Malaysia	Nepal

	Philippines	Singapore	Sri Lanka	Thailand
				<p>15. Borrow money for the maintenance of the stability of the value of the currency by issuing bills which have a fixed date of payment, bonds or other instruments with the approval of the Minister of Finance, or the borrowing of money for the purposes of its business and the giving of security for the money so borrowed.</p> <p>16. Conduct of international financial transactions, subject to the approval of the Minister of Finance.</p> <p>17. Sell and realize all properties, whether movable or immovable, which may in any way come into its possession in total satisfaction, or part satisfaction, of any of its claims.</p> <p>18. Administer a bank clearing system.</p> <p>19. Accept monies for account of the Ministry of Finance and make repayment therefrom; execute the Government's exchange remittance and banking operations and issue and manage loans as provided in Chapter VI of the BOT Act, B.E. 2485.</p> <p>20. Act as agent of the Government in the transaction of any of the following kinds of business:</p> <ul style="list-style-type: none"> <li>a) the purchase and sale of gold and silver;</li> <li>b) the purchase, sale and transfer of bills of exchange, securities and shares;</li> <li>c) the collection of the proceeds, whether principal, interest or dividends, of any securities or shares;</li> <li>d) the control and centralization of foreign exchange; and,</li> <li>e) the transaction of any other Government's business which may be entrusted to it.</li> </ul> <p>21. Repurchase Government and Government Guaranteed Bonds from financial institutions.</p> <p>22. Restructure and develop the financial institution system via the Financial Institution Development Fund to accord it strength and stability.</p> <p style="text-align: center;">*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>G. Powers</b>	<ol style="list-style-type: none"> <li>1. The Bank may make advances to Government to finance authorised expenditures provided they do not exceed 15% of the estimated revenue of Government and is repaid not later than 6 months after the date of making advances.</li> <li>2. Interest Rates: UBB may fix maximum interest rates or payment banks may charge for different types of loans and advances or other credit operations and which banks pay for various classes of deposits.</li> <li>3. UBB may define maximum maturities for loans and advances by banks and types and amounts of securities.</li> <li>4. Set limits on rate of increase of loans and advances and investments either in aggregate or in any class of assets, within specified periods of time.</li> <li>5. Establish cash margins for opening letters of credit.</li> <li>6. Establish minimum percentage of total deposits in UBB that banks shall keep as assets in Burma and as assets payable abroad representing financing of imports.</li> <li>7. Determine and publish rates of discount and interest to be charged on credit operations.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Grant credit to the Government within the limit of the estimate approved by the House of Representative under the guaranty of treasury bills.</li> <li>2. As a banker's bank and lender of the last resort.</li> <li>3. Prepares foreign exchange plan within the framework of maintaining the national economy and stimulating the development effort with due observance of the condition of international liquidity and solvency.</li> <li>4. Develop and supervise the banks in Indonesia.</li> <li>5. Issue regulations in the field of credit, foreign exchange and banking operations.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Make temporary advances to Government for temporary budget deficiencies at such rate of interest the Bank determines provided total advances do not exceed 12½% of estimated receipts (Government current revenue). All advances shall be repaid as soon as possible and not later than 3 months after end of the Government's financial year.</li> <li>2. Make recommendations to banks on: <ol style="list-style-type: none"> <li>a) policy on advances and loans including classes of purposes for which credit may or may not be used;</li> <li>b) interest rate payable to or by banks, discount rate charged by banks or commissions and other charges payable to banks;</li> <li>c) a reserve to be kept by each bank with BNM against sight, time and other deposit liabilities and such other liabilities as may be determined by the Minister of Finance on the recommendation of the Board of BNM.</li> </ol> </li> <li>3. May set different ratios for reserves to be held by banks at BNM for different categories of banks.</li> <li>4. BNM cannot discriminate among banks or groups of banks in any directives on policy to be followed by banks in granting credit, or rate of interest payable to or by banks or rate of discount chargeable. BNM may prescribe different proportions for different categories of banks of their deposits or loans and advances which may be used for such financing purposes BNM may specify. BNM may determine categories by reference to size or location or both.</li> <li>5. Issue and redeem notes and coins and to issue securities with the approval of the Minister in its own name.</li> <li>6. Purchase, sell and redeem securities, coins and accept deposit of money in any currency.</li> <li>7. Make advances for the purpose of assisting the growing or marketing of primary produce to statutory authorities and co-operative societies and to such public authorities and corporations in which the Government or the Bank has an interest as the Minister of Finance may approve.</li> </ol>	<p>NRB may frame rules with the approval of His Majesty's Government as follows:</p> <ol style="list-style-type: none"> <li>1) Reports and statements to be submitted by commercial banks and financial institutions; incorporated or registered in the Kingdom of Nepal.</li> <li>2) Credit control.</li> <li>3) Management of foreign exchange.</li> <li>4) Issue, withdrawal and refund of currency notes.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>G. Powers</b>	<ol style="list-style-type: none"> <li>Through its Economic Research Department, request any person or entity including Government offices and instrumentalities any data and information as may be required for the proper discharge of its functions and responsibilities with the power to issue a subpoena for the production of books and records for such purpose.</li> <li>May fix the maximum rates of interest, expressed as simple annual rates, which banks and other financial institutions may pay on deposits, deposit substitutes and on other obligations; may provide interest rate differentials on the basis of maturity and size of deposits, deposit substitutes and other obligations; may eliminate interest rate ceilings for deposits, deposit substitutes and other obligations above a specified amount or exempt from the interest rate ceiling those with remaining maturities of two years or more; and may fix the maximum rates that banks may pay to or collect from their customers in the form of commissions, discounts, charges, fees or payments of any sort.</li> <li>Prescribe at any time minimum cash margins for the opening of letters of credit, may relate the size of the required margin to the nature of the transaction to be financed, and may use its powers to require high margins for the opening of letters of credit to finance the importation of luxuries and non-essentials or to finance goods the importation of which is prompted by speculative motives prejudicial to the interest of the Philippine economy.</li> <li>May issue regulations as may be deemed necessary with respect to the maximum permissible maturities of loans and investments which banks may make, and the kind and amount of security to be required against various types of credit operations, in order to promote liquidity and solvency of the banking system, or to influence the availability of bank credit for specific purposes.</li> <li>May place an upper limit on the amount of loans and investments which banks may hold, or on the rate of increase of such assets within specified periods of time in order to prevent or check an expansion of bank credit.</li> </ol>	<ol style="list-style-type: none"> <li>Determine and announce the interest rates payable to or by banks, the rates of discount charged by banks, rates of commission and other rates payable to banks.</li> <li>May make recommendations to banks on: <ol style="list-style-type: none"> <li>purposes for which loans, advances and investments may or may not be made;</li> <li>maximum maturities (for investments, loans and advances) and type and minimum amount of security (for loans and advances) and for letters of credit, the minimum or margin deposit; and,</li> <li>limits for any particular category of loans, advances or investments or the total outstanding.</li> </ol> <p>Any recommendation shall apply to all banks uniformly.</p> </li> <li>Prior to July 1975 interest rates were quoted on a cartel system. Since then, banks have been free to quote interest rates.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>Monetary Board may fix maximum rates of interest paid by banks for deposits and the maximum rates charged by banks for different categories of loans.</li> <li>A Deputy Governor, the Director of Economic Research or any other authorised person may require any person to furnish such information as is required.</li> <li>Grant loans to or take loans from foreign central banks or commercial banks, international financial organizations and foreign governments and agencies. Such loans may be secured by gold or other assets of the CBSL.</li> <li>Make direct loans to Government to finance expenditure repayable within 6 months. Total outstanding loans shall not exceed 10% of estimated Government revenue for the year.</li> <li>The Monetary Board may prescribe the maximum permissible maturities for loans and investments made by banks and the nature and amount of security, prohibit banks from increasing loans or fix limits on the rate of increase of loans and investments within specified periods of time.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>The BOT shall have power to issue prescriptions to be complied with by commercial banks concerning the following matters: <ol style="list-style-type: none"> <li>Interest payable by a commercial bank;</li> <li>Interests or discounts chargeable by a commercial bank;</li> <li>Service charges a commercial bank may demand;</li> <li>Earnests which a commercial bank shall demand; and,</li> <li>Securities in the form of property which a commercial bank shall demand.</li> </ol> </li> <li>For the purpose of national development or rectification of any adverse economic conditions, the BOT may recommend the Minister of Finance to impose the following measures: <ol style="list-style-type: none"> <li>Direct commercial banks to grant credit to any type of enterprises at not less than the rate prescribed; and,</li> <li>Prohibit commercial banks to increase the amount of credit granted to any type of enterprise or to increase such amount to the level in excess of the rate prescribed.</li> </ol> <p>The rate prescribed under (b) may be expressed as a percentage of the total outstanding amount of credits granted by a commercial bank to any type of enterprise at any one time.</p> </li> <li>The BOT with the approval of the Minister of Finance may prescribe the liquid assets ratio which shall not be less than 5% or more than 50% of the total of each type of its deposits and/or borrowing, as the case may be.</li> <li>The BOT with the approval of the Minister of Finance may prescribe a cash reserve ratio which shall not be less than 5% or more than 50% of deposits and/or borrowings, as the case may be, and such prescribed ratio may relate to any one type or more of deposits and/or borrowings jointly or severally.</li> <li>The BOT, with the approval of the Minister of Finance may prescribe the capital fund to risk assets ratio which shall not be less than 5% or more than 15%.</li> </ol> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
			<p>8. Establish a special Investment Fund to finance specific projects in the public sector for the purpose of promoting economic development from monies set aside from the reserve held at the Central Bank by banks and finance companies.</p> <p>9. Borrow money, establish credits and give guarantees in any currency and underwrite loans in which the Bank may invest.</p> <p>10. Purchase any shares of such licensed bank or licensed finance company for the purpose of controlling the business of such bank or finance company.</p> <p>11. The Essential (Protection of Depositors) Regulations, 1986 came into effect on 23 July 1986. The Regulations equipped BNM with the necessary powers to investigate promptly and act swiftly to conserve the assets of companies which engage in illegal deposit-taking activities, as well as cooperatives and pawnbrokers, so as to protect the interests of the depositors.</p> <p>a) Investigation of the affairs of any deposit-taker: BNM has extensive powers to investigate deposit-takers and their associates. These powers of investigation include the power to:</p> <ol style="list-style-type: none"> <li>enter and search any office, place of business or residence and inspect any books or other documents;</li> <li>compel the production of accounts, books and documents;</li> <li>interrogate on oath or affirmation;</li> <li>seize and retain accounts, books and documents;</li> <li>detain persons pending the completion of a search or interrogation; and,</li> <li>search persons.</li> </ol> <p>b) Order to freeze property and restrict departure from Malaysia: BNM may by an order published in the Gazette, freeze the property of deposit-takers and their associates, restrict their departure from Malaysia and compel the surrender of their property to BNM. This is to enable BNM to act swiftly to maintain the status quo prior to taking action on completion of investigations. Any person aggrieved by such an order may appeal to the Minister of Finance through BNM for a revocation of the order.</p>	

	Philippines	Singapore	Sri Lanka	Thailand
	<ol style="list-style-type: none"> <li>6. May prescribe minimum ratios which the capital and surplus of the banks must bear to the volume of their assets, or to specific categories thereof, or may alter said ratios in order to regulate the volume and distribution of bank credit, and to ensure the maintenance of bank capital and surplus at levels adequate to protect the depositors against risk of loss.</li> <li>7. Issue certificate of authority before the articles of incorporation of any bank, or amendment thereto, are registered with the Securities and Exchange Commission.</li> <li>8. Pass upon and review the qualifications of persons elected or appointed bank directors and officers and disqualify those found unfit.</li> <li>9. Fix and increase minimum capitalization of banking institutions and non-bank financial intermediaries.</li> <li>10. Limit or prohibit the distribution of net profits of banks found deficient in their minimum capital-to-risk assets ratio.</li> <li>11. Specify such loans and credits as it may determine as non-risk assets for purposes of single borrower's limitation.</li> <li>12. Regulate the amount of credit accommodations that may be extended by banks to their directors, officers and stock-holders.</li> <li>13. Fix amount of reserves for bad debts or doubtful accounts or other contingencies of banks and require prior approval of write-off of loans of one hundred thousand pesos or more.</li> <li>14. Impose fines, penalties and other sanctions for violations of banking laws and regulations.</li> <li>15. Appoint a conservator to take charge of assets, liabilities and management of banks found in a condition of solvency and liquidity deemed inadequate to protect interest of depositors and creditors.</li> <li>16. Forbid a banking institution to do business and designate a receiver to take charge of its assets and liabilities when a bank is in a condition of insolvency or its continuance in business would involve probable loss to depositors and creditors.</li> </ol>			



	Burma	Indonesia	Malaysia	Nepal
			<p>c) Action by BNM in respect of a deposit-taker: If BNM is of the opinion that any person is a deposit-taker, BNM may:</p> <ul style="list-style-type: none"> <li>i) require the person to cease deposit-taking and refund the deposits taken;</li> <li>ii) assume control of and carry on the business of the deposit-taker or appoint someone else to do the same;</li> <li>iii) apply to the High Court to appoint a receiver to manage the affairs and property of the deposit-taker;</li> <li>vi) require the licensing officer to cancel the pawnbroking licence, if the person is a pawnbroker.</li> <li>v) require the Registrar-General of Cooperative Societies to make an order for the cancellation of the registration, if the person is a cooperative society; and,</li> <li>vi) require the licensing officer to cancel the pawnbroking licence, if the person is a pawnbroker.</li> </ul> <p>12. Placement of deposits with and purchase of negotiable certificates of deposit (NCDs) from banks and finance companies in Malaysia: The new regulations allow for placement of deposits with banks and finance companies by BNM and the purchase by the Bank of NCDs from such financial institutions. These were introduced to enable BNM to deal in NCDs and play its role to improve money market operations as well as the liquidity of the financial system.</p> <p>13. Establishment and maintenance of staff welfare fund: A new regulation was introduced to enable BNM to set up and maintain a staff welfare fund out of its funds for the purpose of providing grants and financial assistance for the benefit of the Bank staff and their dependents.</p> <p style="text-align: center;">*****</p>	

	Philippines	Singapore	Sri Lanka	Thailand
	<p>17. Order the liquidation of a banking institution which is insolvent or cannot resume business with safety to its depositors and creditors and general public, and designate a liquidator.</p> <p>18. Make direct provisional advances to the Government or to any political subdivision to finance authorised expenditures provided these are repaid before the end of the first quarter and shall not in their aggregate, exceed 20% of the average annual income of the borrower for the last 3 preceding fiscal years.</p> <p>19. In coordination/consultation with the Securities and Exchange Commission, regulate issuance of commercial papers by banking institutions and non-bank financial intermediaries.</p> <p>20. Regulate the establishment of off-shore banking units (OBUs) in the Philippines.</p> <p>21. Represent the Philippine Government in all dealings, negotiations or transactions with the IMF, BIS and other foreign or international financial institutions or agencies.</p> <p>22. Prescribe control ratios, ceilings, limitations or other forms of regulation on the different types of accounts of banks and non-banks with quasi-banking functions, as well as prescribe ceiling on yields from the purchase of receivables or other obligations or exempt particular transactions from such ceiling.</p> <p>23. Impose administrative sanctions upon banks and non-bank financial intermediaries performing quasi-banking functions, their directors and/or officers.</p> <p>*****</p>			

	Burma	Indonesia	Malaysia	Nepal
<b>H. Reserve Requirements</b>	<ol style="list-style-type: none"> <li>1. Every bank is required to maintain against deposit liabilities a reserve with UBB. In places where there are no branches of UBB, a portion or all of reserve shall be kept as a cash deposit with Government Treasury.</li> <li>2. Prescribe and modify the minimum reserve ratios applicable to each class of deposits provided the ratios for demand deposits shall not be less than 8% or more than 40% and for time deposits, not less than 3% and not more than 15%.</li> <li>3. Reserves are held as cash deposits unless UBB permits them to be held in other forms.</li> <li>4. Reserve requirements shall apply uniformly to all banks.</li> <li>5. Reserve position is computed weekly at the close of business on Friday or the previous day if Friday is a holiday. Computation is on the basis of average of daily reserves actually held by bank against average of daily deposit liabilities.</li> <li>6. When the reserve position is less than the required minimum, UBB may impose a fine in the amount of 1/10 of 1% per day on the amount of deficiency or take other action.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Each bank shall maintain a ratio according to general regulations determined by BI to maintain adequate liquidity and solvency. Banks not complying are subject to sanctions by BI.</li> <li>2. Every bank is required to maintain a minimum cash reserve of 15% against rupiah current liabilities of which 1/3 must be kept with BI.</li> <li>3. Every bank is required to maintain a cash reserve of 15% against all foreign exchange liabilities of which 15% of liabilities to non-residents and 5% to residents must be kept with BI.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Liquid Assets: May prescribe in writing that each bank holds a minimum amount of liquid assets expressed as a percentage of sight, savings, time and other deposits and such other liabilities as may be determined by BNM, and such percentage may be altered. Liquid assets are notes and coins, money at call with discount houses, balances at BNM excluding statutory reserve, treasury bills and inland bills of exchange and other assets approved by Minister of Finance.</li> <li>2. Local Assets: May require banks to hold a minimum amount of assets specified to be held as a percentage of which such assets bear to sight, savings and other deposits and such other liabilities as may be determined by BNM. These assets are to be held in Malaysia and shall apply indiscriminately.</li> <li>3. Statutory Reserve: A reserve to be held by each bank at BNM against its sight, savings account, time and other deposit liabilities and such other liabilities as may be approved by the Minister of Finance on the recommendation of the board of BNM. With effect from 15 February 1986, the statutory reserve requirements of the finance companies and merchant banks were increased from 2.5% to 3% of total eligible liabilities. With effect from 15 October 1986, the statutory reserve ratio of commercial banks was reduced by 0.5 percentage point to 3.5% of total eligible liabilities.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Commercial banks and financial institutions conducting banking business shall maintain liquid assets in such proportion to their deposit liabilities as the Bank may prescribe.</li> <li>2. Commercial banks and financial institutions conducting banking business shall maintain funds in the Bank at such proportions to their deposit liabilities as the Bank may from time to time prescribe.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>H. Reserve Requirements</b>	<p>1. Banks are required to maintain reserves against their deposit liabilities which ordinarily take the form of a deposit with the CBP although the Monetary Board may, whenever circumstances warrant, permit the maintenance of part of the required reserves in the form of assets other than peso deposits with the CBP.</p> <p>Note: Presently, bank reserves consist of deposit with the CBP (25%) and cash in vault and/or reserve – eligible government securities (75%).</p> <p>2. Banks and other financial institutions may be required to maintain reserves against their liabilities for deposit substitutes, defined as "an alternative form of obtaining funds from the public, other than deposits, through the issuance, endorsement, or acceptance of debt instruments for the borrower's own account, for the purpose of relending or purchasing of receivables and other obligations". Reserves against deposit substitutes shall be determined in the same manner as provided for reserve requirements against regular bank deposits with respect to the imposition, increase and computation of reserves.</p> <p>3. The Monetary Board may exempt from reserve requirements deposits and deposit substitutes with remaining maturities of 2 years or more, as well as inter-bank borrowings.</p> <p>4. The Monetary Board may prescribe and modify the minimum reserve ratios applicable to each class of peso deposits provided that the ratios shall not be less than 5% or more than 25% for time and savings deposits and not less than 10% or more than 50% for demand deposits. In periods of inflation, the Monetary Board may prescribe higher reserve ratios, but not exceeding 100% for any future increase in deposits of each bank above the amount outstanding on the date the bank is notified of the requirement.</p>	<p>1. Liquid Assets: MAS may prescribe in writing a minimum amount of liquid assets to be held by banks expressed as a percentage of their deposit and other liabilities and such percentage may be varied. A grace period of not less than 1 month is allowed for compliance. Liquid assets include notes and coins legal tender in Singapore, balances with MAS in excess of reserves, Singapore Government securities, trade bills of exchange and other assets approved by MAS. Any bank that fails to comply with this provision shall be liable to pay a penalty interest charge of S\$100 per day or such larger amount as the Authority may determine for every day during which the deficiency continues.</p> <p>2. Cash Balance: MAS may require banks to hold cash balances not exceeding 30% of each bank's deposit and other liabilities on deposit with MAS. MAS may prescribe different ratios for different liabilities and may prescribe the method of computation but ratios shall apply uniformly to banks. MAS may require a bank that fails to comply with this provision to pay a penalty interest of S\$100 per day or such larger amount as the Authority may determine for every day during which the deficiency continues.</p> <p>3. Minimum Assets Requirement: MAS may require banks to hold a minimum amount of assets in Singapore to be expressed as a percentage of liabilities, jointly or separately. Such assets include liquid assets, loans and advances to persons in Singapore, Government securities, and securities issued by any public authority established by law and any assets approved by MAS.</p> <p>A bank that fails to comply shall be liable to pay a penalty interest charge of S\$100 per day or such larger amount as the Authority may determine for every day during which the deficiency continues.</p> <p>*****</p>	<p>1. The Monetary Board may require banks to hold reserves against deposit liabilities which shall be proportional to the volume of deposit liabilities and take the form of Rupee deposits with CBSL.</p> <p>2. Minimum reserve ratios for each class of deposit: These may be fixed subject to a minimum of 5% and a maximum of 20% for time and savings deposits and shall not be less than 10% and more than 40% for demand deposits and unused balances of overdrafts. Any increase shall be made gradually and shall not exceed 4 percentage points in any 30-day period. CBSL shall give banks at least 14 days notice of such change. Where there is inflation, the reserve ratios may be raised to 100% in respect of the amount by which bank deposits of any class may after the date of notice, exceed the amount of such deposit of the bank.</p> <p>3. Reserves are calculated weekly on the basis of the amount at close of business on such day of week prescribed by CBSL.</p> <p>4. When there is a deficiency, the bank shall pay to CBSL an interest rate not exceeding 1/10 of 1% per day. If a bank has a continuous deficit, the Monetary Board may make an order to prohibit or restrict new loans or investments and prohibit the application of the whole or any part of the net profits for payment of dividend.</p> <p>*****</p>	<p>1. A commercial bank shall maintain a cash reserve in proportion to its deposits and/or borrowings specified as follows:</p> <p>a) total deposits; b) demand deposits; c) time deposits; d) total borrowings; and, e) each type of borrowings;</p> <p>at not less than the ratio prescribed by the BOT with the approval of the Minister of Finance. The ratio prescribed shall not be less than 5% or more than 50% and may relate to any one type or more of deposits and/or borrowings jointly or severally. Also, the BOT may prescribe that Thai Government securities may be included as part of such cash reserve.</p> <p>2. For the purpose of computation of deposits or borrowings as specified above, the BOT with the approval of the Minister of Finance may prescribe that the total of unused balances of over-drafts be included as part of any one type of deposits or borrowings.</p> <p>3. In the case where it is necessary for the purpose of maintaining the stability of the domestic currency, the Minister of Finance shall have the power to prescribe that commercial banks maintain a special cash reserve at the BOT at not less than the ratio prescribed by the Minister, in addition to the maintenance of a cash reserve.</p> <p>*****</p>

	Burma	Malaysia	Indonesia	Nepal

	Philippines	Singapore	Sri Lanka	Thailand
	<p>5. The Central Bank may pay interest at a rate not higher than the Central Bank's lowest rediscount rate on reserves in excess of 25% of a bank's total time or savings deposits or in excess of 50% of its total demand deposits.</p> <p>Note: The CBP currently pays an interest of 4% on deposits with CBP which are used as reserves.</p> <p>6. The Monetary Board, may prescribe and modify minimum reserve ratios on foreign currency deposit provided that they are not below 10% or above 100% of the deposit liability in each foreign currency.</p> <p>7. The Monetary Board may establish minimum reserve requirements for unused balances of overdraft lines, in the same way it does against demand deposits.</p> <p>Note: Overdraft lines are not allowed under existing CBP regulations.</p> <p>8. The Monetary Board may prescribe increases in reserve requirements provided these shall be made gradually and shall not exceed 4 percentage points in any 30-day period.</p> <p>9. Reserve position of each bank or non-bank financial intermediary with quasi-banking functions (NBQB) shall be calculated daily at the close of each business day on the basis of the amount of the reserves and the amount of its liability accounts against which reserves are required to be maintained.</p> <p>10. Whenever a reserve deficiency exists, the bank or non-bank financial intermediary performing quasi-banking functions (NBQB) shall pay the Central Bank 1/10 of 1% per day on the amount of the deficiency, provided that the bank and NBQB is permitted to offset any reserve deficiency occurring on one or more days of the week with any excess reserve on other days of the same week, and to pay the penalty only on the average daily deficiency during the week. The privilege of offsetting may be denied by the Monetary Board, in case of abuse.</p>			

	Burma	Indonesia	Malaysia	Nepal

	Philippines	Singapore	Sri Lanka	Thailand
	<p>11. In case the bank has chronic reserve deficiencies, the Monetary Board may limit or prohibit the making of new loans or investments by the institutions or may require that part or all of the net profits of the institution be assigned to surplus.</p> <p>12. The Monetary Board may modify or set aside reserve deficiency penalties for part or the entire period of a strike or lockout affecting a bank or NBQB or of a national emergency affecting operations of banks or NBQBs.</p> <p>13. The deposit reserves maintained by banks in the Central Bank shall serve as a basis for the clearing of cheques and the settlement of interbank balances, subject to Monetary Board rules and regulations.</p> <p>*****</p>			



	Burma	Indonesia	Malaysia	Nepal
<b>I. Credit Policy</b>	<p>1. The Bank may conduct the following credit operations with scheduled banks in Union of Burma as defined in Section 38(1):</p> <p>a) Sell, purchase and rediscount securities of or guaranteed by the Union Government, including treasury bills.</p> <p>b) Discount, rediscount, buy and sell bills of exchange and treasury bills drawn in or on any place in any foreign country and maturing within 92 days from the date of their acquisition by the Bank.</p> <p>c) Discount, re-discount, buy and sell bills, acceptances, promissory notes and other credit instrument payable in Burma with maturities of not more than 180 days from the date of their acquisition by the bank and drawn, issued or made for the purpose of financing –</p> <p>i) the importation, exportation, purchase or sale of readily saleable goods and products, or their transportation within the Union of Burma; or</p> <p>ii) the storage of non-perishable goods and products which are duly insured and deposited under conditions assuring their preservation, in authorised bonded warehouses or in other places approved by the Bank; or</p> <p>iii) the holding or trading in securities of the Union Government or such other authorities as may be specified in this behalf by the bank.</p> <p>d) Discount, rediscount, buy and sell bills, acceptances, promissory notes and other credit instruments payable in the Union of Burma with maturities of not more than 270 days from the date of their acquisition by the Bank and drawn, issued or made for the purpose of financing the production, manufacture or processing of agricultural, animal, mineral or industrial products.</p> <p>e) Grant loans or advances, repayable on demand or on the expiry of fixed periods not exceeding 180 days, against the following types of collateral:</p> <p>i) gold or documents of title to the same;</p> <p>ii) negotiable securities issued or guaranteed by the Union Government, including treasury bills, and stocks, funds and securities (other than immovable property) in which a</p>	<p>1. BI assists the banks to finance projects in line with government priorities through refinancing.</p> <p>2. BI may grant liquidity credit to banks by means of:</p> <p>a) accepting a repredging;</p> <p>b) accepting valuable instruments as guarantee; and,</p> <p>c) accepting promissory notes;</p> <p>under the terms and conditions established by BI.</p> <p>3. Since 1 June 1983, policy on credit ceilings has been terminated.</p> <p style="text-align: center;">*****</p>	<p>1. The Bank may issue guidelines to the banks on the policy to be followed by banks and finance companies in relation to the granting of advances and extension of credit facility, including the classes or purposes for which advances may or may not be made or credit facilities extended.</p> <p>2. Among the authorised business of BNM, as provided for in the Central Bank of Malaysia Ordinance, 1958, includes specific reference to selective credit measures, as follows:</p> <p>" ... (f) purchase, sell, discount and rediscount inland bills of exchange and promissory notes .... drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of primary produce and maturing within 6 months (exclusive of days of grace) from the date of acquisition;</p> <p>(ff) make advances for the purpose of assisting the growing or marketing of primary produce, to –</p> <p>i) authorities formed under any written law in the Federation; and,</p> <p>ii) cooperative societies engaged in farming, agricultural, horticultural, pastoral, grazing or fishing operations;</p> <p>...(ffff) establish a Special Investment fund to finance specific projects, wholly or partly, in the public sector ... for the purpose of promoting economic development...."</p> <p>3. Amendments to the Central Bank of Malaysia Ordinance, 1958:</p> <p>a) Extension of time for refinancing of manufactured and agricultural products: To facilitate the discounting of bills under the revamped Export Credit Refinancing (ECR) Scheme to beyond 90 or 180 days without adversely affecting other banking operations of the Central Bank, section 30(1) of the Act was amended to enable the refinancing period for all products, agricultural or manufactured, to be extended to 1 year or such period as might be approved by the Minister of Finance.</p>	<p>1. NRB may issue directives from time to time to commercial banks and financial institutions regarding banking operations, currency and credit. It shall be the duty of the bank and financial institutions to comply with these directives.</p> <p>2. NRB shall fix the rate on loans to be charged and where NRB does not fix rates, banks and financial institutions may fix rates with the approval of NRB.</p> <p>3. NRB may, at its discretion, make loans and advances to other banks incorporated in Nepal against securities mentioned below and on terms and conditions to be mutually agreed upon:</p> <p>a) securities or promissory notes or currencies of His Majesty's Government or other foreign government;</p> <p>b) fully secured loans advanced by other banks to their customers;</p> <p>c) bills of exchange; and,</p> <p>d) buildings and godowns within the Nagar Panchayat area.</p> <p>4. The Nepal Rastra Bank Act stipulates that, "with due consideration to the monetary situation, the Bank shall provide loans or refinances to commercial banks or financial institutions advancing agricultural or industrial credit." The conditions of such loans or refinances will be as prescribed by NRB. NRB is also authorised to perform other functions such as selling, purchasing or underwriting shares or debentures of banks or financial institutions with the specific objective of promoting development of agriculture, industry and banking and to help establish institutions necessary for economic and banking development.</p> <p style="text-align: center;">*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>I. Credit Policy</b>	<p>1. The discounts, rediscounts, loans and advances shall be used to regulate the volume, costs, availability and character of bank credit and to provide the banking system with liquid funds in times of need. The Central Bank shall make full use of its credit operations whenever national monetary policy requires an expansion of money supply and shall refrain from extending credit in periods of inflation, or as long as inflationary danger exists.</p> <p>2. Under normal credit operations, the CBP may grant:</p> <p>a) Commercial credits with maturities of not more than 180 days from date of rediscount and resulting from transactions related to:</p> <ol style="list-style-type: none"> <li>importation, exportation, purchase or sale of readily saleable goods and products or their transportation within the country, or</li> <li>the storing of non-perishable goods and products which are duly insured and deposited under conditions assuring their preservation, in authorised bonded warehouses or in other places approved by the Monetary Board;</li> </ol> <p>b) Production credits with maturities of not more than 360 days from date of rediscount and resulting from transactions related to production or processing of agricultural, animal, mineral or industrial products;</p> <p>c) Other credits whereby special credit instruments not otherwise falling under 2(a) and (b) above, may be eligible for rediscounting, provided that funds originate from non-inflationary sources and additional safeguards for disbursing these funds are prescribed; and,</p> <p>d) Advances against certain kinds of collaterals, including gold coins or bullion, securities of the Central Bank or of other solvent domestic credit institutions, credit instruments covering commercial and production credits, negotiable treasury bills/bonds and certificates of indebtedness of the Government, for fixed periods generally not to exceed 180 days.</p>	<p>The MAS provides rediscounting at preferential rates to export bills only. As of August 1986, the MAS refinance rate was below the prevailing prime lending rate of banks.</p> <p>*****</p>	<p>1. The cost, volume and the direction of credit is regulated by CBSL by using instruments such as the variable reserve ratio, and ceilings on credit for various purposes. In addition, the Central Bank also provides short-term as well as medium to long-term refinance facilities to commercial banks against their lendings to the priority sectors of the economy.</p> <p>2. If the Monetary Board determines that it is necessary so to do by reason that, in the opinion of the board, there is in progress, or has occurred, an expansion of the money supply that represents a threat to the domestic or international monetary stability of Sri Lanka, the board shall direct the suspension of the grant of credit by CBSL to banking institutions, except when the board, having regard to the special circumstances, by unanimous decision approves the grant of credit.</p> <p>3. Subject to the principles stated in section 82 of the Monetary Law Act, CBSL may ordinarily transact with commercial banks and the National Savings Bank, credit operations of any description set out below:</p> <p>a) Commercial credits – CBSL may discount, rediscount, buy and sell bills, acceptances, promissory notes, and other credit instruments with maturities of not more than 180 days from the date of their discount, rediscount, or acquisition by CBSL and resulting from transactions related to –</p> <ol style="list-style-type: none"> <li>the importation, exportation, purchase, or sale of readily saleable goods and products, or their transportation within Sri Lanka; or</li> <li>the storage of non-perishable goods and products which are duly insured deposited under conditions assuring their preservation, in authorised bonded warehouses or in other places approved by the Monetary Board.</li> </ol>	<p>Various measures and instruments have been used to control credits as follows:</p> <ol style="list-style-type: none"> <li>As banker to commercial banks and as the regulatory authority, direct powers as well as moral suasion can be used to influence the credit markets. The most important instruments are the cash reserve requirement and the lending facilities of the Bank.</li> <li>Apart from controlling credit expansion generally, the Bank also tries to influence the allocation of credit through the rediscount facilities and through moral suasion. Moreover, the new Commercial Banking Act, B.E. 2522 (1979) empowers the Bank to impose selective credit control.</li> <li>The BOT provides a refinance window for the exports sector, especially the exports of rice, sugar and tapioca products. The BOT also requires commercial banks to extend credit of at least 13% of their total deposits to the agricultural sector.</li> </ol> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
	<p>trustee is authorised to invest trust money by any law for the time being in force in the Union of Burma;</p> <p>iii) such credit instruments as are eligible for purchase, discount or rediscount by the Bank under Clause (c) or Clause (d); or</p> <p>iv) promissory notes of any scheduled bank or registered cooperative society operating in the Union of Burma, supported by documents of title to goods, such documents having been transferred, assigned, or pledged to any such bank or society, as security for a cash credit or overdraft granted for the purpose of financing commercial or trade transactions or seasonal agricultural operations or the marketing of crops.</p> <p>2. All credit instruments purchased, rediscounted, discounted or accepted as collateral under this section shall bear such endorsement or assignment as is relevant, of the bank from which received.</p> <p>3. In periods of emergency which directly threaten monetary and banking stability, the Bank may, by concurrent vote of at least 5 Directors of the Board and notwithstanding any limitation contained in Section 39, make loans or advances to any bank in the Union of Burma repayable on demand, secured by such assets as the Bank may consider sufficient.</p> <p>4. While any loan or advance under Sub-section (1) is outstanding, the recipient bank may increase the total of its loans, advances, overdrafts or investments only with the permission of the Bank.</p> <p>5. Where a bank to which a loan or advance has been made under the provisions of Sub-section (1) is wound up, any sums due to the Bank in respect of such loan or advance shall be a first charge on the assets of that bank, subject only to the claims, if any, of any other bank to specific security held by it as collateral to any prior loan or advance.</p> <p>6. The Bank shall determine and publish from time to time the rates of discount and interest to be charged on its credit operations.</p> <p>*****</p>		<p>b) Extension of time for advance secured by eligible bills of exchange: Section 30(1) has also been amended to enable BNM to grant advances to banks secured by eligible bills of exchange for a period of up to 12 months or such period as may be approved by the Minister of Finance. The amendment was made to facilitate the implementation of the revamped pre-shipment ECR facility.</p> <p>c) Advances to national mortgage corporation: Section 30(1)(fff) was amended to enable BNM to make an advance to the national mortgage corporation to enable it to purchase house mortgages from the primary lenders prior to the raising of its required funds from the capital market.</p> <p>*****</p>	

	Philippines	Singapore	Sri Lanka	Thailand
	<p>3. The CBP may grant loans or advances to banking institutions engaged in long-term lending operations, to encourage bank mergers and consolidation or rehabilitation of industries which the Monetary Board may consider advisable, and may grant loans to the Development Bank of the Philippines or other Government financial institutions to purchase shares of stock of a banking institution in the Philippines for resale to the general public provided such releases are compatible with the requirements of stability and are secured by acceptable security.</p> <p>4. It may grant loans to non-bank financial intermediaries performing quasi-banking functions to promote their medium- and long-term operations and to maintain conditions of competition.</p> <p>5. As lender of last resort, the Central Bank may grant also special credit accommodations to both banks and non-banks performing quasi-banking functions (NBQBs) for a period of not more than 7 days without any collateral to provide them with liquidity in times of need and to influence interest rate levels.</p> <p>6. The Central Bank may grant banking institutions extraordinary advances secured by acceptable assets in periods of emergency or of imminent financial panic which directly threaten monetary and banking stability; and even during normal periods, for the purpose of assisting a bank in a precarious financial condition brought by unforeseen events, or events which, though foreseeable, could not be prevented provided the institution is not insolvent and has clearly realisable assets to secure the advances.</p> <p>7. The Monetary Board shall fix the interest and rediscount rates to be charged by the Central Bank on its credit operations in accordance with the character and term of the operation and after due consideration to the credit needs of the market, the composition of the Central Bank's portfolio and the general requirements of national monetary policy. Interest and rediscount rates shall be applied to all banks of the same category uniformly and without discrimination.</p>		<p>b) Production credits – CBSL may discount, rediscount, buy and sell bills, acceptances, promissory notes, and other credit instruments having maturities of not more than 270 days from the date of their discount, rediscount, or acquisition by CBSL and resulting from transactions related to the production, manufacture, or processing of agricultural, animal, mineral, or industrial products.</p> <p>c) Advances – CBSL may grant loans or advances for any fixed period not exceeding 180 days upon promissory notes secured by the pledge with the bank of –</p> <ul style="list-style-type: none"> <li>i) gold coins or bullion; or</li> <li>ii) negotiable Treasury bills, promissory notes, debentures, bonds, or other negotiable securities of the Government; or</li> <li>iii) securities issued by CBSL itself or other credit instruments of banking institutions operating in Sri Lanka and approved by the Monetary Board; or</li> <li>iv) credit instruments referred to in paragraphs (a) and (b) above.</li> </ul> <p>*****</p>	

	Burma	Indonesia	Malaysia	Nepal

	Philippines	Singapore	Sri Lanka	Thailand
	<p>8. The CBP may make direct provisional advances to the Government or to any of its political sub-divisions to finance expenditures authorised in the annual appropriation of the borrowing entity, in amount not exceeding 20% of the average annual income of the borrower for the last 3 preceding fiscal years and provided that said advances must be repaid before the end of the first quarter following the end of the fiscal year of the Government or political sub-division.</p> <p>9. The CBP is authorised and directed to lend to the Philippine Deposit Insurance Corporation (PDIC) on such terms as may be fixed by the corporation and the Central Bank, such funds as in the judgement of the Board of Directors of the corporation are from time to time required for insurance purposes. The rate of interest to be charged such loans to PDIC shall not be less than the current average rate on outstanding marketable and non-marketable obligations of the Republic of the Philippines as of the last day of the month preceding the availment of such loans.</p> <p>*****</p>			

	Burma	Indonesia	Malaysia	Nepal
<b>J. Loans to Banks</b>	<p>1. UBB may, with the concurrent vote of at least 5 directors, make loans to any bank repayable on demand secured by such assets as UBB may require. The bank shall not increase loans or investments when these loans are outstanding without prior approval of UBB.</p> <p>*****</p>	<p>1. BI may provide refinancing facilities for priority credit extended by banks to support production according to government programmes.</p> <p>2. BI may provide discount window facilities to banks to overcome liquidity difficulties faced by banks in emergency cases.</p> <p>*****</p>	<p>1. BNM may make a loan to a bank or finance company upon such security as BNM considers necessary, to maintain monetary stability.</p> <p>*****</p>	<p>1. With due consideration to the monetary situation, the Bank shall provide loan or refinances to any commercial banks or banks or financial institutions which supplies agricultural or industrial credit on conditions prescribed by it against the following or other necessary security or guarantee:</p> <p>a) Securities, promissory notes or currency of His Majesty's Government or foreign government or foreign banks or international institutions;</p> <p>b) Full secured loans supplied by commercial banks and financial institutions to their clients;</p> <p>c) Bills of Exchange; and,</p> <p>d) Immovable properties.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>J. Loans to Banks</b>	<p>1. In an emergency or in imminent financial panic, CBP may grant loans to banks and as long as these are outstanding, the debtor institution may not expand the total volume of its loans or investments without prior approval of the Monetary Board.</p> <p>2. Whenever a financial institution or the Government incurs an overdraft in its account with the Central Bank, the same shall be eliminated within the period prescribed by Central Bank regulations and at the discretion of the Monetary Board, may be converted into an emergency loan or advance, in the case the Government.</p> <p>3. The Central Bank may extend loans and advances to banking institutions for a period of not more than 7 days without collateral for the purpose of providing the banking system with liquid funds in times of need and influencing interest rate levels.</p> <p>*****</p>	n.p.	<p>1. In times of emergency or when financial panic is imminent, CBSL may lend to banks and renew extraordinary loans secured by any assets acceptable to CBSL. During such time the banks cannot increase loans or investments, CBSL shall fix the interest rates and conditions of loans.</p> <p>*****</p>	<p>1. The BOT is the lender of last resort to commercial banks. There are two channels of lending as follows:</p> <p>a) Making discretionary loans to commercial banks against government and government-guaranteed bonds. This is intended as the lender of last resort rates charged vary from time to time;</p> <p>b) Lending through the rediscount window where credit is available for approved promissory notes at a relatively low interest rate. This function is mainly designed for promotional purpose, and the papers eligible for rediscounting are limited to export bills, agricultural and certain industrial bills. Nonetheless, the rediscount window is also used for other special purposes and also extended to other financial institutions as deemed necessary from time to time; and,</p> <p>c) Lending through Repurchase Market whereby the BOT buys and sells government bonds from commercial banks, finance companies and other financial institutions with an agreement to repurchase or resell. This purpose is to enable those financial institutions to invest short-term, their surplus funds while those financial institutions which are temporarily short of funds will be able to sell their government bonds easily so as to adjust their position expeditiously.</p> <p>*****</p>



	Burma	Indonesia	Malaysia	Nepal
<b>K. Currency</b>	<ol style="list-style-type: none"> <li>1. The monetary unit is the KYAT divided into 100 PYA.</li> <li>2. Bank notes of K1, K5, K10, K100 and such other denominations as determined by the President.</li> <li>3. Coins shall be P1, P5, P10, P25 or K1/4, P50 or K1/2, K1 and such denominations as determined by the President.</li> <li>4. The design, form and material of Bank notes and the design, composition and other characteristics of coins shall be decided by the President.</li> <li>5. All currency notes and coins issued by UBB shall be legal tender. All coins below one kyat denomination shall be legal tender for payment up to one kyat.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The monetary unit is the RUPIAH divided into 100 CENTS.</li> <li>2. Type, value and other characteristics of currency to be issued shall be determined by BI.</li> <li>3. All currency notes and coins issued by BI shall be legal tender.</li> <li>4. Any action pertaining to money or having the objectives of payments and any obligation which has to be fulfilled in money, if performed in Indonesia, shall be carried out in Indonesian rupiah unless otherwise clearly provided by legislative regulations.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The monetary unit is the RINGGIT divided into 100 SEN.</li> <li>2. Notes shall be legal tender at face value.</li> <li>3. Coins shall be legal tender at face value for payment of: <ol style="list-style-type: none"> <li>a) Any amount for coins exceeding M\$1;</li> <li>b) Not exceeding M\$10 for denomination of 50c and M\$1; and,</li> <li>c) Not exceeding M\$2 for coins of less than 50c.</li> </ol> </li> <li>4. Characteristics of notes and coins shall be determined by the Minister of Finance on the recommendation of BNM.</li> <li>5. Except with BNM's approval, no one shall use photograph or any drawings or design resembling any notes or coins or part thereof in any advertising or any merchandise or products which is manufactured, sold, circulated or distributed.</li> <li>6. BNM has the sole right to issue currency notes and coins in Malaysia.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. NRB has sole right to issue Nepali currency notes.</li> <li>2. NRB has to maintain a reserve equal to the value of the currency notes issued. At least 50% of the reserves shall be kept in the form of one or more from among gold, silver, foreign currencies, foreign securities and foreign bills of exchange and the balance in the form of one or more from among Nepali coins (50 Paisa, Rs.1, or coins of higher denominations), Nepali securities and promissory notes or bills of exchange. Currency notes may be issued with at least 25% of the reserves in one or more from among gold, silver, foreign currencies, foreign securities and foreign bills of exchange and the balance in the form of one or more from among Nepali coins, Nepali securities, promissory notes or bills of exchange, in case His Majesty's Government so permits.</li> <li>3. It shall be the responsibility of the Bank to redeem and repay currency notes issued by His Majesty's Government prior to the establishment of the Bank and currency notes issued by the Bank itself.</li> <li>4. The assets of the Issue Department, that is, the security maintained against the issue of currency notes, shall not be utilised to meet the liabilities of the other departments of the Bank.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>K. Currency</b>	<ol style="list-style-type: none"> <li>1. The monetary unit is the PESO (P), divided into 100 CENTAVOS (c).</li> <li>2. The CBP shall have the sole right and authority to issue currency within the territory of the Philippines. Notes and coins issued shall be liabilities of the Bank and shall not exceed its assets.</li> <li>3. All notes and coins issued shall be fully guaranteed by the Government and shall be legal tender in the Philippines, provided that coins shall be legal tender in amounts not exceeding P50 for denominations from ten centavos to one peso and in amounts not exceeding P20 for denominations of five centavos or less.</li> <li>4. The Monetary Board, with the approval of the President of the Philippines, shall prescribe the denominations, dimensions, designs, inscriptions and other characteristics of notes issued; likewise, the weight, fineness, designs, denominations and other characteristics of the coins issued.</li> <li>5. The Monetary Board shall prescribe the amounts of notes and coins to be printed and minted, respectively, and the conditions to which the printing of notes and the minting of coins shall be subject.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The monetary unit is the SINGAPORE DOLLAR (\$S) divided into 100 CENTS.</li> <li>2. The Board of Commissioners of Currency, Singapore has the sole right to issue currency notes and coins. Notes shall be legal tender at face value for payment of any amount. Coins shall be legal tender for payment of: <ol style="list-style-type: none"> <li>a) Denominations exceeding 50c : any amount;</li> <li>b) 50c : not exceeding S\$10;</li> <li>c) Below 50c : not exceeding S\$2.</li> </ol> </li> <li>3. The Board shall issue on demand currency notes to equivalent value of sums in sterling lodged by that person with the Board's agent in London and shall pay on demand by any person sterling in London to equivalent of notes lodged with it.</li> <li>4. Notes and coins shall have such characteristics as determined by the Board.</li> <li>5. No person can use any photograph of or any drawing or design of any notes or coins in any advertisement or on any merchandise or products.</li> <li>6. The Board shall establish a Currency Fund consisting of gold and foreign currencies, bank balances, money at call, treasury bills, securities of or guaranteed by foreign governments or international financial institutions and any other assets approved by the President.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The standard monetary unit is the RUPEE (Re and Rs) divided into 100 CENTS.</li> <li>2. All currency notes and coins issued by CBSL are legal tender for the payment of any amount.</li> <li>3. The Monetary Board shall, with the approval of the Minister of Finance, prescribe the denominations, dimensions, designs, inscriptions and other characteristics of notes. Each note shall bear in facsimile the signature of the Minister of Finance and the Governor. The Monetary Board may prescribe the metals, fineness, weights, sizes, designs, denominations and other characteristics of coins.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The monetary unit is the BAHT (B) divided into 100 SATANGS.</li> <li>2. The Ministry of Finance shall mint and put coins into circulation and prescribe the type, denomination, metal, fineness, weight, size, design and other characteristics.</li> <li>3. Coins shall be legal tender as to the amount prescribed by Ministerial regulation. Notes shall be legal tender for any amount.</li> <li>4. BOT has power to print, manage and issue notes.</li> <li>5. BOT shall keep a Currency Reserve to maintain the stability of the Baht consisting of gold, foreign currencies and securities, subscriptions to IMF, SDR and Thai Government securities and domestic bills.</li> </ol> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>L. Par Value and Exchange Rates</b>	<ol style="list-style-type: none"> <li>1. UBB may, with the approval of the President, determine and certify the legal parities of the kyat with respect to gold and foreign currencies.</li> <li>2. UBB shall determine the maximum rates at which foreign exchange dealers buy spot exchange and the maximum rate at which they sell spot exchange. These rates shall not differ from legal parities by more than 1%.</li> <li>3. UBB may require foreign exchange dealers to report the volume and composition of purchases and sales of gold and foreign currencies and supply any other data.</li> <li>4. UBB may fix the maximum amount of working balances in any or all currencies.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The exchange value of the rupiah is determined by BI under a system of managed float. The rupiah is linked to a basket of currencies of Indonesia's principal trading partners and the exchange rate is reviewed and fixed daily by BI against various major currencies and the SDR.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Original par value was fixed at 0.290299 gramme of fine gold.</li> <li>2. On 21 June 1973, the Malaysian Ringgit was allowed to float.</li> <li>3. On 27 September 1975, the Government adopted a new exchange rate system since it was no longer desirable to determine the exchange rate of ringgit in terms of US\$ alone. The value of the ringgit would be determined in terms of the currencies of those countries which are significant trading partners of Malaysia.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The Bank shall have the sole right to deal in exchange transactions between Nepali and foreign currency at exchange rates determined by the Bank on the basis of the par value fixed by His Majesty's Government. His Majesty's Government shall consult the Bank while fixing the basis of the par value.</li> <li>2. His Majesty's Government may frame regulations or issue orders relating to foreign currency control in consultation with the Bank.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>L. Par Value and Exchange Rates</b>	<ol style="list-style-type: none"> <li>The gold value of the Peso is at 7-13/21 grains of gold, 0.900 fine, equivalent to the US dollar parity of the peso.</li> <li>The par value shall not be altered unless: <ol style="list-style-type: none"> <li>The existing parity would make impossible the achievement of balanced and sustainable economic growth without: <ol style="list-style-type: none"> <li>depleting reserves,</li> <li>the chronic use of restrictions on peso convertibility, and,</li> <li>the undue Government intervention in international flow of goods and services; or</li> </ol> </li> <li>Uniform changes are made by member countries of IMF; or</li> <li>Operation of any executive or international agreement, to which the Philippines is a party, requires an alteration in the gold value of the peso.</li> </ol> </li> <li>Any modification in the gold or dollar value of the peso must be in conformity with all executive and international agreements and shall be made only by the President upon the proposal of the Monetary Board. The proposal of the Monetary Board shall require the concurrence of at least 5 of its members.</li> <li>Whenever indicated and not necessarily under emergency conditions alone, the Monetary Board with concurrence of at least 5 members, and with approval of the President, is authorised to change exchange rate or rates of the peso, which may differ from its par value.</li> <li>Currencies of member countries of the IMF shall have their parities with respect to the peso established on the basis of announced par value by IMF; if not announced, on the basis of exchange rate for the currency in the foreign market. Parities of freely convertible currencies of non-member countries shall be established on the basis of their gold or US dollar equivalent; for currencies not freely convertible of such countries, parities shall be on the basis of exchange rates for the currency in foreign markets.</li> </ol> <p>Note: The Philippines, being a member of the International Monetary Fund, abides by IMF Articles of Agreement and amendments thereto which, among other things, allow each member country to adopt its own</p>	<ol style="list-style-type: none"> <li>Original par value was fixed at 0.290299 gramme of fine gold, which shall not be varied except by the President of the Republic in accordance with the Articles of Agreement of the International Monetary Fund.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>The original par value was fixed at 2.88 grammes of a grain of fine gold.</li> <li>The legal parities of foreign currencies with respect to the Sri Lanka rupee are determined by the Governor.</li> <li>The Monetary Board shall from time to time determine the rates at which the Central Bank will buy or sell foreign exchange.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>The external value of the baht is determined on the basis of the relationship of the baht to a weighted basket of currencies of Thailand's major trading partners as well as other considerations such as balance of payments condition and foreign exchange market condition.</li> <li>The Exchange Equalisation Fund shall intervene to keep the relationship of the baht to the basket of currencies within a margin and to maintain orderly conditions in the exchange market.</li> <li>The par value of the baht was established as equivalent to 0.0368331 gramme of fine gold.</li> </ol> <p>*****</p>

exchange rate policy. The present policy of the CBP is to allow the exchange rate of the peso to float, responding to basic market forces and determined by average inter-bank rates.

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	Burma	Indonesia	Malaysia	Nepal
<b>M. Annual Accounts and Reports</b>	<ol style="list-style-type: none"> <li>1. Financial year is 1 October to 30 September.</li> <li>2. UBB shall within 2 months from the close of accounts submit to the President a copy of annual accounts signed by the Chairman and General Manager and certified by the Auditors and a report by the Board on the bank and these shall be published in the Gazette.</li> <li>3. The President appoints the auditors.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Financial year is from 1 April to 31 March.</li> <li>2. Before the beginning of the financial year, the Board shall submit the budget to the Government for approval.</li> <li>3. BI compiles weekly a condensed balance sheet to be published in the Gazette.</li> <li>4. At the end of the financial year, BI compiles an annual report giving an extensive review of monetary and economic developments.</li> <li>5. Not later than 6 months after the fiscal year, the Board submits to the Government for authentication the annual balance sheet and profit and loss account. The Auditor-General audits these accounts.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The financial year is from 1 January to 31 December.</li> <li>2. BNM shall publish after the fifteenth day and last day of each month a return of assets and liabilities and a copy submitted to the Minister of Finance.</li> <li>3. Within 3 months of close of financial year, BNM shall transmit to the Minister a copy of the annual accounts certified by the Auditor-General and published in the Gazette and a copy of the report on the working of BNM which shall be published. The accounts and report shall be laid before Parliament.</li> <li>4. The accounts of BNM are audited by the Auditor-General.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The financial year is from 16 July to 15 July. The financial year of the Bank shall be identical with the financial year of His Majesty's Government.</li> <li>2. The Bank shall publish monthly statements of its accounts regularly.</li> <li>3. The Bank shall submit reports on its annual accounts and activities to His Majesty's Government within 4 months from the closing of every financial year.</li> </ol> <p>*****</p>

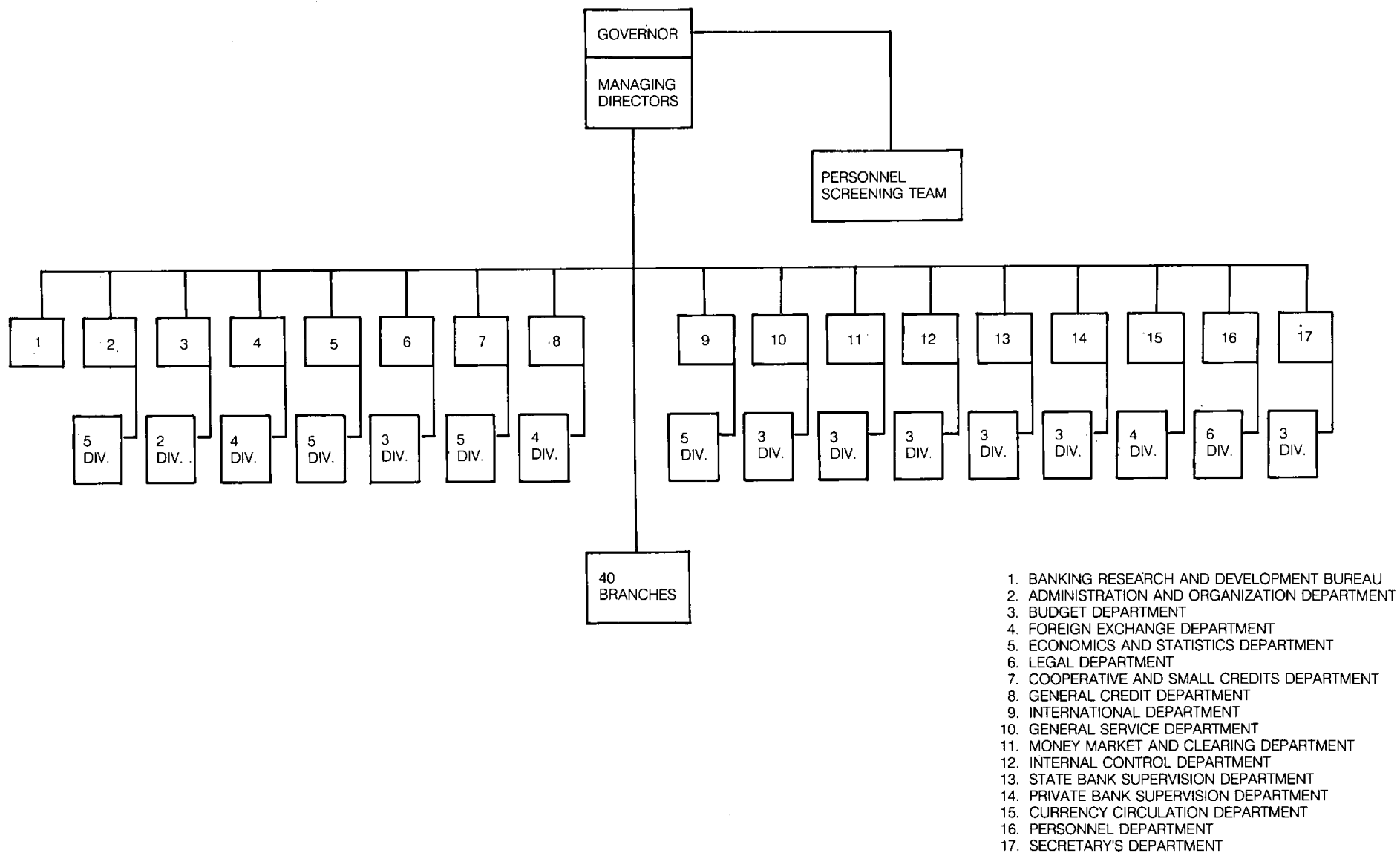
	Philippines	Singapore	Sri Lanka	Thailand
<b>M. Annual Accounts and Reports</b>	<ol style="list-style-type: none"> <li>1. Financial year is from 1 January to 31 December.</li> <li>2. Within the first 15 days of each month, the CBP shall publish a general balance sheet as of the last working day of the previous month.</li> <li>3. Before the end of March each year, the CBP shall submit to the President and to the Senate through its President, to the House of Representatives through its Speaker, and shall publish an annual report on the condition of the Bank and a review of the policies and measures adopted by the Monetary Board during the past year and an analysis of the economic and financial circumstances which gave rise to these policies. The annual report shall include a statement of the Bank's financial condition and a statistical appendix, containing minimum data specified in the Central Bank Act.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The financial year is from 1 April to 31 March.</li> <li>2. Within 6 months from the close of the financial year, MAS shall transmit to the President: <ol style="list-style-type: none"> <li>a) a copy of the accounts certified by the Auditor-General, and such accounts shall be published in the Gazette; and,</li> <li>b) a report by the Board of Directors on the workings of MAS, and such report shall be published by the MAS.</li> </ol> <p>The Authority shall present the annual accounts and the annual report to Parliament as soon as possible.</p> <p>*****</p> </li> </ol>	<ol style="list-style-type: none"> <li>1. The financial year is from 1 January to 31 December.</li> <li>2. Before the eighth day of each month, CBSL shall publish a general balance sheet showing the volume and composition of assets and liabilities as at the last working day of the previous month.</li> <li>3. Within 4 months after the end of each financial year, the Monetary Board shall submit to the Minister of Finance and shall publish an annual report of the condition of the Central Bank and a review of the policies and measures adopted by the Monetary Board during the financial year and an analysis of the economic and financial circumstances which prompted those policies and measures.</li> <li>4. The Auditor-General shall audit the annual accounts.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Financial year is from 1 January to 31 December.</li> <li>2. BOT shall submit to the Minister for publication weekly returns of the Issue Department and the Banking Department in the form prescribed by the Minister.</li> <li>3. Within 3 months after the close of the calendar year, BOT shall submit to the Minister for publication its balance sheet and profit and loss account as at end of last year signed by the Governor, Deputy Governor and Chief Accounting Officer and certified by the auditors together with a report by the Court on the working of the Bank.</li> <li>4. The Minister may appoint the President of Audit Council to examine the accounts.</li> <li>5. The Court of Directors may elect auditors who shall report to the Minister on the accounts.</li> </ol> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>N. Allocation of Profits</b>	<p>1. After making necessary provisions, the balance of the profit shall be distributed as follows:</p> <p>a) 75% to Reserve Fund; and, b) 25% to Government.</p> <p>2. Provided that when the Reserve Fund is the same as authorised capital, the profits payable to the Reserve Fund shall be used to liquidate any outstanding Government liabilities to UBB and the balance, if any, shall be paid to Government.</p> <p>*****</p>	<p>1. Profits are allocated as follows:</p> <p>a) 20% to General Reserves until these equal capital; b) 20% to Special Reserves; c) 7-1/2% to Welfare Fund for Bank employees, use of which is determined by Government; d) 7-1/2% as bonus to BI employees limited to three times the amount of monthly salary; and, e) use of balance is determined by Government.</p> <p>*****</p>	<p>1. Net profits are distributed as follows:</p> <p>a) such amount as the Minister determines in consultation with the Board to be placed in General Reserve Fund; and, b) Remainder to Government provided that where the General Reserve Fund (GRF) is less than half of paid-up capital, all net profits shall be paid to GRF and when GRF is not less than half but less than twice of capital, not less than 30% shall be credited to GRF.</p> <p>*****</p>	<p>1. The balance of profit at the end of every financial year, shall be, after allocating necessary amount for different funds established by the Bank from time to time, reserves, depreciation and other contingencies of the Bank, credited to the consolidated fund and in case the Bank sustains losses, the amount thereof shall be compensated by His Majesty's Government.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>N. Allocation of Profits</b>	<p>1. Within 30 days after the fiscal year, CBP shall determine its net profits and losses. Within the first 60 days after the end of the fiscal year, net profits shall be distributed as follows:</p> <p>a) 25% shall be carried to surplus until total capital accounts shall reach at least 10% of total assets of CBP less its assets in gold and foreign currencies;</p> <p>b) Any remaining net profits shall be added to Securities Stabilisation Fund until the Fund's assets are considered adequate for its open market operations;</p> <p>c) Any remaining net profits after fulfilling (a), (b) shall be used to reduce the Account to Secure Coinage or the Monetary Adjustment Account until these accounts shall have been liquidated; and,</p> <p>d) Any remaining net profits may after fulfilling (a), (b) and (c) be transferred to surplus or used to reduce Government obligations to the Bank or paid to the General Fund of the Government.</p> <p>2. Should the Bank incur net losses, the same shall be deducted from surplus, and if the surplus is adequate, the balance shall be deducted from the Bank's capital.</p> <p>*****</p>	<p>1. Such part of the profits as the Board of Directors determines shall be placed to General Reserve Fund and the remainder paid to Government:</p> <p>a) Where General Reserve Fund is less than half the paid-up capital, all net profits shall be paid to General Reserve Fund; and,</p> <p>b) Where General Reserve Fund is not less than half of paid-up capital but less than twice paid-up capital, not less than 30% of the net profit shall be paid to General Reserve Fund.</p> <p>*****</p>	<p>1. Before the expiry of 30 days after the end of the financial year, CBSL shall determine net profits or losses. Within 60 days of end of year, CBSL shall distribute net profits as follows:</p> <p>a) All net profits shall be used to reduce a suspense account called "Monetary Adjustment Account" to which amounts excluded from the computation of profits and losses shall be entered.</p> <p>b) Any remaining profits after liquidation of the Monetary Adjustment Account shall be credited to surplus until total capital accounts is equal to at least 15% of difference between total assets and assets in gold and foreign currencies; and,</p> <p>c) Any remaining profits after compliance with (a) and (b) above shall be used to liquidate any outstanding Government obligation to CBSL or be paid to the Consolidated Fund in consultation with the Minister of Finance.</p> <p>*****</p>	<p>1. Any net profits after deduction to Ordinary Reserve Fund (comprising 25% of net annual profits until the Ordinary Reserve Fund equals the paid-up capital or more, the annual appropriations may be reduced by the Court) and other reserve funds shall be paid to the general revenue of the State.</p> <p>*****</p>

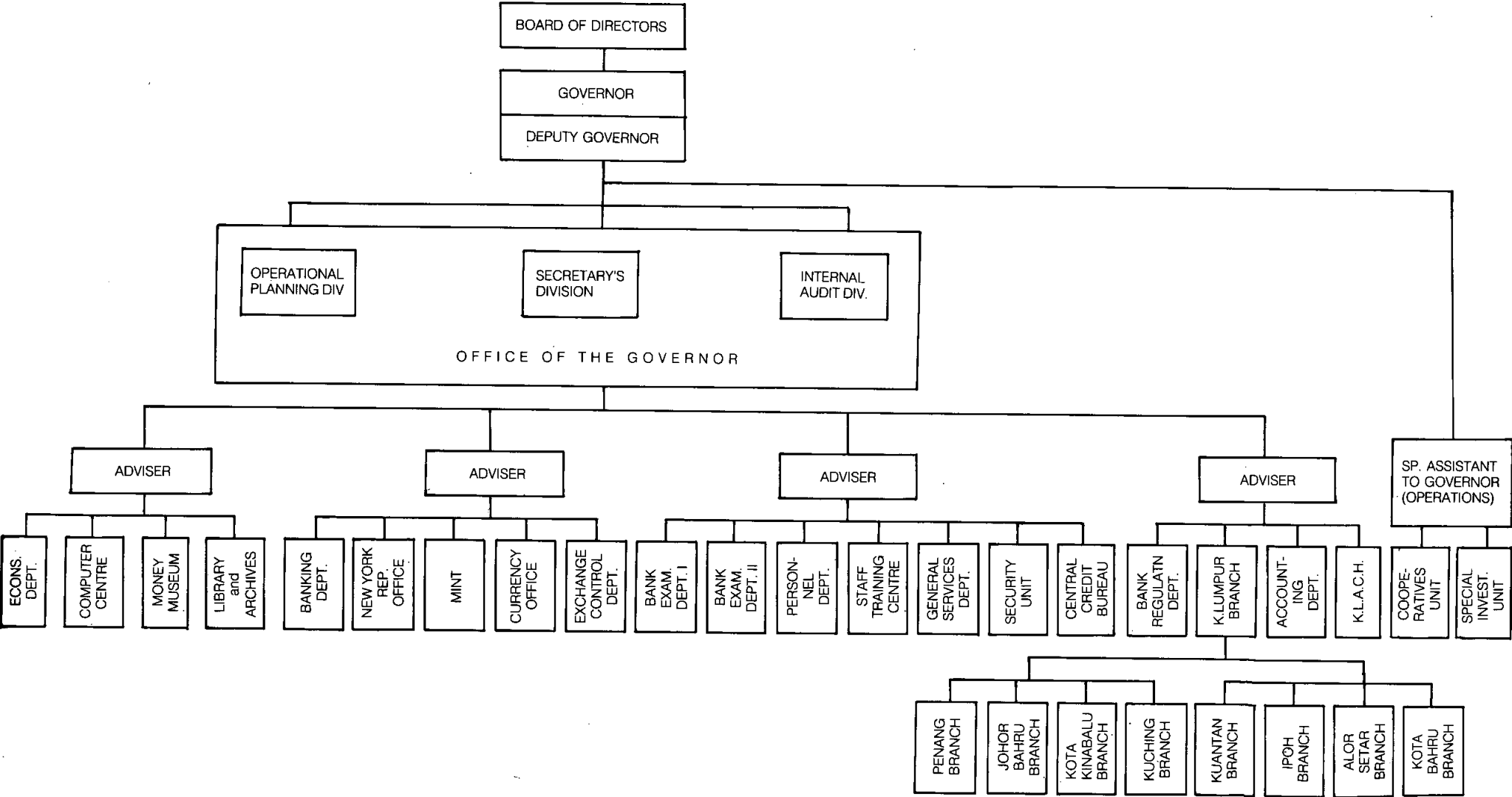


## Appendix A

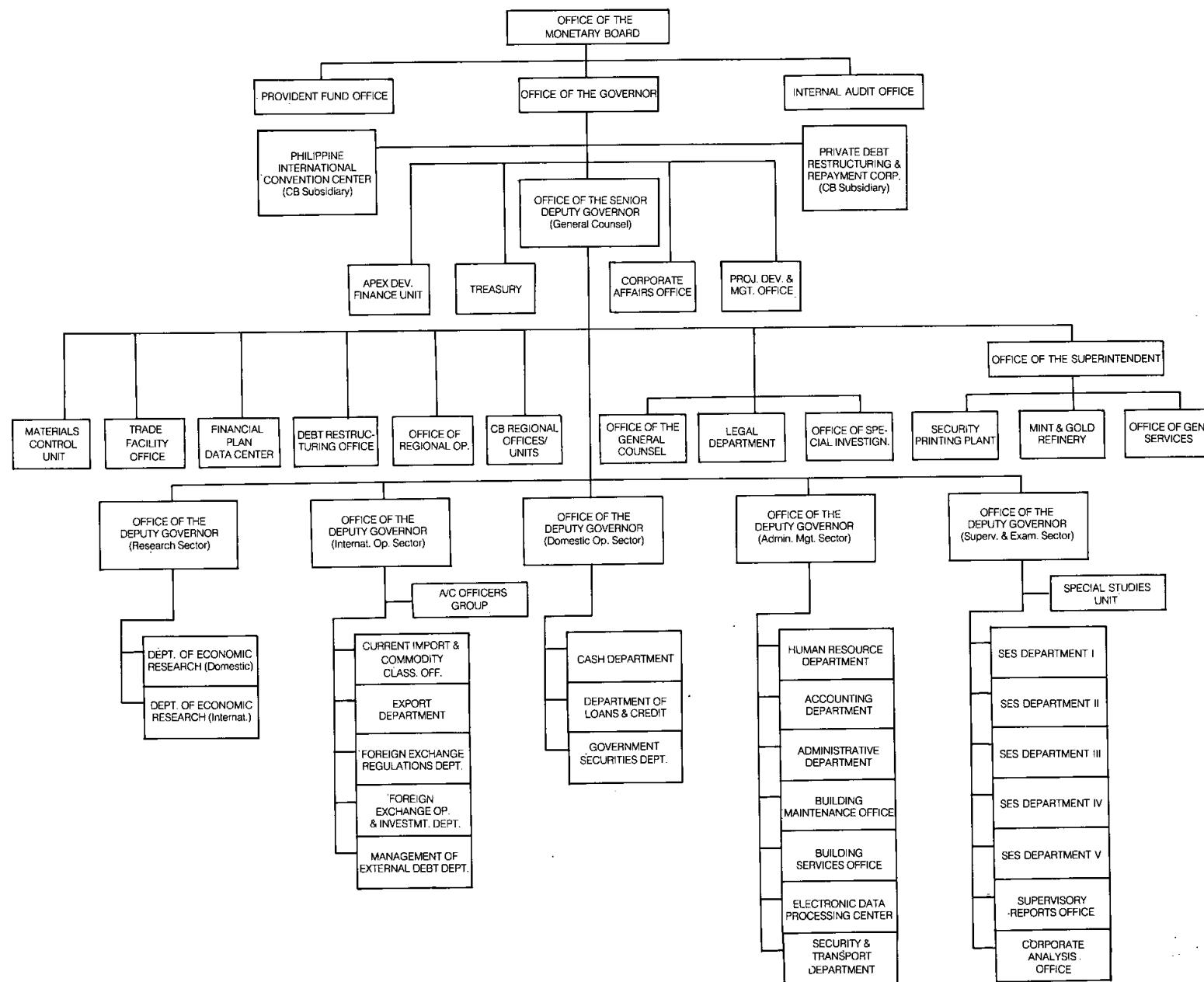
ORGANIZATION CHART OF BANK INDONESIA  
(As of 31 March 1987)

Appendix B

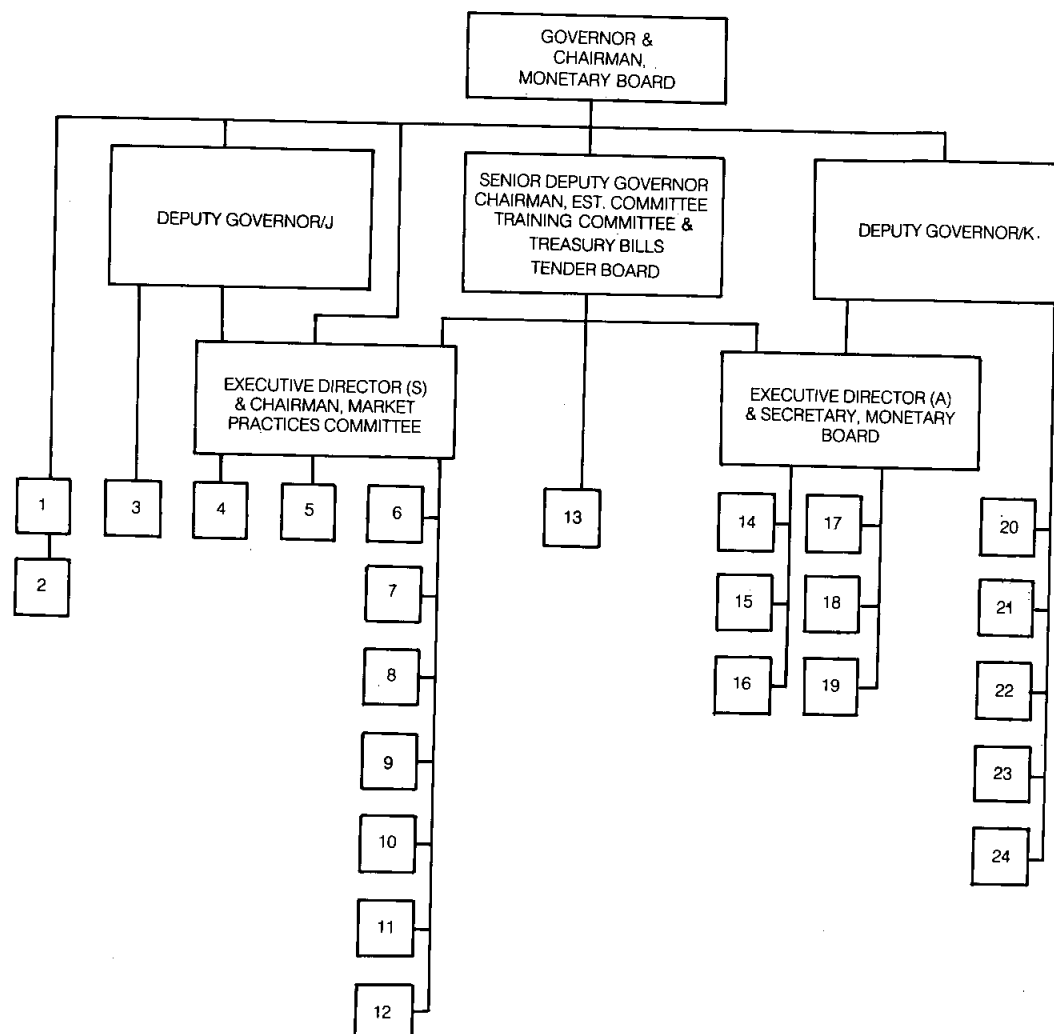
ORGANIZATION CHART OF BANK NEGARA MALAYSIA  
(As of October 1987)



## Appendix C

ORGANIZATION CHART OF THE CENTRAL BANK OF THE PHILIPPINES  
(As of 6 August 1987)

## Appendix D

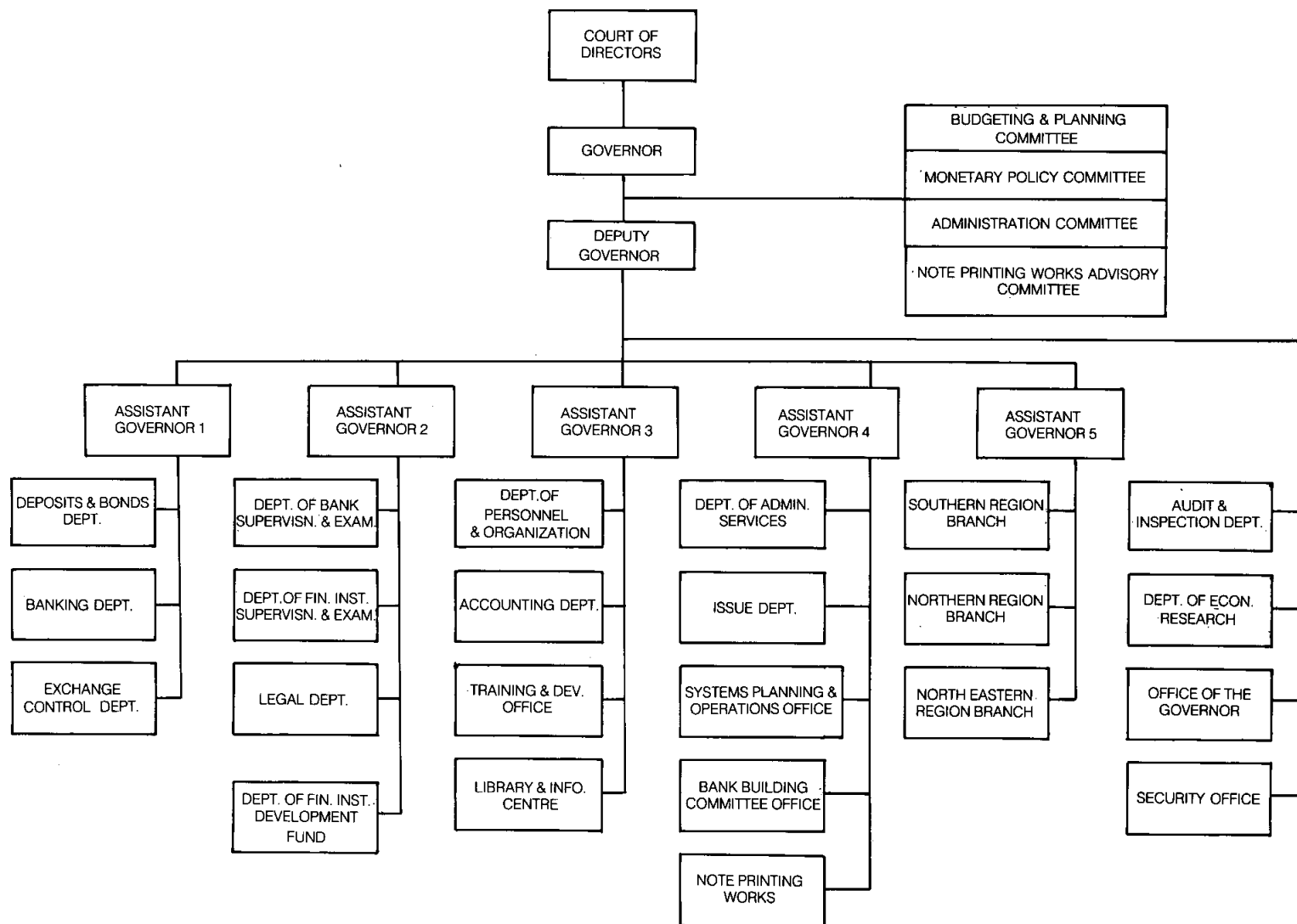
ORGANIZATION CHART OF CENTRAL BANK OF SRI LANKA  
(As of October 1987)

1. MANAGEMENT AUDIT
2. GOVERNOR'S OFFICE
3. ECONOMIC RESEARCH
4. RURAL BANKING AND STAFF TRAINING COLLEGE
5. BANKING
6. CURRENCY
7. PUBLIC DEBT
8. ADVISER, DEVELOPMENT FINANCE

9. DEVELOPMENT FINANCE
10. BANK SUPERVISION
11. TRAINING
12. BANKING DEVELOPMENT
13. EXCHANGE CONTROL
14. EMPLOYEES' PROVIDENT FUND
15. INFORMATION
16. SECRETARIAT

17. SECURITY SERVICE
18. PREMISES
19. ESTABLISHMENTS
20. REGIONAL RURAL DEVELOPMENT BANKS
21. REGIONAL OFFICES
22. RURAL CREDIT
23. STATISTICS
24. DATA PROCESSING

## Appendix E

ORGANIZATION CHART OF BANK OF THAILAND  
(As of 7 October 1987)

## **SUPERVISION OF FINANCIAL INSTITUTIONS**

- A. Supervisory Authority
- B. Institutions Supervised by the Central Bank
- C. Supervisory Department
- D. Objectives of Supervision
- E. Scope and Emphasis
- F. Planning and Conducting Examinations
- G. Regularity of Examination
- H. Priority of Examination
- I. Types of Examination
- J. Report

	Burma	Indonesia	Malaysia	Nepal
<b>A. Supervisory Authority</b>	<ol style="list-style-type: none"> <li>1. UBB may periodically or at its discretion ensure an inspection to be made of a bank and its books and accounts and supply to the bank a copy of the report of the inspection.</li> <li>2. Officers authorised to inspect a bank have power to: <ol style="list-style-type: none"> <li>a) examine on oath any director, bank officer, or employee;</li> <li>b) require any director, officer or employee to furnish information for determining true position of the bank;</li> <li>c) require any director, officer or employee to produce any books, records or other documents.</li> </ol> </li> <li>3. UBB may direct, supervise, coordinate or audit Myanma Economic Bank, Myanma Agricultural Bank and Myanma Foreign Trade Bank.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. BI may oblige banks to submit reports it considers necessary and examine the activities of any bank to supervise the implementation of provisions in banking.</li> <li>2. BI may stipulate general provisions on responsibilities of directors/supervisory council/council of commissioners of any bank, either state-owned or private or cooperative. BI may determine the sanctions to be imposed for non-compliance.</li> <li>3. BI may guide and supervise, by stipulating general provisions on activities of the institutions.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. BNM shall from time to time investigate under conditions of secrecy, books, accounts and transactions of a licensed bank and of any branch, agency or office outside Malaysia of a bank incorporated in Malaysia.</li> <li>2. The Minister of Finance may direct BNM to investigate under conditions of secrecy, a licensed bank if he has reason to believe it is carrying on business detrimental to the interests of its depositors and other creditors or has insufficient assets to cover its liabilities to the public, or contravenes provisions of the Banking Act 1973 or the Central Bank of Malaysia Ordinance 1958.</li> <li>3. Licensed banks shall accord BNM access to books, accounts and records. Any licensed bank failing to comply shall on conviction be liable to a fine not exceeding M\$4,000 for every day of default.</li> <li>4. Except for purposes stated in 1 and 2 above, the Minister may not direct BNM to enquire specifically into the affairs of an individual customer except under Bankers' Books (Evidence) Act 1949.</li> <li>5. Except with the approval of BNM, no staff of a licensed bank may divulge any information on an individual customer unless authorised by the customer, the customer is declared a bankrupt or the information is required to assess his credit-worthiness with regard to a bona fide commercial transaction or a prospective commercial transaction. Any person who fails to comply shall on conviction be liable to a fine not exceeding M\$40,000 or 3 years' imprisonment or both.</li> <li>6. Every licensed bank is required to send to BNM within such period as may be prescribed by BNM after the end of each month a statement on credit facilities extended to: <ol style="list-style-type: none"> <li>a) any corporation quoted on a recognised stock exchange or public company in which the licensed bank's non-executive directors have no material interest or have no interest in their personal capacity as determined by BNM; and,</li> <li>b) any individual in whom and any firm or corporation in which any of its directors is interested directly or indirectly.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. The Nepal Rastra Bank Act 1955, Section 23A provides NRB with the supervisory authority under which the Central Bank shall exercise general supervision over commercial banks and financial institutions and for the purpose the Central Bank may inspect and examine commercial banks and financial institutions from time to time.</li> <li>2. In the process, the bank may seek explanation and examine all records in order to ascertain the financial soundness of the commercial banks or financial institutions concerned. It shall be obligatory on the part of the commercial banks and financial institutions to cooperate with the inspection team and comply with the directives issued by the Central Bank.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>A. Supervisory Authority</b>	<p>1. The CBP is charged with the supervision and examination of banking institutions. The supervision functions include:</p> <ul style="list-style-type: none"> <li>a) Processing of application to establish banks in the Philippines as well as offices (branches, agencies, extension offices, representative offices), domestic or international, as well as changes in the sites of such offices;</li> <li>b) Processing of application to amend articles of incorporation or by-laws;</li> <li>c) Processing of applications to perform functions such as trust powers, foreign currency deposit facilities, invest in allied and non-allied undertakings, and other functions which require prior approval by supervisory authorities;</li> <li>d) Issue, amend or revoke rules and regulations;</li> <li>e) Examination of banks, regular or special;</li> <li>f) Closure and liquidation; and,</li> <li>g) Submission/publication of periodical reports.</li> </ul> <p>2. The operations and activities of non-bank financial intermediaries shall be subject to regulation by the Monetary Board which may include but not limited to, the imposition of constraints covering:</p> <ul style="list-style-type: none"> <li>a) the minimum size of funds received;</li> <li>b) methods of marketing and distribution;</li> <li>c) terms and maturities of funds received; and,</li> <li>d) uses of funds.</li> </ul> <p>If circumstances so warrant as determined by the Monetary Board, any of these institutions may be subject to special examination.</p> <p>If such entities are authorised by the Central Bank to perform quasi-banking functions they may also be subject to further regulation which may include, but need not be limited to, imposition of net worth to risk assets ratios, reserve requirements, interest rate ceilings, methods of computation thereof, prescribing minimum charges which may be collected, minimum capitalisation and submission of statistical reports.</p> <p>Non-bank financial intermediaries are also subject to regular examination just like banks.</p>	<p>1. The MAS shall, from time to time, inspect under secrecy the books, accounts, and transactions of each bank and any branch or agency outside Singapore opened by a bank incorporated in Singapore.</p> <p>2. MAS may at any time investigate any bank it has reason to believe is carrying on business in a manner likely to be detrimental to the interests of depositors/creditors or has insufficient assets to cover liabilities or is contravening laws and regulations.</p> <p>3. If any account, book, information or document is not produced as required, the bank shall on conviction be liable to a fine not exceeding S\$20,000 and for a continuing offence, to a further fine of S\$2,000 every day during which the offence continues after conviction.</p> <p style="text-align: center;">*****</p>	<p>1. The CBSL shall maintain a department to carry out continuous supervision and periodic examination of banks.</p> <p>2. The Director of Bank Supervision shall examine or cause to examine books and accounts of each bank at least once in an examination period. A report on the results of examination shall be submitted to the Governor.</p> <p>3. For the purpose of continuous supervision of banks or for the periodic examination of banks, the department may call for any information, books, records and other documents.</p> <p style="text-align: center;">*****</p>	<p>1. The Minister of Finance is empowered to appoint inspectors to examine and report on the affairs and assets of banks or he may delegate the power to BOT to appoint its officers as inspectors.</p> <p>2. If after having received an examination report from the inspector, the Ministry of Finance is of the opinion that the condition or operation of any commercial bank is such that serious damage may be caused to the public interests, he is empowered to order that commercial bank to be placed under control or to withdraw the licence. However, in case where the commercial bank has taken measures to rectify its administration, including the transfer or dismissal of its directors or officers responsible in accordance with the recommendation of the Minister of Finance within the period of time specified by the Minister of Finance, the Minister of Finance may postpone ordering control of the commercial bank or withdrawal of its licence, and in such case the Minister of Finance may prescribe any condition to be complied with by the commercial bank for the purpose of rectifying the condition or operation of that commercial bank.</p> <p style="text-align: center;">*****</p>



	Burma	Indonesia	Malaysia	Nepal
			<p>7. If BMN finds that any credit facility granted is detrimental to the depositors of the licensed bank, BNM may by order in writing prohibit that bank from granting any further credit facility or impose restrictions and may direct that bank to secure repayment of any such credit facility.</p> <p>8. A licensed bank that is likely to become unable to meet its obligations or about to suspend payments shall inform BNM immediately.</p> <p>9. When BNM is satisfied that a licensed bank follows unsound or improper practices; is unable to meet its obligations or about to suspend payments; contravenes provisions of the Banking Act 1973, contravenes any condition imposed on its licence or carries on business detrimental to the interest of its depositors, BNM, with the concurrence of the Minister may:</p> <ul style="list-style-type: none"> <li>a) issue orders to the bank to take remedial steps and the bank shall comply;</li> <li>b) prohibit the bank from extending more credit facilities;</li> <li>c) remove any of its director or appoint any person as director;</li> <li>d) appoint an adviser;</li> <li>e) assume control of and carry on the business or appoint another person to do so;</li> <li>f) petition to High Court to wind up the bank;</li> <li>g) BNM, with the concurrence of the Minister of Finance, may grant loans to a licensed bank incorporated in Malaysia against the security of shares or purchase any shares of such bank for the purpose of controlling the business of the bank, in the event that BNM considers such bank as unlikely to be able to meet its obligations or about to suspend payment;</li> <li>h) BNM may dispose of any shares purchased by it at such time when the reasons for which BNM purchased the shares have ceased to exist; and,</li> <li>i) In any loan or purchase, the Minister or BNM may obtain the advice of the Advisory Panel established under Section 31A(2) of the Central Bank of Malaysia Ordinance 1958.</li> </ul>	

	Philippines	Singapore	Sri Lanka	Thailand
	<p>3. The institution subject to examination reimburses the CBP for cost of maintaining the supervisory and examining department and pay the CBP within the first 30 days of each year an annual fee to be determined by the Monetary Board and equal to a prescribed percentage of its average local assets during the preceding year as shown in the end of month balance sheets after deducting cash in hand and amounts due from banks, provided this does not exceed 1/20 of 1%.</p> <p>4. When a bank continually violates regulations or is unwilling to maintain adequate solvency and liquidity, the Monetary Board may appoint a conservator to take charge and exercise all powers granted under the law to conserve the banks and see to it that it complies with all existing banking laws, rules and regulations.</p> <p>5. When a bank is insolvent, the Monetary Board may forbid it to do any business and designate a Central Bank officer as receiver to take charge of all assets and liabilities. The Monetary Board shall decide within 60 days whether the bank may be reorganised. If not, it shall order its liquidation.</p> <p>6. Any owner, agent, manager or officer in charge of a banking institution who wilfully refuses to file a required report or refuses to permit any lawful examination into the affairs of such institution shall be punished by a fine not exceeding P10,000 or by imprisonment of not more than 1 year or both, in the discretion of the court.</p> <p>7. The operations and activities of non-bank financial intermediaries except insurance companies are subject to regulation by the Monetary Board. The power to regulate the issuance of rules of conduct on the establishment of modes or standards of operation for uniform application to all institutions or functions covered, taking into consideration in determining such coverage, the distinctive character of the operations of institutions and the substantive similarities of specific functions to which such rules, modes or standards are to be applied and if the circumstances so warrant, as determined by the Monetary Board, any of these institutions may be subject to special examination.</p> <p>*****</p>			

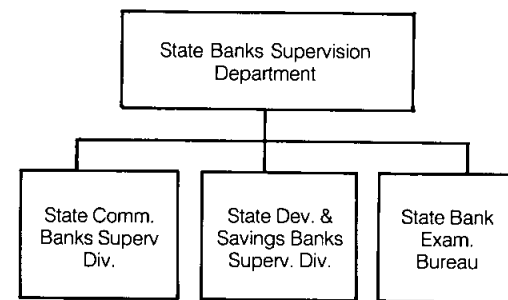
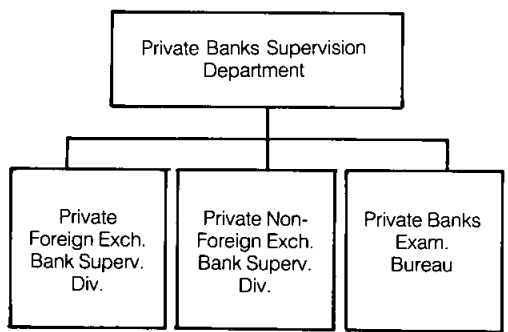
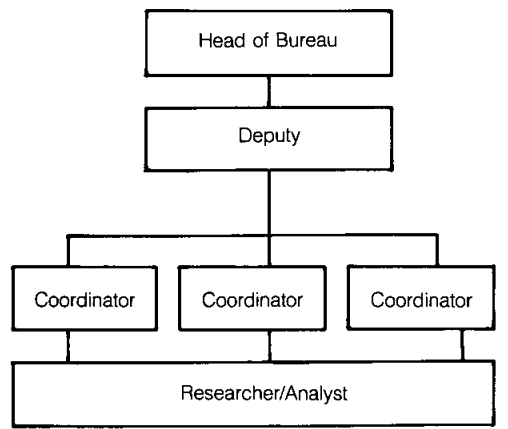
	Burma	Indonesia	Malaysia	Nepal
			<p>Any bank, over which BNM or a person appointed by BNM has assumed control that fails to cooperate shall on conviction be liable to a fine not exceeding M\$4,000 for every day the default continues.</p> <p>10. BNM may, with the approval of the Minister, if it considers it to be in the interests of the depositors of a licensed bank, make an order prohibiting the bank from carrying on banking business or from performing any act or function of banking business, or apply to the High Court for an order staying the commencement or continuance of any proceedings by or against the bank in regard to any business of the bank.</p> <p>11. Every licensed bank incorporated in Malaysia shall obtain approval from BNM before making any amendment to its memorandum of association or articles of association and shall within 3 months after making the amendment to its constitution furnish the Minister of Finance through BNM, particulars in writing duly verified by a statutory declaration made by a senior officer of the bank of the amendment. Banks which fail to comply shall be liable to a fine of M\$2,000 for every day of default.</p> <p>12. The Minister may, on the recommendation of BNM, revoke any licence issued to a bank if the bank:</p> <ul style="list-style-type: none"> <li>a) is carrying on business detrimental to depositors and creditors;</li> <li>b) has insufficient assets to cover liabilities to the public;</li> <li>c) is contravening provisions of Banking Act 1973 and Central Bank Ordinance 1958; or</li> <li>d) has ceased to carry on banking business in Malaysia.</li> </ul> <p style="text-align: center;">*****</p>	

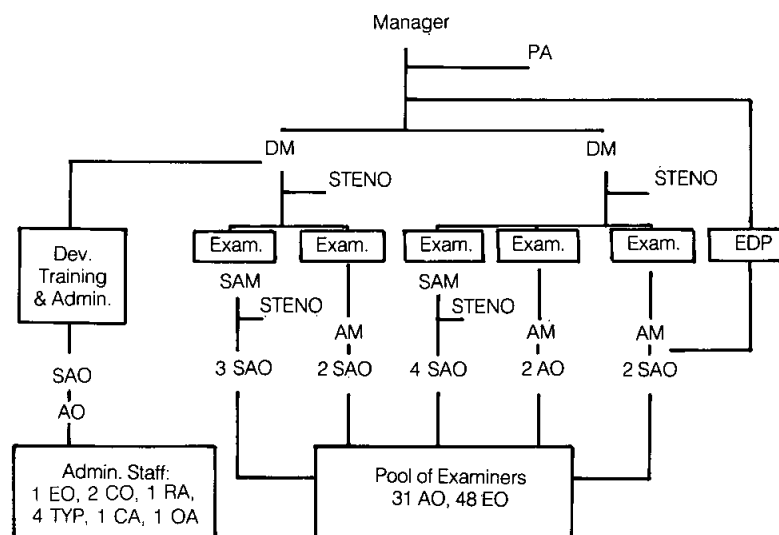
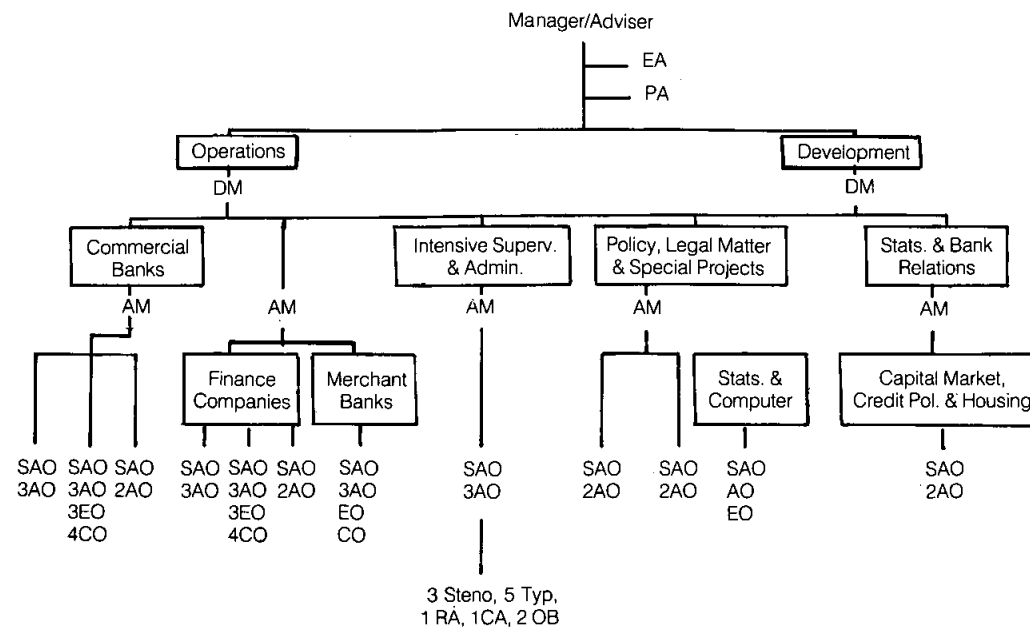
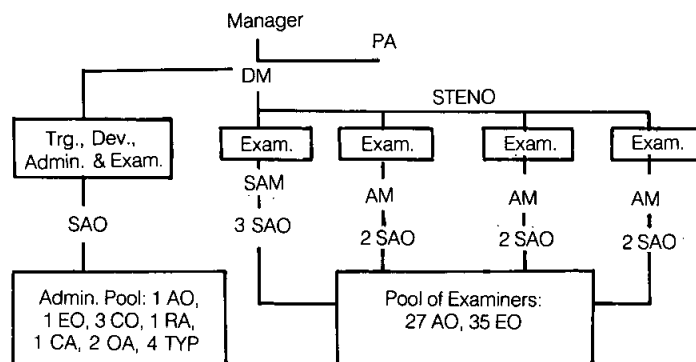
	Philippines	Singapore	Sri Lanka	Thailand

54 Supervision of Financial Institutions

	Burma	Indonesia	Malaysia	Nepal
<b>B. Institutions Supervised by the Central Bank</b>	1. Myanma Economic Bank 2. Myanma Agricultural Bank 3. Myanma Foreign Trade Bank 4. Industrial Development Bank 5. Savings banks *****	1. Commercial banks 2. Development banks 3. Savings banks 4. Rural banks *****	1. Commercial banks 2. Finance companies 3. Merchant banks 4. Discount houses 5. Deposit-taking institutions *****	1. Commercial banks: Rastriya Baniyya Bank Nepal Bank Limited 2. Joint-venture banks: Nepal Arab Bank Nepal Indosuez Bank Nepal Grindlays Bank 3. Agricultural Development Bank 4. Nepal Industrial Development Corporation 5. Finance companies *****

	Philippines	Singapore	Sri Lanka	Thailand
<b>B. Institutions Supervised by the Central Bank</b>	<ol style="list-style-type: none"> <li>1. Commercial banks</li> <li>2. Thrift institutions: <ol style="list-style-type: none"> <li>a) Savings banks</li> <li>b) Private development banks</li> <li>c) Stock savings and loan associations</li> </ol> </li> <li>3. Rural banks</li> <li>4. Non-bank thrift institutions (non-stock savings and loan associations)</li> <li>5. Non-bank financial intermediaries (regulated entities): <ol style="list-style-type: none"> <li>a) Investment houses</li> <li>b) Investment companies</li> <li>c) Financing companies</li> <li>d) Security dealers and brokers</li> <li>e) Fund managers</li> <li>f) Lending brokers</li> <li>g) Money brokers</li> <li>h) Pawnshops</li> </ol> </li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Commercial banks</li> <li>2. Finance companies</li> <li>3. Insurance companies (under Insurance Commissioner's Department)</li> <li>4. Merchant banks</li> <li>5. Securities companies</li> <li>6. Futures companies and futures exchanges</li> <li>7. Moneychangers and remittance shops</li> <li>8. Credit card companies</li> <li>9. Moneybrokers</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Commercial banks.</li> <li>2. Regional rural development banks.</li> <li>3. Agencies or institutions acting on behalf of the Government (whether established by a written law or otherwise) which make loans, advances or investments or accept deposits of money from the public.</li> <li>4. Any person or body declared by the Minister of Finance to be banking institutions.</li> <li>5. Deposit-taking finance companies.</li> <li>6. Any cooperative society carrying on banking business.</li> <li>7. Any subsidiary or agency of a commercial bank, banking institution or a cooperative society carrying on banking business.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Commercial banks</li> <li>2. Finance companies</li> <li>3. Securities companies</li> <li>4. Finance and securities companies</li> <li>5. Credit foncier companies</li> </ol> <p>*****</p>

	Burma	Indonesia
C. Supervisory Department	n.a.	<p>1. State Banks Supervision Department</p>  <pre> graph TD     A[State Banks Supervision Department] --&gt; B[State Comm. Banks Superv. Div.]     A --&gt; C[State Dev. &amp; Savings Banks Superv. Div.]     A --&gt; D[State Bank Exam. Bureau] </pre> <p>2. Private Banks Supervision Department</p>  <pre> graph TD     A[Private Banks Supervision Department] --&gt; B[Private Foreign Exch. Bank Superv. Div.]     A --&gt; C[Private Non-Foreign Exch. Bank Superv. Div.]     A --&gt; D[Private Banks Exam. Bureau] </pre> <p>3. Banking Research and Development Bureau</p>  <pre> graph TD     A[Head of Bureau] --&gt; B[Deputy]     B --&gt; C[Coordinator]     B --&gt; D[Coordinator]     B --&gt; E[Coordinator]     C --&gt; F[Researcher/Analyst]     D --&gt; F     E --&gt; F </pre> <p>*****</p>

**C. Supervisory  
Department**
**Malaysia**
**1. Bank Examination Department I**
**Bank Exam. I (BNM)**

**3. Bank Regulation Department**
**Bank Regulation (BNM)**

**2. Bank Examination Department II**
**Bank Exam. II (BNM)**


DM = Deputy Manager  
 EA = Executive Assistant  
 PA = Personal Assistant  
 SAM = Senior Assistant Manager  
 AM = Assistant Manager  
 SAO = Senior Administrative Officer  
 AO = Administrative Officer  
 EO = Executive Officer  
 CO = Clerical Officer  
 RA = Register Assistant  
 STENO = Stenographer  
 TYP = Typist  
 CA = Clerical Assistant  
 OA = Office Assistant  
 OB = Office Boy

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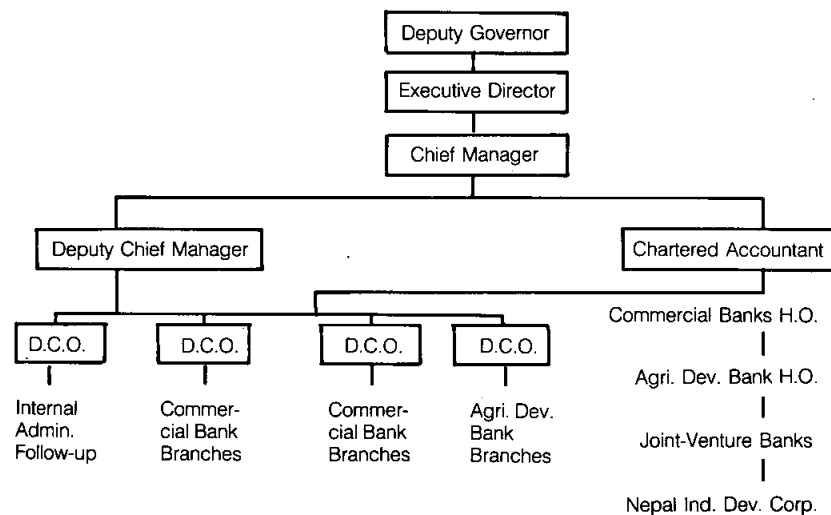


## Nepal

## C. Supervisory Department

Inspection and Supervision Department

Inspection &amp; Superv. Dept. (NRB)



D.C.O. = Deputy Chief Officer.  
H.O. = Head Office

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## Philippines

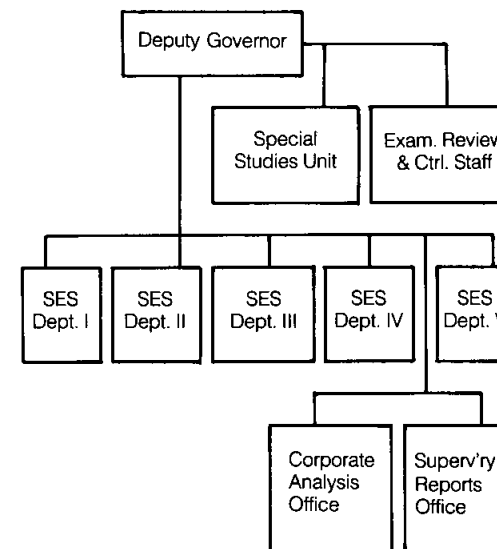
The Supervision and Examination Sector of the Central Bank is headed by a Deputy Governor and has the following departments/offices:

1. SES Department I (commercial banks and government banks)
2. SES Department II (thrift banks)
3. SES Department III (rural banks and special financing programs)
4. SES Department IV (non-banks and financial intermediaries)

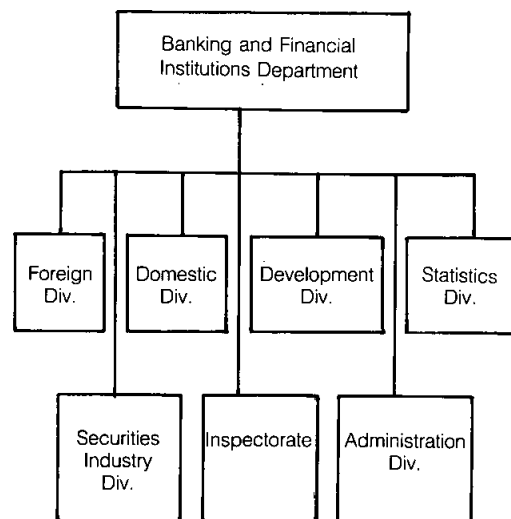
5. SES Department V (Liquidation Dept.)
6. Corporate Analysis Office
7. Supervisory Reports Office

In addition, there are the Special Studies Unit and an Examination Review and Control Staff in the Office of the Deputy Governor that reviews and evaluates reports submitted by examiners.

Below is the organisational chart of the Sector.



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**C. Supervisory Department****Singapore**

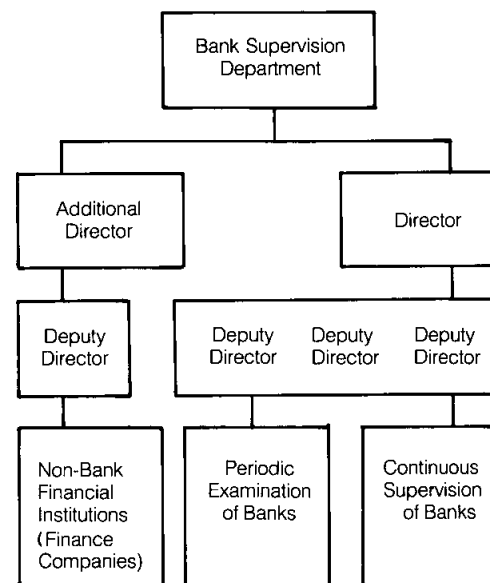
## Objectives:

1. To ensure the soundness of the banking, securities and finance houses industry.
2. To promote further growth of Singapore as a competitive international financial centre.

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**Sri Lanka**

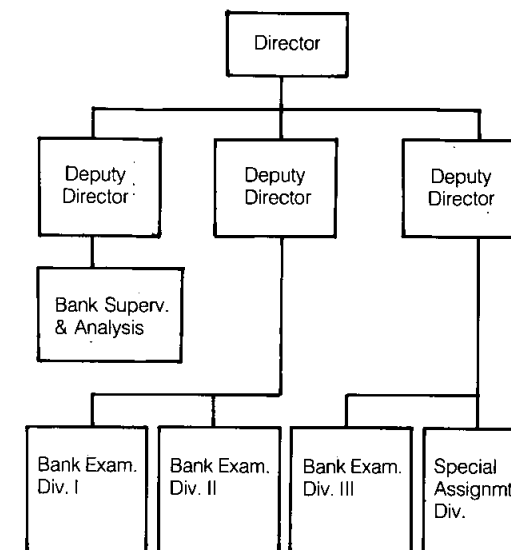
1. Department of Bank Supervision carries out continuous supervision and periodic examination of all banking institutions. (Banking institutions mean commercial banks, any agency or institution that make loans, advances or investments or accepts public deposits and any person or body declared by Minister of Finance to be a bank institution.)
2. Most staff have experience in banks and/or are academically qualified in economics, accounting. They are given special training.



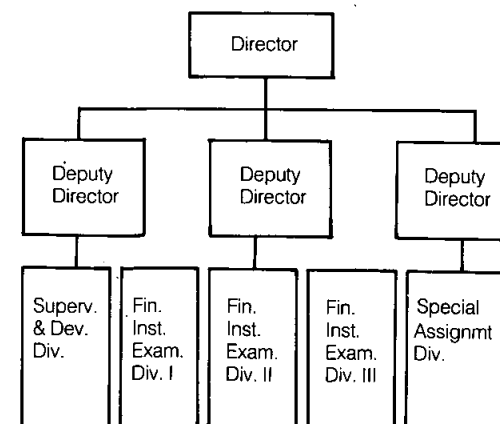
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**Thailand**

1. Department of Bank Supervision and Examination



2. Department of Financial Institution Supervision and Examination



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	Burma	Indonesia	Malaysia	Nepal
<b>D. Objectives of Supervision</b>	n.a.	<ol style="list-style-type: none"> <li>1. Promote a sound development of banking and credit systems and protect public interests.</li> <li>2. Promote a sound development of banking in order to be able to undertake the implementation of government monetary policy.</li> </ol>	<ol style="list-style-type: none"> <li>1. Determine the financial position of the financial institutions and quality of operations.</li> <li>2. Appraise and assess competence of staff and management.</li> <li>3. Evaluate accounting systems, records and internal controls.</li> <li>4. Ascertain compliance with laws and regulations.</li> </ol>	<ol style="list-style-type: none"> <li>1. To examine and ascertain the implementation of Central Bank policies.</li> <li>2. To evaluate the financial position, management and operations of banks.</li> <li>3. To check irregularities in the banking business.</li> </ol>
<b>E. Scope and Emphasis</b>	n.a.	<ol style="list-style-type: none"> <li>1. Emphasis is placed on evaluation of assets and management and compliance with laws and regulations.</li> <li>2. Bank soundness is viewed in terms of capital adequacy, liquidity, loan deviations, collateral deviations, due loans, aggregate classified loans and management.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Determine financial position and quality of operations, adequacy of capital and liquidity positions.</li> <li>2. Assess and appraise competence of staff and management.</li> <li>3. Evaluate accounting systems, records and internal accounting procedures and verify accuracy and validity of returns.</li> <li>4. Ascertain that institutions comply with laws and regulations and directives.</li> <li>5. Ensure compliance with the government and national objectives.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Analyse the quality of assets, evaluate the capability of management.</li> <li>2. Examine the deflection of loan, past due loans, internal control system and liquidity management.</li> <li>3. Priority sector credit.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>D. Objectives of Supervision</b>	<ol style="list-style-type: none"> <li>1. Ascertain financial condition and performance.</li> <li>2. Ascertain extent of compliance with pertinent laws, rules and regulations.</li> <li>3. Determine capacity of management.</li> <li>4. The immediate objective is determination of liquidity and solvency and legality of activities regarding the ability to meet obligations to depositors and creditors, credit needs of customers, capital adequacy, earning capacity and future prospects. It also involves an evaluation of the participation in the socio-economic development of the country.</li> </ol>	<ol style="list-style-type: none"> <li>1. Protection of depositors' interest.</li> <li>2. Ensure soundness of the financial system.</li> </ol>	<ol style="list-style-type: none"> <li>1. Protect depositors and provide confidence to savers.</li> <li>2. Ensure that banking system serves needs of community and operate on sound banking principles and observe laws and requirements.</li> <li>3. Help management with constant support and to assist management in acquiring knowledge of operations as seen by independent observer.</li> </ol>	<ol style="list-style-type: none"> <li>1. To develop information that will show the current financial condition of individual institutions, to ascertain that commercial banks comply with laws and regulations and indicate commercial banks' future operating prospects.</li> </ol>
<b>E. Scope and Emphasis</b>	<ol style="list-style-type: none"> <li>1. Periodic examination covers on-site examination of assets, liabilities, capital, books, records, facilities and other operations. Emphasis is placed on general appraisal of solvency, liquidity, profitability and quality of management.</li> <li>2. Examination is concerned with review and appraisal of soundness of assets, quality and character of management and determination of compliance with laws, rules and regulations.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Inspection involves on-site examination.</li> <li>2. Review involves monitoring and analysis of operations and activities through returns submitted.</li> <li>3. Supervision involves: <ol style="list-style-type: none"> <li>a) examining soundness and regulatory compliance;</li> <li>b) monitoring performance;</li> <li>c) analysing health and take remedial actions when needed;</li> <li>d) maintaining communications with and providing assistance to institutions;</li> <li>e) policing all laws and regulations.</li> </ol> </li> <li>4. Emphasis is placed on evaluation of management, assets, liquidity, earnings, capital adequacy, compliance with rules and regulations and internal control. Inspection focuses on loans and advances as they form bulk of assets and to ensure adequate provisions are made.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Examination consists primarily of an appraisal of assets. No attempt is made to audit books. Examination involves a qualitative appraisal to determine the soundness of operations. It is a qualitative appraisal of assets, checks capital adequacy and solvency and tests efficiency of management. Emphasis is placed on examination of advances portfolio to ascertain the quantum that is sub-standard, doubtful or a probable loss.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Examine the operation of the commercial banks to ensure their stability, financial soundness and solvency.</li> <li>2. Ascertain that commercial banks comply with laws, regulations and government policy.</li> <li>3. Evaluate the accounting systems and verify their accuracy.</li> <li>4. Evaluate management, assets earnings and internal control.</li> <li>5. Analyse reports and evaluate financial positions, capital adequacy, liquidity positions, the soundness and the solvency of the commercial banks.</li> <li>6. Supervise and provide assistance to the commercial banks when needed.</li> <li>7. Study and make suggestions with respect to the development of commercial banking system.</li> </ol> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>F. Planning and Conducting Examinations</b>	n.a.	<ol style="list-style-type: none"> <li>1. At the end of the budget year, BI prepares an examination planning to be conducted in the next budget year.</li> <li>2. General examination is implemented simultaneously at the head office and its branches.</li> <li>3. General examination is carried out by a team of examiners which consists of 6 officers for a head office and 4 officers for a branch.</li> <li>4. A general examination on a private bank mostly takes 2 to 3 weeks while for a state commercial bank, it may take 1 to 4 months due to the number of branches.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. An examination usually starts with a surprise check on cash holdings followed by a review of internal control procedures and physical safeguards on cash operations. A trial balance at a certain date is taken and figures proved against records. A review is made of adequacy of accounting and internal control procedures.</li> <li>2. A major part of the examination is devoted to appraising quality of loans and advances.</li> <li>3. Examinations also cover other aspects of operations such as deposit-taking, cash control and security arrangements, inter-bank and inter-branch transactions, investments, import and export financing and money market and foreign exchange operations.</li> <li>4. Procedures follow closely the Inspection Manual.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. An annual plan is worked out in such a way that 70% of the total credit exposure could be covered. Spot inspection is conducted in case of big projects financed by the banks or financial institutions.</li> <li>2. Branch offices have been categorised on the basis of their volume of transactions: <ul style="list-style-type: none"> <li>Group A: Those branches whose credit outstanding is more than R10 million.</li> <li>Group B: Whose credit outstanding is less than R10 million and have not been examined for 4 to 5 years.</li> <li>Group C: Branches which have never been examined.</li> </ul> </li> <li>3. Examination is carried out according to the manual.</li> <li>4. Each team is provided with a letter of authority for examination. The attention is focussed on loan advances, collateral and managerial skill.</li> <li>5. Special investigation is conducted, if complaint is received.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>F. Planning and Conducting Examinations</b>	<ol style="list-style-type: none"> <li>1. Chief Bank Examiner in consultation with the Assistant Director plans the examination of the banks assigned to his division and determines the number of examiners to be assigned, designates an Examiner-in-Charge and confers with him on the assignment and the areas that need special attention or emphasis. He initiates the preparation of schedule of examination and letter of authority to conduct the examination.</li> <li>2. Examiner-in-Charge secures all the working papers and forms to be used in the examination and prepares a first day letter requesting the institution to submit the statements, schedules and summaries necessary to facilitate examination. He presents letter of authority and first day letter to responsible officer of the institution under examination and introduces members of the team. Examiners carry identification cards at all times.</li> <li>3. When examination commences, the Examiner-in-Charge takes immediate control of cash, negotiable instruments, bonds, coupons, checks and other accountabilities. He obtains a latest certified trial balance, proves all subsidiary ledgers against the general ledger and reviews the minutes of meetings of Board of Directors/Stockholders and any changes in by-laws and articles of incorporation.</li> <li>4. Under the direct supervision of the Examiner-in-Charge, all members of the Examination Team proceed with his/her assigned task by following the procedures and techniques outlined in the Examination Program Guide, earlier prepared in accordance with the Manual of Examination Procedures.</li> <li>5. Assisting examiners submit all working papers together with the exceptions/findings to the Examiner-in-Charge for review and compilation.</li> </ol>	<ol style="list-style-type: none"> <li>1. A flexible system is adopted and moral suasion is the key. MAS encourages dialogue and support and is not involved in direct management.</li> <li>2. Prior to examination the inspector reviews operations to decide on the type of examination. Emphasis is given on evaluation of management, assets, earnings and internal control.</li> <li>3. Inspections focus on loans and advances.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. At the beginning of the examination, abstracts of general ledgers of all branches are obtained and a consolidated statement of condition is prepared, grouping assets.</li> <li>2. A team of examiners headed by a senior examiner carries out the examination.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. At the first step, consider periods of examination and select a team of examiners and assistant examiners to carry on the examination. This team will plan the programme, find out and identify problems of that bank from the last examination report or current returns to draw attention to the crucial points.</li> <li>2. Review and discuss with other concerned divisions, such as Bank Supervision and Analysis Division, for problem solving and additional facts before making the on-site examination.</li> <li>3. Get policy from the director or deputy director of the department, discuss or clear misunderstanding of points for the correct understanding.</li> <li>4. Prepare working papers and make understanding to the involved examiners and assistant examiners about the examined bank's site, date and commencement time to conduct the examination.</li> <li>5. When the on-site examination begins, usually surprise check basis is employed such as cash count, including some non-cash items check. The chief examiner who is in charge of the examination will discuss with responsible person of the examined bank and requests the bank to fill information in the specified reports so that the examiner can emphasise in crucial areas, and normal examination is engaged.</li> <li>6. Evaluate bank internal control system to plan the scope of examination. If the internal control system exists, narrow scope will be taken, if there is no such system the depth examination will be performed, which the scope of examination depends upon the seriousness of the circumstances or the condition.</li> <li>7. Get wide picture of the Bank's operation in the areas of its business direction, assets classification, sources of funds, earnings, malpractices from the conventional banking practices, violation of banking act, etc.</li> <li>8. Collect and review working papers and fact-findings to support the report before leaving the examined bank.</li> </ol>

	Burma	Indonesia	Malaysia	Nepal

	Philippines	Singapore	Sri Lanka	Thailand
	<p>6. Examiner-in-Charge follows up the previous examination findings and summarizes/consolidates his own findings/exceptions with those of the assisting examiners. He also prepares and furnishes the institution a copy of advance findings/exceptions and leading pre-closing conference with officers/directors on said findings/exceptions.</p> <p>7. Element of surprise is an important factor for a successful and effective examination.</p> <p>8. A bank examiner is not allowed to be in charge of more than 2 consecutive examinations of any financial institution.</p> <p>9. Chief Bank Examiner should, as much as possible, schedule simultaneous examination of institutions owned by a same family or group of people to ensure there is no circumvention of laws, rules and regulations, ascertain compliance with regulations regarding inter-institution loans, determine interlocking directorates and whether there is no manipulation of transactions.</p> <p>10. Head office and branches examination should have a common cut-off date.</p> <p>11. The Examination Review and Control Staff determines whether exceptions/deficiencies are supported by evidence and reported to Governor or Monetary Board, determines material exceptions/deficiencies intentionally or unintentionally omitted and sees that examination is carried out in accordance with the standards contained in the Manual.</p> <p>*****</p>			<p>9. Summarise the violation of the banking act and/or misconduct from the conventional banking practices, if there are any, from the fact-findings, and write up brief report, submit to the Assistant Governor in charge of the Bank Supervision and Examination Department.</p> <p>10. The last step in conducting the examination is preparing data and other facts for summarising the results of the examination with the director or directors of the bank concerned to get additional explanations or data before writing up the examination report.</p> <p>11. In case of non-bank financial institutions, which are classified on yearly basis, planning and conducting examinations are subject to its health or financial conditions and operations, into 4 categories, i.e., poor, unsatisfactory, fair and good. The first 2 categories are considered tending to be problem institution which will be examined more frequently than the other two. The steps of planning and conducting of examinations of non-bank financial institutions are similar to that of commercial banks, allowing for different scope of business.</p> <p>*****</p>



	Burma	Indonesia	Malaysia	Nepal
<b>G. Regularity of Examination</b>	n.a.	<ol style="list-style-type: none"> <li>1. The Bank Act and the Central Bank Act regulate the authority of BI to supervise all banks domiciled in Indonesia.</li> <li>2. These Acts regulate that banks are obliged to supply any information and data on their business in any form required by BI. Examination result is treated as confidential documents.</li> <li>3. General examination of state-owned banks should be carried out every 2 years, while general examination of private banks should be carried out every year. A special examination for specific purposes is carried out incidentally.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Ideally, a full examination of each financial institution and branches should be carried out at least once a year. This is usually not possible because of the large number of financial institutions relative to the manpower of the department.</li> <li>2. A normal programme involves keeping large and problem institutions under constant surveillance and examining others every 2 to 3 years.</li> <li>3. A snap examination may supplement full examination for specific purposes: <ol style="list-style-type: none"> <li>a) Verify data and information;</li> <li>b) Investigate any allegation by public to see if it is true; and,</li> <li>c) Follow up on last examination.</li> </ol> </li> <li>4. Annual on-site credit review of local banks to determine the adequacy of provisions for bad and doubtful debts.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. 75% branches from Group A are inspected yearly.</li> <li>2. Branches which lie in Group B are inspected after every 4 to 5 years.</li> <li>3. Generally, 25% of total bank branches are covered in a fiscal year.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>G. Regularity of Examination</b>	<p>1. All banks must be examined at least once in every 12 months and at such other time as the head of the Supervision and Examination Department determines or the Monetary Board deems expedient. The frequency depends on:</p> <p>a) Seriousness or gravity of exceptions/ deficiencies in latest report;  b) Persistence in violation;  c) Government exposure; and,  d) Availability of examiners.</p> <p>2. Non-bank financial intermediaries engaged in quasi-banking functions are examined regularly and as may become necessary. Those without quasi-banking functions are examined periodically. Prior approval of the Monetary Board is secured before a special examination of a specific non-bank financial intermediary is conducted.</p> <p>*****</p>	n.a.	<p>1. Commercial banks are examined at least once in 2 years.</p> <p>2. Institutions other than commercial banks are examined when required by the Monetary Board.</p> <p>3. Finance companies are normally examined once in 2 years.</p> <p>*****</p>	<p>1. The head office of a bank incorporated in Thailand is examined once every 2 or 3 years. The branch of a bank incorporated abroad is examined once 2 to 3 years and a branch of a bank incorporated in Thailand once in 5 years.</p> <p>2. Exceptional examinations may occur more frequently if needed.</p> <p>3. For finance companies, BOT expects to examine each company once a year and twice a year for companies with significant problems. Strong companies are normally examined once in 3 years, rather weak companies once in 2 years and weak ones annually.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>H. Priority of Examination</b>	n.a.	<ol style="list-style-type: none"> <li>Examinations for poor and unsound banks are more frequent compared with those for sound banks which are about once in 8 months.</li> <li>A problem may cause an immediate examination of a bank.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>For banks, the priority is on local banks followed by foreign banks.</li> <li>For finance companies, emphasis is on non-bank subsidiaries followed by bank subsidiaries.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>Priority is given to those branches which have high credit exposures and a regular follow-up is carried out by NRB district level office.</li> </ol> <p>*****</p>
<b>I. Types of Examination</b>	n.a.	<ol style="list-style-type: none"> <li>General examination covers all areas of bank's operations.</li> <li>Special examination covers only certain areas of operations, such as loans, paid-up capital, new buildings, and unsound banking practices.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>Full examinations cover all areas of operations.</li> <li>Snap examinations cover only certain areas of operations.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>General inspection.</li> <li>Special inspection.</li> <li>Supervision through returns (this is in experimental stage).</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>H. Priority of Examination</b>	<ol style="list-style-type: none"> <li>Commercial banks, savings banks and savings and loans associations: <ol style="list-style-type: none"> <li>All head offices;</li> <li>Branches of problem institutions;</li> <li>50% of respective branches provided resources total 85% of total and other 50% are examined alternatively every other year;</li> </ol> </li> <li>Rural banks: <ol style="list-style-type: none"> <li>Distressed banks;</li> <li>A few rehabilitated banks;</li> <li>Banks with resources P5million and more;</li> <li>Banks with resources P3million and more;</li> <li>Others to be examined at least once every 2 years.</li> </ol> </li> <li>Other financial institutions: <ol style="list-style-type: none"> <li>Problem institutions;</li> <li>Quasi-banking entities;</li> <li>Those not examined once a year should be examined once in 2 years.</li> </ol> <p>*****</p> </li> </ol>	n.a.	n.a.	<ol style="list-style-type: none"> <li>For commercial banks: <ol style="list-style-type: none"> <li>Problem banks;</li> <li>Banks incorporated in Thailand;</li> <li>Branches of banks incorporated abroad;</li> <li>Branches of banks in (b) or (c).</li> </ol> </li> <li>For non-bank financial institutions: The poor and unsatisfactory companies are considered being the potential problem institutions which are subject to be examined prior to the fair and good ones.</li> </ol> <p>*****</p>
<b>I. Types of Examination</b>	<ol style="list-style-type: none"> <li>Regular or annual examinations cover all areas of operation. It is concerned with the review and analysis of financial position, operating performance, quality of operations, capacity of management and compliance with laws, rules and regulations.</li> <li>Special examination covers specific areas of operation or a follow-up examination of a specific exception/deficiency or violation or an investigation of an alleged anomalous transaction.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>Full inspection covers all areas of operations.</li> <li>Partial inspection covers certain areas.</li> <li>Specific inspection looks at specific areas of operations, e.g., loans to directors.</li> </ol> <p>*****</p>	n.a.	<ol style="list-style-type: none"> <li>Full scope examination: which cover all areas of operation with the main objective of appraisal, the safety and soundness of the financial institutions in 5 areas which are liquidity, capital fund, quality of assets, management/administration and profitability.</li> <li>Special examination: for specific purposes such as investigation of the violation of laws, rules and regulations, and the unhealthy or the potential problem.</li> <li>Follow-up examination: to assess the progressive correction which is given as corrective measures recommended by the examiner in the latest examination report.</li> </ol> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>J. Report</b>	n.a.	<p>1. An examination report is presented to the bank to aid management to pursue corrective action for major deficiencies in policies and procedures. Institutions must respond in a short period of time indicating whether it agrees or disagrees with the comments. If institution agrees, it will be asked to give a report on corrective actions to be taken. Suspected violations of laws and regulations require immediate action.</p> <p>*****</p>	<p>1. On completion of an examination, the team briefs banks' management on findings shortcomings. Team leaders prepare "Notes for Discussion" and complete a draft report. A discussion is held between BNM and the institution after which the report is finalised and transmitted to the institution.</p> <p>*****</p>	<p>1. The reports of Central Office Inspection and Special Investigation are forwarded to the Governor of Nepal Rastra Bank, the General Manager and the Chairman of the Institution. The reports consist of the irregularities, bank risk and recommendation thereof. The branch office reports are directly forwarded to the General Manager of the institution.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>J. Report</b>	<ol style="list-style-type: none"> <li>1. Immediately after the closing of the examination, the Examiner-in-Charge accomplishes a Report of Termination of Examination of the institution and makes an advance report on persons with unfavourable records, computation of interest on deposits, excessive charges on each type of loans, special problems encountered, etc.</li> <li>2. The Examiner-in-Charge reviews and consolidates all the findings/exceptions prior to actual report writing, transmits same to the management of the institution and asks for a post-closing conference. The institution is represented by its senior officials and the CBP by the Examiner-in-Charge and the Assistant Director and Chief Bank Examiner concerned, whenever necessary. The results of the discussion may form part of the report to the Governor/Monetary Board.</li> <li>3. Examiner-in-Charge submits report of examination addressed to the directors of the institution and a draft of memorandum for the Governor/Monetary Board.</li> </ol> <p>*****</p>	n.p.	<ol style="list-style-type: none"> <li>1. The examination report is submitted to the Governor with the Confidential Memorandum of the Director of Bank Supervision. After approval, copies of the report are sent to the Monetary Board and to the management of the institution concerned.</li> <li>2. Normally, the findings are discussed with the Chief Executive of the institutions examined prior to finalisation of the report.</li> </ol> <p>*****</p>	<p>Banks</p> <ol style="list-style-type: none"> <li>1. Usually, examination of head office and branches are separated and examination reports are to be written up separately. But in case of combined examination, which total assets of head office and branches are not less than 60% of the total assets of banks, and number of branches examined are not less than 20% of total number of branches, a consolidated examination report will be written up.</li> <li>2. Examination report submission: The examination report is submitted to the Governor. After approval, the report is to be sent as follows: <ol style="list-style-type: none"> <li>a) In case of head office examination, original report and one copy are sent to the examined bank and the Ministry of Finance accordingly;</li> <li>b) Branch examination, original report and one copy are sent to head office of the examined bank so that the branch can have the copy of examination report.</li> </ol> </li> </ol> <p>Non-Bank Financial Institutions</p> <ol style="list-style-type: none"> <li>1. Warning and rectification letter is submitted immediately to the company in which malpractices or legal violation are found.</li> <li>2. With the finalised discussion and recommendation, the examiner-in-charge writes up two examination reports and submits to the Assistant Governor. After approval, the original report is sent to the Chairman of the examined company.</li> </ol> <p>*****</p>

## **COMMERCIAL BANKING**

- A. Definition
- B. Licensing
- C. Capital
- D. Financial Requirements
- E. Operations of Banks/Restrictions on Operations
- F. Appointment/Removal of Directors and Officers
- G. Restrictions on Lending to Directors and Affiliates
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- J. Loans to Single Borrowers
- K. Investment in Securities
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- M. Priority Areas of Lending
- N. Sources of Funds
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- P. Submission of Information and Data
- Q. Annual Accounts
- R. Insolvency
- S. Central Bank Intervention
- T. Penalties on Contravention

	<b>Burma</b>	<b>Indonesia</b>	<b>Malaysia</b>	<b>Nepal</b>
<b>A. Definition</b>	<p>1. "Bank" means each of the banks established under the law as such:</p> <ul style="list-style-type: none"> <li>a) the Myanma Economic Bank;</li> <li>b) the Myanma Foreign Trade Bank;</li> <li>c) the Myanma Agricultural Bank;</li> <li>d) the Industrial Development Bank; and,</li> <li>e) the savings banks.</li> </ul> <p>2. Each bank is established with the following objectives:</p> <ul style="list-style-type: none"> <li>a) to achieve the objectives of the annual, short-term and long-term economic plans of the State;</li> <li>b) to operate the State-owned enterprises on commercial lines, to promote productivity and to exercise supervision from the monetary aspect, over the operations carried out in accordance with the Economic Plan;</li> <li>c) to supervise the financial matters of the economic plan and of the budget and to tender advice thereon;</li> <li>d) to promote measures towards the smooth functioning and growth of the State finances;</li> <li>e) to maintain the stability of the Burmese kyat inside and outside the Socialist Republic of the Union of Burma; and,</li> <li>f) to develop banking operations.</li> </ul> <p>*****</p>	<p>1. A bank is a financial institution, the main business of which is to grant credits and render services in the traffic of payments and the circulation of money.</p> <p>*****</p>	<p>1. A bank is any person who carries on banking business involving receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by customers and making loans and advances to customers and includes other business as BNM may prescribe with the approval of the Minister of Finance.</p> <p>*****</p>	<p>1. A bank is an institution licensed to accept deposits, exchange money, extend loans and entitled to carry out other commercial banking transactions.</p> <p>*****</p>



	Philippines	Singapore	Sri Lanka	Thailand
<b>A. Definition</b>	<ol style="list-style-type: none"> <li>1. Only entities duly authorised by the Monetary Board of the Central Bank may engage in commercial banking and expanded commercial banking.</li> <li>2. A commercial banking corporation shall have all such powers as shall be necessary to carry on the business of commercial banking, by accepting drafts and issuing letters of credit, by discounting and negotiating promissory notes, drafts, bills of exchange and other evidences of debt, by receiving deposits, by buying and selling foreign exchange and gold or silver bullion, and by lending money against personal security or against securities consisting of personal property or mortgages on improved real estate and the insured improvements thereon. It may accept or create demand deposits subject to withdrawal by cheque, offer NOW accounts, invest in equities of allied undertakings and acquire readily marketable bonds and other debt securities. Commercial banks may acquire readily marketable bonds and other debt securities subject to such rules as the Monetary Board may promulgate. These rules may include, but need not be limited to, the determination of bonds and other debt securities eligible for investment, the maturities and aggregate amount of such investment.</li> <li>3. An expanded commercial bank, in addition to the foregoing commercial banking powers, has the authority to exercise the powers of investment houses, the authority to invest in the equity of non-allied undertakings and to own up to 100% of the equity of a financial intermediary other than a commercial bank or a bank authorised to provide commercial banking services.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. A bank is any company which carries on banking business and holds a valid licence issued by the MAS. Banking business involves receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by customers, making of advances and includes such other business prescribed by MAS.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Banks are involved in receiving deposits, making loans and investments, foreign exchange business and provision of banking services.</li> </ol> <p>"Commercial bank" as defined in the Monetary Law Act means any person or body of persons, corporate or unincorporate, which carries on in Sri Lanka the business of accepting from the public, or of creating, demand deposits, but does not include the Central Bank.</p> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Commercial banking means the business of accepting deposits of money subject to withdrawal on demand or at the end of a specified period of time and of employing such money in one or several ways such as: <ol style="list-style-type: none"> <li>a) granting of credits;</li> <li>b) buying and selling of bills of exchange or any other negotiable instrument; and,</li> <li>c) buying and selling of foreign exchange.</li> </ol> </li> </ol> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>B. Licensing</b>	<ol style="list-style-type: none"> <li>1. No person shall carry on banking business without a licence issued by UBB.</li> <li>2. No bank shall open a new place of business or change the location of an existing business without prior permission of UBB.</li> <li>3. UBB may prescribe conditions under which a licence may be granted and if it is in the public interest.</li> <li>4. If UBB is satisfied that a bank has not complied with conditions of licence, UBB may withdraw the licence or restrict any or all its business and take measures considered necessary. The bank may appeal to the President whose decision is final.</li> <li>5. All banks in Burma are state-owned.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. State-Owned Commercial Banks: A state-owned commercial bank is established by an act. Their branches and representative offices may be opened only with approval of the Minister of Finance, having heard considerations of Bank Indonesia. The management consists of a board of directors who shall be Indonesians appointed by the President at the proposal of the Minister of Finance, for a term of 5 years. The board is supervised by a supervisory council.</li> <li>2. Private Commercial Banks: A private commercial bank requires an operating permit issued by the Minister of Finance, having heard considerations of Bank Indonesia, and shall be set up as a limited liability company. Their branches and representative offices may be opened only with the approval of the Minister of Finance, having heard considerations of Bank Indonesia. The management and personnel holding key positions shall be entirely Indonesians.</li> <li>3. Cooperative Commercial Banks: A cooperative commercial bank shall be established as a cooperative legal body and requires an operating permit issued by the Minister of Finance, having heard considerations of Bank Indonesia. The management and personnel holding key positions shall be Indonesians. Branches and representative offices may be opened only with the approval of the Minister of Finance, having heard considerations of Bank Indonesia.</li> <li>4. State-Owned Savings Banks: A state-owned savings bank is established by an act. Branches and representative offices shall be opened only with the approval of the Minister of Finance, having heard considerations of Bank Indonesia. The board of directors shall be Indonesians appointed by the President at the proposal of the Minister of Finance, for a term of 5 years.</li> <li>5. Private Savings Banks: A private savings bank shall be established as a limited liability company and need an operating permit issued by the Minister of Finance, having heard considerations of Bank Indonesia. Management and personnel holding key positions shall be Indonesians. Branches and representative offices may be opened only with the permit issued by the Minister of Finance, having heard considerations of Bank Indonesia.</li> </ol>	<ol style="list-style-type: none"> <li>1. Banking business shall not be transacted except by a corporation in possession of a licence in writing from the Minister of Finance.</li> <li>2. A company wishing to carry out banking business shall apply in writing to the Minister through BNM and supply the memorandum and articles of association, duly verified by a senior officer, a copy of the latest audited balance sheet, and any information required by the Minister.</li> <li>3. On receipt of application BNM shall process and recommend to the Minister whether to grant licence or not. The Minister may or may not grant a licence.</li> <li>4. Any person contravening this provision shall on conviction be liable to a fine not exceeding M\$20,000 or to 3 years' imprisonment or both.</li> <li>5. Minister may vary or revoke any existing licence or impose new conditions and give banks not less than 14 days to state reasons why licence should not be revoked or varied. Any bank that fails to comply with any condition of its licence shall on conviction be liable to a fine not exceeding M\$20,000.</li> <li>6. Each licensed bank shall pay an annual fee to BNM as the Minister may prescribe in Gazette. He may prescribe different fees according to size or location of banks or both, size measured in terms of number of branches, deposit liabilities or capital or any combination.</li> <li>7. Except with the consent in writing of the Minister, no person or body not licensed as a bank shall use the word "bank" and no bank or any derivative shall use the words "Central", "Commonwealth", "Federal", "Federation", "Malaysia", "Malaysian", "National", "Reserve" or "State", as well as any of the words "Islamic" or "Muslim" or any other words that may be construed as indicating the carrying on of Islamic banking business, either in the National Language or in English or in any other language. Any contravention shall on conviction be liable to a fine not exceeding M\$20,000 or 3 years' imprisonment or both.</li> </ol>	<ol style="list-style-type: none"> <li>1. A bank shall be required to obtain a licence from NRB before starting its banking business. NRB may prescribe necessary conditions while granting such a licence.</li> <li>2. NRB may cancel a licence if: <ol style="list-style-type: none"> <li>a) the bank discontinues its business;</li> <li>b) the bank goes into liquidation; and,</li> <li>c) the bank fails to comply with the directives issued by NRB from time to time, or to act according to the terms prescribed in the licence.</li> </ol> <p>If the bank is not satisfied with the decision taken by NRB to cancel its licence, it may file an appeal to His Majesty's Government within 35 days after receiving notice of such cancellation, and the decision made by His Majesty's Government in respect thereto shall be final.</p> <p>*****</p> </li> </ol>

	Philippines	Singapore	Sri Lanka	Thailand
<b>B. Licensing</b>	<ol style="list-style-type: none"> <li>Domestic banks except building and loan associations shall be set up as stock corporations and no bank shall issue no par value stock.</li> <li>The Securities and Exchange Commission cannot register the articles of incorporation and the by-laws or any amendment thereto without a certificate of authority issued by the Monetary Board under official seal.</li> <li>No bank shall receive deposits unless incorporated under the laws of the Philippines except foreign bank branches which are actually receiving deposits at the time of the approval of R.A. 337 and foreign bank branches authorised to operate as off-shore banking units.</li> <li>The organisers of a bank shall submit an application to the Central Bank containing the following information: <ol style="list-style-type: none"> <li>Agreement to form a bank;</li> <li>Information on each incorporator;</li> <li>Evidence of citizenship of each incorporator;</li> <li>Financial statements of each incorporator for past 3 years;</li> <li>Projected statement of condition and earnings and expenses for first year of operation; and,</li> <li>Areas of operation and economic justification for bank.</li> </ol> <p>The Central Bank checks with banks, police and courts of justice on the incorporators and evidence and documents are verified. The director of the department concerned will send a memorandum to the Monetary Board which would then grant authority for the establishment of the bank.</p> <p>The Monetary Board issues a certificate of authority when it is satisfied that all requirements are in order and the capital, management and integrity of organisers assure safety of public interests. On approval, the bank will be registered by the Securities and Exchange Commission within 30 days of incorporation when the bank is ready to operate, the Monetary Board will issue the certificate of authority.</p> </li> </ol>	<ol style="list-style-type: none"> <li>No banking business shall be transacted except by a company with a valid licence granted by Monetary Authority of Singapore. Any person contravening this provision shall on conviction be liable to a fine not exceeding S\$50,000 or to a maximum imprisonment of 3 years or both. A continuing offence shall be subject to a fine of S\$2,000 for every day during which the offence continues.</li> <li>No one can use the word "bank" without the written consent of MAS. A contravention involves an imprisonment of 1 year or a fine not exceeding S\$5,000 or both. For a continuing offence, a further fine of S\$1,000 per day is imposed.</li> <li>No bank can open a new place of business or change its existing place without submitting a written application to MAS which may approve or refuse the application. No bank incorporated in Singapore shall open an office outside Singapore without approval of MAS. A bank contravening is liable on conviction to a fine not exceeding S\$5,000 and for a continuing offence to a further fine of S\$1,000 for every day after conviction.</li> <li>A company that wishes to do banking business shall apply in writing to the MAS supplying: <ol style="list-style-type: none"> <li>a copy of the memorandum and articles of association duly certified by a senior officer;</li> <li>a copy of the latest audited accounts; and,</li> <li>any other information needed. MAS processes the application and may grant a licence with or without conditions or refuse a licence.</li> </ol> </li> <li>MAS may revoke existing conditions or impose new conditions and give the bank opportunity to submit reasons why conditions should not be varied. Any bank failing to comply with conditions of licence shall on conviction be liable to a maximum S\$20,000 fine and for a continuing offence, S\$2,000 for every day after conviction.</li> <li>Each bank pays an annual fee to MAS which is uniformly applied to each category of banks.</li> </ol>	<ol style="list-style-type: none"> <li>No institution shall, except with the written approval of the Monetary Board, be established or maintained by or under a name which contains the word "bank", or the word "banker", or the word "banking", unless it is a banking institution within the meaning of the Monetary Law Act.</li> <li>Except with the prior approval in writing of the Minister in charge of the subject of Finance and Planning: <ol style="list-style-type: none"> <li>no commercial bank shall be established in Sri Lanka;</li> <li>no commercial bank shall open any branch, agency or office thereof, in any part of Sri Lanka; and,</li> <li>no commercial bank shall acquire the business of another commercial bank or of any branch of another commercial bank.</li> </ol> <p>*****</p> </li> </ol>	<ol style="list-style-type: none"> <li>A commercial bank, except a branch of a foreign bank, shall be established only in the form of a limited public company and with a licence granted by the Minister of Finance. <p>An application for a licence shall contain such particulars as the Minister of Finance may prescribe and steps to form a limited public company may be taken only after approval of the Minister of Finance. When such limited public company has been registered, a notification to that effect shall be made by the company to the Minister of Finance in order to obtain a licence.</p> <p>An approval and a licence may be granted with such conditions as the Minister of Finance may deem appropriate.</p> </li> <li>The business of commercial banking may be undertaken by a branch of a foreign bank only after having obtained a licence from the Minister of Finance. Such licence may be granted with conditions to be complied with. <p>A branch of a foreign bank licensed to carry on the business of commercial banking shall maintain assets in Thailand in accordance with the criteria regarding the amounts, types, procedures and conditions as prescribed by the Minister of Finance in the Government Gazette.</p> </li> <li>A commercial bank, other than a branch of a foreign bank, authorised to undertake the business of commercial banking may establish a branch only with the authorisation of the Minister of Finance. An application for such authorisation shall contain details as the Minister of Finance may prescribe, and the authorisation may be granted with or without conditions.</li> <li>Any person wishing to act on behalf of a foreign bank by setting up a representative office in the Kingdom or any commercial banks, other than a branch of a foreign bank, wishing to establish a representative office, within or outside the Kingdom, must first obtain authorisation of BOT. Such authorisation may be granted with conditions to be complied with.</li> <li>No person other than a commercial bank shall undertake the business of commercial banking.</li> </ol>

	Burma	Indonesia	Malaysia	Nepal
		<p>6. Cooperative Savings Banks: A cooperative savings bank shall be established as a cooperative legal body. Operating permit as well as opening of branches and representative offices permit shall be issued by the Minister of Finance, having heard considerations of Bank Indonesia. Management and personnel holding key positions shall be Indonesians.</p> <p>7. State-Owned Development Banks: A state-owned development bank shall be established by an Act. The board of directors shall be Indonesians appointed by the President at the proposal of the Minister of Finance, having heard considerations of Bank Indonesia.</p> <p>8. Regional Development Banks: A regional development bank is established by an act and needs a permit issued by the Minister of Finance, having heard considerations of the Minister of Home Affairs and Bank Indonesia. Branches and representative offices may be opened only with the approval of the Minister of Finance, having heard considerations of Bank Indonesia.</p> <p>9. Private Development Banks: A private development bank shall be established as a limited liability company. An operating permit as well as opening of branches and representative offices permits are issued by the Minister of Finance, having heard considerations of Bank Indonesia.</p> <p>10. Cooperative Development Banks: A cooperative development bank shall be established as a cooperative legal body. Management and personnel holding key positions shall be Indonesians. An operating permit as well as opening of branches and representative offices permits are issued by the Minister of Finance, having heard considerations of Bank Indonesia.</p> <p>11. Foreign Banks: Foreign banks are permitted to operate in Indonesia only as development banks and/or commercial banks giving priority to operations of benefit to the country and national interest. They carry on business only with an operating permit issued by the Minister. Foreign banks may be set up as:</p>	<p>8. No bank is given a licence if it is owned or controlled by a foreign government, i.e., 50% or more of issued and paid-up capital is owned by or on behalf of a foreign government or agency or if majority of persons having control and management are appointed by or on behalf of a foreign government.</p> <p>9. No bank may open a new branch, agency or office in Malaysia and no bank incorporated in Malaysia may open a branch abroad without the written consent of BNM.</p> <p>10. The Minister on the recommendation of BNM may revoke a licence if the bank:</p> <ul style="list-style-type: none"> <li>a) carries on business in a manner detrimental to the interests of depositors and creditors;</li> <li>b) has insufficient assets to cover liabilities;</li> <li>c) contravenes any provisions in Banking Act and Central Bank of Malaysia Ordinance; and,</li> <li>d) has ceased to carry on banking business in Malaysia.</li> </ul> <p>The Minister will give the bank at least 21 days to specify why licence should not be revoked.</p> <p style="text-align: center;">*****</p>	

	Philippines	Singapore	Sri Lanka	Thailand
	<p>5. At least 70% of the voting stock of banks shall be owned by Filipinos except where a new bank is established as a result of local incorporation, or consolidation of banks. The Monetary Board may set a higher percentage. The percentage of foreign owned voting stock which is in excess of 30% may be reduced to 30%. The Monetary Board with the approval of the President may raise the percentage to 40%. Any sale of foreign owned stock to other foreigners shall have the prior approval of the Central Bank.</p> <p>6. The total maximum voting stock any corporation may own in any bank is 30%.</p> <p>7. Any bank shall report to the Central Bank any sale or transfer of ownership of shares of stock.</p> <p>8. No new bank will be licensed to operate if stockholdings of any person or persons related to each other within the third degree of consanguinity or affinity, constitute more than 20% of the voting stock of the new bank.</p> <p>Prior approval of the Monetary Board shall be required on the following:</p> <p>a) Any sale or transfer of ownership or control of more than 20% of the voting stock of a bank to any one person whether natural or judicial; and,</p> <p>b) Any sale or transfer or a series of sales or transfers which will effect a change in the majority ownership or control of the voting stock of the bank from one group of persons to another group.</p> <p>9. At least 2/3 of the board of directors shall be Filipino citizens.</p> <p>10. No foreign bank can operate in the Philippines without a licence issued by the SEC upon order of the Monetary Board. Contravention would be punished by a fine of not more than P10,000 and not less than P1,000 and imprisonment of not less than 1 year and not more than 10 years.</p> <p>11. The Monetary Board may revoke the licence to transact business if the bank is in danger of insolvency or potential loss.</p>	<p>7. Each bank incorporated inside or outside Singapore is to furnish the MAS particulars of any alterations in the memorandum and articles of association within 3 months of such changes. Banks incorporated in Singapore must seek the MAS' prior approval for such amendments. Any contravention is liable to a fine not exceeding S\$5,000, and to a further fine of S\$1,000 for every day during which the offence continues.</p> <p>8. MAS may revoke a licence if a bank has stopped business, intends to liquidate, carries on business detrimental to interests of depositors or has insufficient assets to cover liabilities, contravenes the Act, has furnished information or documents to the Authority in connection with its application for a licence which are false or misleading, has had its licence withdrawn by the regulatory body of the country in which it has its principal place of business (in the case of foreign banks), or it is in the public interest to do so.</p> <p>9. Banks are categorised under 3 groups:</p> <p>a) Full licence banks: These carry out the full range of banking services;</p> <p>b) Restricted licence banks: These were first licensed in 1971 to encourage the entry of foreign banks particularly those with wide international links. Such banks were allowed to conduct the whole range of banking business except that they cannot accept time deposits of less than S\$250,000 per deposit; and,</p> <p>c) Offshore licence banks: The first such bank was licensed in 1973 to develop the Asian Dollar market. They may transact any business with non-residents except that they cannot accept fixed deposits of less than S\$250,000 per deposit nor accept savings deposits. Offshore banks can provide normal banking services to non-bank customers who are residents of Singapore, except that they cannot accept fixed and other interest-bearing deposits from such customers. In addition, the total credit facilities (including contingent facilities) extended to such customers in S\$ shall not exceed S\$30 million.</p> <p>*****</p>		<p>6. No person other than a commercial bank shall make use, in the conduct of his business, of the name or description of a "bank" or any other word or words having similar meaning.</p> <p>7. Should any commercial bank violate the conditions specified by the Minister of Finance in 1, 2 and 3, the Minister of Finance is empowered to withdraw the licence or to order the closure of its authorised branch, as the case may be, or to place the commercial bank under control. However, the Minister of Finance may, if he deemed it expedient, order the commercial bank to take remedial actions to comply with the condition within a period of time specified by the Minister of Finance.</p> <p>8. When the withdrawal of licence or the dissolution of a commercial bank is ordered by the Minister of Finance, it shall be placed in liquidation, and the Minister of Finance shall appoint a liquidator therefore.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
		<p>a) a branch office of a bank incorporated outside Indonesia; and,</p> <p>b) a joint enterprise between a foreign bank and a national bank in Indonesia established as a limited liability company in Indonesia.</p> <p>12. BI may intervene in the business of a bank if necessary. It may:</p> <p>a) provide credit to relevant bank;</p> <p>b) provide alternative solutions to problem;</p> <p>c) provide technical assistance;</p> <p>d) require participation of experts in management of bank; and,</p> <p>e) take part in the capital of the bank.</p> <p>13. BI may wind up a bank:</p> <p>a) BI may propose to the Minister to revoke the licence;</p> <p>b) The Minister will convey his decision to BI;</p> <p>c) The bank will be informed through BI and will be furnished with directives for liquidation and to set up a liquidation committee; and,</p> <p>d) Liquidation committee shall submit reports to BI until the bank is liquidated.</p> <p>*****</p>		

	Philippines	Singapore	Sri Lanka	Thailand
	<p>12. Foreign banks shall within 1 year of coming to force of General Banking Act comply with any of the following options:</p> <ul style="list-style-type: none"> <li>a) Incorporate a new bank in the Philippines with at least 60% of the voting stock owned by citizens; or</li> <li>b) Assign capital permanently to the local branch and maintain a "net due to" head office account in amount when added to the assigned capital not less than the minimum capital required for domestic banks; or</li> <li>c) Maintain "net due to" head office account in amount not less than the minimum prescribed for domestic banks.</li> </ul> <p>13. Prior Monetary Board approval is required before any bank operating in the Philippines can establish, open or operate branches and other banking offices or transact business outside the premises of its duly authorised principal office. Banks with expanded commercial banking authority and commercial banks may establish banking offices which include branches, sub-branches, agencies and extension offices on the nationwide basis as well as overseas. Banks with expanded commercial banking authority are given preference in the establishment of banking offices abroad.</p> <p>*****</p>			

	Burma	Indonesia	Malaysia	Nepal
<b>C. Capital</b>	<p>Paid-up Capital</p> <ol style="list-style-type: none"> <li>Union of Burma Bank K200 million</li> <li>Myanma Economic Bank K 80 million</li> <li>Myanma Agricultural Bank K 40 million</li> <li>Myanma Foreign Trade Bank K 30 million</li> </ol> <p>*****</p>	<p>Paid-up Capital</p> <ol style="list-style-type: none"> <li>Private commercial banks (Shares shall be wholly owned by nationals and transfer of shares shall be reported to BI):               <ol style="list-style-type: none"> <li>Private foreign exchange bank Rp6 billion</li> <li>Private non-foreign exchange bank Rp1 million</li> </ol> </li> <li>Co-operative commercial banks (of which Rp 0.5 million shall be paid-up on date of establishment and balance paid-up within 1 year of establishment) Rp1 million</li> <li>Private Savings Banks Rp 50,000</li> <li>Co-operative Savings Banks (Rp 25,000 shall be paid-up on date of establishment and balance within 1 year) Rp 50,000</li> <li>Private Development Banks (All shares shall be owned by nationals and any transfer must be reported to BI) Rp2 million</li> <li>Co-operative Development Banks (Rp 1 million shall be paid-up on date of establishment and balance within 1 year) Rp2 million</li> <li>Foreign Banks:               <ol style="list-style-type: none"> <li>Branch office (Funds are paid to Foreign Exchange Fund and rupiah counterpart used as an operating fund. Half must be paid-up on issue of permit and balance within 1 year) US\$1 million</li> </ol> </li> </ol>	<p>Paid-up Capital</p> <ol style="list-style-type: none"> <li>Banks incorporated in Malaysia M\$10 million</li> <li>Banks incorporated outside Malaysia:               <ol style="list-style-type: none"> <li>Paid-up capital or Capital Funds M\$25 million</li> <li>Net working funds held in Malaysia, unimpaired by losses or otherwise M\$10 million</li> </ol> </li> <li>Each licensed bank shall have approval of the Minister for:               <ol style="list-style-type: none"> <li>arrangements for sale or disposal of shares or business on affecting voting power, management and other matters that affect control; and,</li> <li>scheme for reconstruction, amalgamation or merger.</li> </ol> </li> <li>Domestic banks are required to hold capital funds in proportion to such assets of their branches and offices in and outside Malaysia or only of their branches and offices in Malaysia as may be prescribed by BNM. Foreign banks are required to maintain net working funds in such proportion to such assets of their branches and offices in Malaysia as may be prescribed by BNM.</li> <li>Acquisition of 5% Shareholding: To safeguard against shares being acquired by irresponsible or unsuitable persons, a person (whether company, cooperative or individual) is prohibited from entering into any agreement to acquire a shareholding of 5% or more of the issued shares of a bank or finance company without the prior approval of the Minister of Finance on the recommendation of Central Bank (Section 23A of Banking Act and Section 28A of Finance Companies Act). The recommendation of the Central Bank would be based on the Bank's knowledge of the individual's integrity, financial standing and track record, and on its information system developed over the years.</li> <li>Shareholding Limits in Financial Institutions: As a matter of policy, a shareholder (whether company, cooperative or individual) is permitted to hold shares in only one financial institution, whether a bank, finance company or merchant bank. However, in the case of publicly listed financial</li> </ol>	<ol style="list-style-type: none"> <li>Paid-up capital of a bank shall not be less than Rs 1 million and issued capital shall not be less than half of its authorised capital. Paid-up capital shall not be less than half of its issued capital.</li> <li>The bank shall obtain the prior approval of NRB for increasing its authorised capital.</li> <li>The bank shall increase its share capital if so directed by NRB provided that NRB shall issue a directive to increase share capital only on the basis of the ratio between the share capital, credit and deposits of the bank.</li> </ol> <p>*****</p>



	Philippines	Singapore	Sri Lanka	Thailand
<b>C. Capital</b>	<ol style="list-style-type: none"> <li> <ol style="list-style-type: none"> <li>Minimum capital requirement (for private commercial banks) P100 million</li> <li>For commercial banks with FCDU authority P150 million</li> <li>For commercial banks to be established after 22 August 1980 P300 million</li> <li>For expanded commercial bank P500 million</li> </ol> </li> <li>The combined capital accounts (net worth) of a bank shall not be less than an amount equal to 10% of the risk assets. The Monetary Board may authorise a bank to maintain a net worth to risk assets ratio lower than 10% and may subsequently raise a ratio but such upward adjustment shall be made effective only after a reasonable period of time. A bank with a capital of at least P500 million may be authorised to maintain a worth to risk assets ratio of 8% and 6% if it complies with the conditions/requirements of the Monetary Board.</li> <li>Combined capital accounts for domestic banks shall mean the total of the unimpaired paid-in capital (including paid-up surplus), earned surplus and undivided profits, net of such unbooked valuation reserves and other capital adjustments as may be required by the Central Bank and excluding any appraisal surplus or appreciation credit as a result of appreciation or an increase in book value of bank assets, except in such cases as may be authorised by the Monetary Board.</li> <li>For foreign banks having branches and agencies in the Philippines, combined capital accounts shall mean the total of the assigned capital, if any, and net due to head office account which shall include all net amounts due to other branches outside the Philippines account, net of such valuation reserves and other capital adjustment as may be required by the Central Bank.</li> <li>For purposes of computing the prescribed ratio of net worth to risk assets, equity investments of a bank in another bank or enterprise, whether foreign or domestic, shall be deducted from its net worth if the other bank or enterprise has a reciprocal equity investment in the investing bank, in which case the investment of the bank or the reciprocal investment of the other bank or enterprise, whichever is lower, shall be deducted from the net worth of the bank.</li> </ol>	<ol style="list-style-type: none"> <li> <ol style="list-style-type: none"> <li>Where the head office is in Singapore, capital issued and paid-up shall not be less than S\$3 million.</li> <li>For banks where head office is outside Singapore, not less than S\$6 million paid-up capital. The bank must hold not less than S\$3 million in Singapore in assets approved by MAS.</li> </ol> </li> <li>A bank incorporated in Singapore may not reduce its paid-up capital without the approval of MAS.</li> <li>A bank will not be granted a licence if 50% or more of shares are owned by or on behalf of foreign governments or persons having control or management of a bank are appointed by or on behalf of a foreign government. The Authority may, in its absolute discretion grant a licence to any such bank for periods not exceeding 1 year at any one time as it may think fit.</li> <li>A Singapore incorporated bank shall not be merged or consolidated with or taken over by another bank or acquire an interest exceeding 20% of the voting share capital of any other bank without application to and approval by the Authority.</li> <li>No person shall acquire 20% or more of the voting shares of a bank incorporated in Singapore without the approval of the Authority.</li> <li>No person shall acquire a substantial shareholding in a bank incorporated in Singapore without the approval of the Authority.</li> </ol> <p style="text-align: center;">*****</p>	<ol style="list-style-type: none"> <li>The Monetary Board may prescribe the minimum ratios which capital and surplus of banks shall bear to total assets or to any specified category of assets.</li> <li>In the case of newly incorporated local banks or branches of foreign banks establishing themselves in Sri Lanka, the Monetary Board of the CBSL specifies the quantum of paid-up capital and assigned capital from time to time.</li> </ol> <p style="text-align: center;">*****</p>	<ol style="list-style-type: none"> <li>A commercial bank shall maintain its capital funds in proportion to: <ol style="list-style-type: none"> <li>its total assets, at not less than the ratio prescribed by the BOT with the approval of the Minister of Finance. Such prescribed ratio shall not be less than 5 per cent or more than 15 per cent;</li> <li>each type of assets, at not less than the ratio prescribed by the BOT with the approval of the Minister of Finance; and,</li> <li>the amount of money which such commercial bank is under obligation to pay by reason, severally or jointly, of any one or more of the following transactions, namely, the giving of aval to bills, acceptance of bills, issuing of letters of credit, guaranteeing of loans, guaranteeing of payment in respect of the selling, discounting or rediscounting of bills, at not less than the ratio prescribed by the BOT with the approval of the Minister of Finance.</li> </ol> <p>Assets under (a) and (b) of the first paragraph shall not include cash, deposits with the BOT, deposits with other banks within or outside the Kingdom, Thai Government securities and such other assets as prescribed by the BOT with the approval of the Minister of Finance.</p> <p>The BOT may or may not, at its own discretion, prescribe the ratio under (b) or (c) of the first paragraph, and the prescription of such ratio may relate specifically to any one type of assets or transactions.</p> <p>The above prescription shall be published in the Government Gazette and if such prescription has the effect of increasing the relevant ratio, it shall not be operative until after the lapse of 15 days from the date of its publication.</p> </li> <li>No commercial bank shall reduce its capital without an authorisation of the Minister of Finance.</li> <li>Assets required to be maintained as capital funds of the licensed branch of a foreign bank in Thailand shall be as follows: <ol style="list-style-type: none"> <li>the money brought in from its head office and/or any other branch outside Thailand of such foreign bank;</li> <li>various reserves, excluding reserves for diminution of the values of assets and reserves for repayment of debts; or</li> </ol> </li> </ol>

	Burma	Indonesia	Malaysia	Nepal
		<p>Paid-up Capital US\$1 million</p> <p>b) Joint enterprise (Foreign party must pay US\$500,000 to Foreign Exchange Fund and rupiah counterpart being this share of capital. Half of this amount must be paid up on date of issue of licence and balance within 1 year. Participating national bank pays 40% of rupiah counterpart and balance shall be paid-up within 1 year)</p> <p>8. Any transfer of shares of private banks shall be reported to BI.</p> <p>*****</p>	<p>institutions, the restriction does not apply for holdings of less than 5%.</p> <p>In the case of a shareholder who is an individual, Section 23B of the Banking Act (Section 28B, Finance Companies Act) defines his shareholding to include the shareholding of his spouse, children and family company, while the shareholding of a company includes the company's related corporations as defined in Section 6 of the Companies Act, 1965, as well as any corporation in which the company is in a position to control not less than 20% of the voting power in that corporation. The shareholding limit of 20% imposed on any company is the effective shareholding in the financial institution taking into account the direct and indirect interests. Similarly, the shareholdings of a cooperative include the shareholdings of its subsidiary companies (as defined in Section 2 of the Co-operative Societies Act, 1948), as well as the shareholdings of related corporations of the subsidiary companies, as defined in the Companies Act.</p> <p>7. Cross Holdings: Section 23C of the Banking Act (and Section 28C of the Finance Companies Act) prohibits commercial banks (including foreign banks operating in Malaysia) from holding shares in another bank. Similarly, finance companies and merchant banks are prohibited from holding shares in another finance company and merchant bank, respectively. Commercial banks are also prohibited from holding shares in the subsidiaries of other banks, finance companies and merchant banks. Similarly, finance companies are prohibited from holding shares in the subsidiaries of other finance companies, banks and merchant banks; and, merchant banks in the subsidiaries of other merchant banks, banks and finance companies. The prohibition, however, does not apply to banks, finance companies and merchant banks within the same group. In addition, commercial banks are not prohibited from investing in companies (including finance company, merchant bank and others) as long as they are not subsidiaries of other banks or financial institutions. Similarly, there is no prohibition on the investment of finance companies in non-subsidiaries of commercial banks and merchant banks, and merchant banks' investment in non-subsidiaries of commercial banks and finance companies.</p>	

	Philippines	Singapore	Sri Lanka	Thailand
	<p>6. When capital funds are deficient the Monetary Board shall limit or prohibit distribution of net profits which will be used to increase capital until the minimum requirements are met.</p> <p>7. Additional Information – Minimum capital requirement for banks other than commercial:</p> <p>Thrift Banks – Savings and Mortgage Banks, Stock Savings and Loan Associations, and Private Development Banks:</p> <p>a) For existing thrift banks with head offices located:</p> <p>Within Metro Manila P 10 million Outside Metro Manila P 5 million</p> <p>b) For new thrift banks located:</p> <p>Within Metro Manila P 20 million Outside Metro Manila P 10 million</p> <p>Rural Banks – Rural banks shall have a paid-up capital of at least P500,000, net of government capital contribution, of which P300,000 shall be paid in at start of operation and the balance within 3 years thereafter. Provided that rural banks existing as of 22 February 1980 which do not meet the minimum capital requirements shall adopt a capital build-up program to increase their paid-in capital to at least P500,000 as follows:</p> <p>a) Within 5 years – for rural banks in operation for less than 2 years; b) Within 4 years – for rural banks in operation for less than 2 years but not more than 5 years; and, c) Within 3 years – for rural banks in operation for more than 5 years.</p> <p>*****</p>			<p>c) net profits of the branch in respect of each accounting period which have been transferred to the account of the head office and which are not required to be remitted abroad; provided that all accumulated losses incurred in the previous accounting periods shall first be deducted therefrom.</p> <p>4. Should any commercial bank violate the provisions in (1), the Minister of Finance is empowered to prohibit commercial bank from distributing or disposing of the whole or any part of its profit, and to require that the whole or any part of its profit be added to the reserve or assets to be maintained as capital funds, as the case may be, and the Minister of Finance may also prohibit such commercial bank from lending money or making investment or he may allow it to do so under certain conditions until such commercial bank shall have complied with those provisions.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
			<p>8. Exemptions: Section 23E of the Banking Act (Section 28E, Finance Companies Act) empowers the Minister of Finance, upon the Central Banks's recommendation, to exempt any person from the above provisions. Such exemptions would be given to approved Government agencies set up to promote the objectives of the New Economic Policy, acquisition of shares through underwriting activities, certain instances of restructuring according to the New Economic Policy, and other deserving cases as they arise.</p> <p>9. Application of Law: Section 23G of the Banking Act (Section 28G of the Finance Companies Act) provides that nothing in Sections 23A, 23B and 23C of the Banking Act (Sections 28A, 28B and 28C, Finance Companies Act) shall invalidate any acquisition or holding made before the coming into force of the new provisions of the law. Based on principles of natural justice and equity, the existing shareholders are allowed to maintain their present equity holdings.</p> <p>As a matter of policy, however, existing majority shareholders in the financial institutions, especially those which are family-owned companies, would be encouraged to reduce their shareholdings to a maximum of 51%. Existing shareholders (who are not majority shareholders) are also encouraged to observe the proposed shareholding limits. Financial institutions, particularly those that are subsidiaries of public companies quoted on the stock exchange, would be encouraged to go public over the next 10 years, or as soon as practicable.</p> <p>*****</p>	

	Philippines	Singapore	Sri Lanka	Thailand

	Burma	Indonesia	Malaysia	Nepal
<b>D. Financial Requirements</b>	<p>1. Operating surplus of banks are distributed as follows:</p> <p>a) 25% to reserve fund; and, b) 75% to Government.</p> <p>*****</p>	<p>1. For state banks, distribution of profits is subject to the acts setting them up.</p> <p>2. For private banks, distribution of profits is subject to statutes setting them up.</p> <p>3. BI may require banks to maintain a minimum amount of capital to offset losses.</p> <p>*****</p>	<p>1. Each bank shall maintain a reserve fund. Before any dividend is declared a bank shall transfer not less than 50% of net profits to Reserve Fund so long as it is less than 50% of paid-up capital. When the fund is 50% but less than 100% of paid-up capital, transfer at least 25% of net profits to this fund.</p> <p>2. BNM may prescribe in writing a minimum amount of liquid assets to be held against sight, savings, time and other deposit liabilities and such liabilities as may be determined by BNM and such percentage may be varied. Liquid assets include notes and coins, net balances with BNM excluding statutory bills, and other assets approved by the Minister. A bank failing to comply shall be liable to pay to BNM a penalty rate of not more than 1/10 of 1% the amount of deficiency for every day the deficiency exists.</p> <p>3. BNM may require banks to maintain a minimum amount of assets to be held in Malaysia as a percentage of sight, savings, time and other deposit liabilities and such other liabilities as may be determined by BNM.</p> <p>4. Banks may not pay dividends until all capitalised expenditure have been completely written off.</p> <p>*****</p>	<p>1. Provision for General Reserve Fund:</p> <p>a) The bank shall maintain a general reserve fund. At least 20% of the annual net profit shall be credited to the fund every year until the amount of such fund reaches an amount double the paid-up capital; and, b) In case it becomes necessary to withdraw or invest the amount allocated as reserves, this shall be done only with the prior approval of NRB or investments shall be made only in sectors designated by NRB.</p> <p>3. Restrictions on Payment of Dividends: The bank shall not declare or pay dividends to its shareholders unless it has recovered its capital, expenditure including preliminary expenses not involving tangible assets, establishment expenses, expenses incurred for the payment of commission for the sale of shares and losses incurred in the management of the bank.</p> <p>3. Expenditure of Unpaid Capital to be Prohibited: The bank shall not incur expenditure on the basis of its capital which has not been paid up.</p> <p>4. Restriction on Payment of Commission for the Sale of Shares: The bank shall not pay a commission exceeding 3% of the nominal value in consideration of the sale of shares.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>D. Financial Requirements</b>	<ol style="list-style-type: none"> <li>Commercial banks and expanded commercial banks are required to maintain a 21% reserve against deposit liabilities (DL), deposit substitute liabilities (DSL) and borrowings except short-term inter-bank borrowings and DL and DSL with original maturities of more than 730 days whose required reserve are 1% and 5% respectively in the form of deposits with the Central Bank, cash in vault and/or government securities or evidences of indebtedness of the Republic of the Philippines.</li> <li>In case where the bank chronically has reserve deficiency in deposit/deposit substitute liabilities, the bank shall be denied the credit facilities of the Central Bank and the Monetary Board may: <ol style="list-style-type: none"> <li>limit or prohibit the making of new loans or investments by the bank; and,</li> <li>require that all or part of the net profit of the bank be assigned to surplus.</li> </ol> </li> <li>Commercial banks and expanded commercial banks are not required to maintain any reserves against marginal deposits on import L/Cs.</li> <li>Private banks and non-bank financial intermediaries, inclusive of the required reserves against deposits and deposit substitutes, are required to maintain a 75% liquidity floor with respect to deposits of, and/or borrowings from, the government and government entities in the form of Central Bank securities.</li> <li>No dividend can be declared by any banking institution if: <ol style="list-style-type: none"> <li>losses have at any time been sustained by any banking institution equal to or exceeding undivided profits on hand;</li> <li>its clearing account with the Central Bank is overdrawn for 5 consecutive banking days; and,</li> <li>it is deficient in the required liquidity floor against deposits of, and/or borrowings from the government and government entities or with excess holdings of such deposits for 4 consecutive weeks.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>Each bank shall: <ol style="list-style-type: none"> <li>maintain a reserve fund; and,</li> <li>transfer to reserve fund out of annual net profits: <ol style="list-style-type: none"> <li>so long as reserve fund is less than 50% of paid-up capital, a sum not less than 50% of net profits,</li> <li>so long as reserve fund is 50% but less than 100% of paid-up capital, a sum not less than 25% of net profits, and</li> <li>so long as reserve fund is 100% or more than paid-up capital, a sum not less than 5% of net profits.</li> </ol> </li> </ol> <p>A bank failing to comply shall on conviction be liable to a fine not exceeding S\$20,000, and in the case of a continuing offence, a further fine of S\$2,000 for every day during which the offence continues.</p> </li> <li>Each bank shall make provision for bad or doubtful debts.</li> <li>A bank shall not pay dividends until all capitalised expenditure have been completely written off.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>The two state banks are required to transfer their net surpluses (after making necessary provisions) to the Consolidated Fund of the Government.</li> <li>Every banking company incorporated in Sri Lanka is required to maintain a reserve fund by transferring annually a sum equivalent to not less than 20 per centum of its profits until the reserve fund is equal to 50 per centum of its paid-up capital and thereafter, in every year in which the liabilities exceed the paid-up capital, a sum equivalent to not less than 10 per centum of its profits until the reserve fund is equal to its paid-up capital.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>A commercial bank is required to maintain capital funds in proportion of its assets as previously described in details concerning capital.</li> <li>A commercial bank shall maintain liquid assets specified as follows: <ol style="list-style-type: none"> <li>cash;</li> <li>deposits with the BOT;</li> <li>net deposits with other commercial banks;</li> <li>unencumbered Thai Government Securities;</li> <li>unencumbered debentures or bonds which are guaranteed by the Ministry of Finance in respect of the repayment of principals and the payment of interest thereon; and,</li> <li>such other assets as may be prescribed by the BOT with the approval of the Minister of Finance;</li> </ol> <p>in proportion to the total or each type of its deposits and/or borrowings at not less than the ratio prescribed by the BOT with the approval of the Minister of Finance. The prescribed ratio shall not be less than 5% or more than 50%.</p> <p>*****</p> </li> </ol>

	Burma	Indonesia	Malaysia	Nepal



	Philippines	Singapore	Sri Lanka	Thailand
	<p>6. If bank concerned fails to maintain the minimum capital requirement, the following sanctions are provided :</p> <ul style="list-style-type: none"> <li>a) The privilege of branching is suspended;</li> <li>b) No new unsecured loans to DOSRI shall be granted; and,</li> <li>c) The privilege of dollar-peso swap with the Central Bank is suspended.</li> </ul> <p>Furthermore, the Monetary Board may limit or prohibit the distribution of net profits and require that part or all of net profits be used to increase the capital accounts until the minimum requirement has been met. The Monetary Board may also restrict or prohibit the making of new investments of any sort by the bank, with the exception of purchases of readily marketable evidences of indebtedness until the minimum required capital ratio has been restored.</p> <p>*****</p>			

	Burma	Indonesia	Malaysia	Nepal
<b>E. Operations of Banks/ Restrictions on Operations</b>	<ol style="list-style-type: none"> <li>1. Myanma Economic Bank has powers to undertake savings business, issue cash and savings certificates, savings stamps and other savings instruments. It can lend to enterprises and borrow money in and outside Burma.</li> <li>2. Myanma Foreign Trade Bank helps to develop foreign trade and carries out foreign exchange transactions.</li> <li>3. Myanma Agricultural Bank lends to agricultural organisations, cooperatives, partnerships in agriculture, livestock enterprises, animal husbandry work and village banks and agricultural labourers.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Banks may not grant loans without collateral.</li> <li>2. Savings banks may invest in gilt-edged securities and grant credits according to procedures and up to a maximum amount determined by BI.</li> <li>3. Development banks may participate in capital of an enterprise with BI's approval but such participation shall not be permanent. They shall primarily grant medium- and long-term loans and use demand deposits for giving short-term credit up to a limit determined by BI.</li> <li>4. Commercial banks primarily grant short-term credits. They may grant medium-term credits for productive purposes, grant long-term credits and take part in equity participation in an enterprise with the approval of BI.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Banks may not grant loans against security of own shares.</li> <li>2. Whenever a loan or advance is made secured by 20% or more of paid-up capital, of another licensed bank incorporated in Malaysia, the bank shall report the name of the bank whose shares are used as security, number of shares pledged and amount of the loan. Any bank failing to comply shall on conviction be liable to a fine not exceeding M\$20,000.</li> <li>3. Any overdraft or credit for financing purchase or holding of shares shall not exceed such percentage of the market value of the shares as directed by BNM in writing.</li> <li>4. No bank shall engage on its own account or for commission in wholesale or retail trade, including import and export trade except in the course of satisfaction of debts due to it for the purposes of carrying on its banking business. This provision shall not apply to the purchasing or selling of gold by any licensed bank.</li> </ol> <p>*****</p>	<p>In addition to banking business, a bank may perform the following functions:</p> <ol style="list-style-type: none"> <li>1) Pay expenses incurred in the establishment of the bank.</li> <li>2) Accept custody of funds with or without interest and open fixed accounts, current accounts and savings accounts in the name of depositors.</li> <li>3) Supply loans or make investments against the guarantee of His Majesty's Government or any foreign government, or against the security of movable or immovable property or title deeds pertaining thereto, bills of exchange, promissory notes, or shares and debentures of a company.</li> <li>4) Supply loans for the purpose of agriculture, industry, trade, irrigation, power, generation or any other enterprises prescribed by His Majesty's Government against the security of lands, buildings, or any other property acceptable to the bank for a period not exceeding 2 years for working capital and for a period not exceeding 12 years for fixed capital.</li> <li>5) Have additional immovable property pledged against the margin in order to ensure the security of loans supplied by the bank, provide hire purchase facilities against necessary security, and supply loans to service industries.</li> <li>6) Help to issue shares or debentures of any company, or any other corporate body, guarantee or underwrite such shares or debentures, and undertake any agency business but not become a managing agent.</li> <li>7) Conduct transactions in such bonds, promissory notes or bills of exchange relating to commerce or corporations as are redeemable within the Kingdom of Nepal.</li> <li>8) Conduct transactions in bills of exchange regarding export commodities produced in the Kingdom of Nepal.</li> <li>9) Conduct transactions in foreign exchange, subject to current Nepal laws.</li> <li>10) Grant overdrafts for a term not exceeding 6 months to persons trusted by the bank.</li> <li>11) Supply loans against the security of movable or immovable assets.</li> <li>12) Prescribe necessary conditions in the interest of the bank while conducting trans-</li> </ol>

	Philippines	Singapore	Sri Lanka	Thailand
<b>E. Operations of Banks/ Restrictions on Operations</b>	<p>1. Commercial banks may accept drafts and issue letters of credit, discount and negotiate promissory notes, drafts, bills of exchange and other evidences of debt; receive deposits, buy and sell foreign exchange and gold or silver bullion and lend money against personal security or against securities consisting of personal property or mortgages on improved real estate and insured improvements thereon. It may accept or create demand deposits subject to withdrawal by cheque, offer NOW accounts, invest on equities of allied undertaking and acquire readily marketable bonds and other debt securities. In addition to the foregoing commercial banking powers, an expanded commercial bank may exercise the powers of investment houses, invest in equity of non-allied undertaking and to own up to 100% of the equity of a financial intermediary other than a commercial bank or a bank authorised to provide commercial banking services. Banking institutions may also perform the following services:</p> <p>a) Receive in custody funds, documents and valuable objects and rent safety deposit boxes for the safeguarding of such effects;</p> <p>b) Act as financial agent and buy and sell by order of and for the account of their customers, shares, evidences of indebtedness and all types of securities; and,</p> <p>c) Make collections and payments for the account of others and perform such other services for their customers as are not incompatible with banking business.</p> <p>2. The Monetary Board shall determine the minimum and maximum rates at which the bank may buy spot exchange and shall establish deviation limits from the effective exchange rate or rates as it may deem proper. The Monetary Board may issue also such regulations governing bank purchases and sales of non-spot exchange.</p> <p>3. The Monetary Board may require the banks to sell to the Central Bank all or part of their surplus holdings of foreign exchange.</p>	<p>1. A bank shall not:</p> <p>a) grant credit to a single customer in excess of 30% of capital funds or with the approval of MAS up to but not more than 100% of the capital funds;</p> <p>b) grant credits against security of own shares;</p> <p>c) grant unsecured credits which in aggregate and outstanding at any time exceed S\$5,000 to directors, a firm where directors have an interest and to any corporation described in Section 6 of Companies Act;</p> <p>d) grant to employees other than directors unsecured advances more than 1 year's emolument; and,</p> <p>e) grant substantial loans (loans exceeding 15% of the bank's capital funds) which in the aggregate exceeds 50% of the bank's total credit facilities.</p> <p>2. A bank shall not engage in wholesale and retail trade and import and export trade.</p> <p>3. A bank shall not acquire or hold any part of the share capital or have an interest in any financial, commercial, industrial, agricultural or other undertaking exceeding in the aggregate 40% of the bank's capital funds. This restriction does not apply in respect of those shareholdings in companies whose function is incidental to banking business and which have been approved in writing by the Authority.</p> <p>4. A bank shall not acquire an interest of 20% or more of the share capital of any company without obtaining the approval of the Authority.</p> <p>5. A bank shall not purchase immovable property more than 40% of capital funds, except as may be necessary for conducting its business or housing staff.</p> <p>6. A bank shall not make loans exceeding in aggregate 30% of deposits in Singapore on security of immovable property to purchase, improve or alter such property except with the written approval of MAS but not in excess of 60% of deposits in Singapore.</p>	<p>1. Banks may accept deposits, grant credit facilities in the form of letters of credit, overdrafts, loans, discount and negotiate promissory notes, drafts, bills of exchange, buy and sell foreign exchange and lend money against securities.</p> <p>*****</p>	<p>1. No commercial bank shall:</p> <p>a) reduce its capital without the authorisation of the Minister of Finance;</p> <p>b) in favour of any of its directors, grant credit, guarantee loans or guarantee payment in respect of the selling, discounting or rediscounting of bills;</p> <p>c) accept its own shares as security for granting of credit or accept a commercial bank's shares from any other commercial bank as security for the granting of credit;</p> <p>d) purchase or permanently hold immovable properties except:</p> <p>i) for use as premises for the business of the commercial bank or as facilities for its officers and employees with the approval of the BOT. Such approval may be granted with conditions, or</p> <p>ii) those acquired as a result of a debt settlement or a guarantee in respect of credit granted or as a result of the purchase of an immovable property mortgaged to the commercial bank at an auction conducted pursuant to an order of a court or an official receiver;</p> <p>e) purchase or hold shares of any limited company in an amount exceeding 10% of the total amount of such company's shares sold or purchase or hold shares or debentures at an aggregate value, separately or in combination, exceeding 20% of the capital funds of the commercial bank, unless authorised by the BOT. Such authorisation may be given with conditions to be complied with;</p> <p>f) purchase or hold shares in any other commercial bank except those acquired as a result of a debt settlement or a guarantee in respect of credit granted; provided that such shares shall be disposed of within 6 months from the date of acquisition, or those acquired as permitted by the Minister with the recommendation of the BOT. Such permission may be granted with any condition;</p> <p>g) pay money or give any other property to any of its directors, officers or employees as commission or remuneration for or by reason of any transaction or business of the commercial bank other than gratuities, salaries, bonuses and other allowances which may normally be paid to them;</p>

	Burma	Indonesia	Malaysia	Nepal
				<p>actions with or advancing credit to any person.</p> <p>13) Conduct enquiries in order to determine whether or not any loan obtained from the bank has been utilised for the purpose for which it had been received.</p> <p>14) Supply a fresh loan in a lump sum or in instalments against the security of the same property which has already been pledged with the bank, or with any other bank or financial institution, to the extent of the total value of such security.</p> <p>15) Make proper arrangement for selling or renting out the assets of the bank.</p> <p>16) Issue, accept, discount, purchase or sell bills of exchange, promissory notes, or hundis.</p> <p>17) Issue discount or endorse letters of credit, drafts and travellers cheques.</p> <p>18) Work as an agent of NRB on conditions prescribed by it, and take custody of, collect, hold or redeem amounts, bullion, or securities, or perform similar other functions on behalf of His Majesty's Government.</p> <p>19) Remit or transmit funds to different places within or outside of the Kingdom of Nepal through bills of exchange, cheques or hundis, arrange for the sale or purchase of bullion, shares – debentures, etc. of companies, collect dividends accruing on shares of companies and interest on promissory notes, debentures, etc.</p> <p>20) In the capacity of a commission agent on behalf of customers, take custody of and arrange for the sale or purchase of shares, debentures or securities of limited companies, collect interest, dividends, etc. accruing from shares, debentures or securities, remit or transmit such interest or dividends to places within or outside the Kingdom of Nepal, make arrangements for the management of any real estate or other property, collect income therefrom, and remit payments within or outside the Kingdom of Nepal.</p> <p>21) Purchase, sell or accept the securities of His Majesty's Government.</p> <p>22) Make all necessary arrangements for performing the functions of a commercial bank.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
	<p>4. The Monetary Board may require the banks to maintain a balanced position between their assets and liabilities in Philippine pesos or in other currencies in which they operate.</p> <p>5. The Monetary Board may place an upper limit on the amount of loans and investments which the bank may hold, or may place a limit on the rate of increase of such assets within specified periods of time.</p> <p>6. Any commercial bank/expanded commercial bank may purchase, hold and convey real estate for the following purposes only:</p> <p>a) Such as shall be necessary for its immediate accommodation in the transaction of its business but the total investment shall not exceed 50% of net worth;</p> <p>b) Such as shall be mortgaged to it in good faith by way of security for debts; and,</p> <p>c) Such as it shall purchase at sales under judgment, decree, mortgages or trust deeds held by it and such as it shall purchase to secure debts due to it.</p> <p>But no such bank shall hold the possession of any real estate under mortgage or trust deeds, on the title and possession of any real estate purchased to secure any debt due to it, for a period longer than 5 years.</p> <p>7. Banking institutions shall not engage in insurance business as the insurer.</p> <p>8. Banking institutions generally shall not enter, directly or indirectly, into any contract of guaranty or surety, or shall guarantee the interest or principal of any obligation of any person, co-partnership, association, corporation or other entity.</p> <p>9. Banks shall grant loans only in the amounts and for the periods of time essential for the effective completion of the operations to be financed. The amortization schedule of bank loans shall be adopted to the nature of the operations to be financed.</p> <p>10. Before granting a loan, banks must exercise proper caution to ascertain that the debtor is capable of fulfilling his commitments to the bank.</p>	<p>7. No bank shall open unnumbered accounts for customers except with written prior approval of MAS. Any bank contravening this shall be liable to a fine not exceeding S\$50,000.</p> <p>8. Numbered accounts are secret and no bank official shall disclose any information unless with permission, the owner is declared bankrupt, a suit arises between the bank and the owner or the owner is required to do so for the purposes of criminal or civil proceedings. Any person contravening this shall be liable to a fine of S\$50,000 or imprisonment not exceeding 3 years or to both.</p> <p>*****</p>		<p>h) sell or give any immovable property or movable properties with an aggregate value exceeding the amount prescribed by the BOT to any of its directors or purchase any property from any of its directors (including related persons or juristic persons), except with the approval of the BOT; or</p> <p>i) do any act which, may cause damage to the economy or the public interest constitute taking unfair advantage of its customers or the persons concerned, or create obstacles to the development of orderly competition in the financial institution system, or result in unfair economic or monopolistic barriers as prescribed by the BOT with the approval of the Cabinet and published in the Government Gazette;</p> <p>2. No commercial bank shall:</p> <p>a) grant any one or several types of credit separately or in combination to any person amounting, at the end of any one day, to an aggregate sum in excess of its proper ratio to the capital funds as prescribed by the BOT with the approval of the Minister of Finance; or</p> <p>b) engage in any one or several types, separately or in combination, of the following transactions for any person, namely, giving aval to bills, accepting bills, issuing letters of credit in respect of which the commercial bank is under obligation to pay an amount of money, guaranteeing loans, or guaranteeing payment in respect of the selling, discounting or rediscounting of bills, amounting, at the end of any one day to an aggregate sum in excess of its proper ratio to the capital funds as prescribed by the BOT with the approval of the Minister of Finance;</p> <p>except with the permission of the BOT in accordance with the rules prescribed by the Minister of Finance. Such permission may be granted with conditions to be complied with.</p>

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	Philippines	Singapore	Sri Lanka	Thailand
	<p>11. Loans against real estate security shall not exceed 70% of the appraised value of the respective real estate security, plus 70% of the appraised value of the insured improvements and such loans shall not be made unless title to the real estate shall be in the mortgagor. Similarly, loans on the security of chattels shall not exceed 50% of the appraised value of security, and such loans shall not be made unless title to the chattels, free from all encumbrance, shall be in the mortgagor.</p> <p>12. Loans granted to any other bank as well as deposits maintained by them in any bank, shall be subject to the loan limit to any single borrower as prescribed. No bank shall make any loan or discount on the security of its own capital stock.</p> <p>13. The Monetary Board may compel any bank to liquidate the business of any branch or agency if such is unlawful and likely to prejudice the interests of creditors.</p> <p>14. The Monetary Board may prescribe security for various bank credits.</p> <p>*****</p>			<p>The BOT may or may not, at its own discretion, prescribe the ratio under (b) of the first paragraph.</p> <p>The prescription under (a) or (b) of the first paragraph shall be published in the Government Gazette and if such prescription has the effect of lowering the relevant ratio, it shall not be operative until after the lapse of 15 days from the date of its publication.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>F. Appointment/ Removal of Directors and Officers</b>	<p>1. All members of the board of directors are appointed by Government.</p> <p>*****</p>	<p>1. Members of the board of directors of state-owned banks shall be Indonesians, appointed and discharged by the President on the recommendations of the Minister of Finance.</p> <p>2. Appointment of directors of other banks is subject to approval by BI.</p> <p>*****</p>	<p>1. Under certain circumstances, BNM may, with the concurrence of the Minister of Finance, legally remove from office any of a bank's director or appoint any person as a bank director. In practice, the appointment of bank directors is with the prior approval of BNM which conducts security and financial checks on proposed directors.</p> <p>*****</p>	<p>1. A commercial bank shall have a board of directors consisting of not more than 9 persons.</p> <p>2. In case of a commercial bank where the Government holds the majority of the shares, more than half of the directors are appointed by His Majesty's Government among whom one of the directors belongs to the NRB. The rest of the directors are elected by the general meeting.</p> <p>3. In commercial banks fully owned by the Government, all the directors are appointed by His Majesty's Government, among whom there are 2 directors from NRB. The tenure of the chairman as well as the directors will be 4 years. The chairman as well as the directors can be re-appointed or re-elected only for the second term.</p> <p>*****</p>



	Philippines	Singapore	Sri Lanka	Thailand
<b>F. Appointment/ Removal of Directors and Officers</b>	<p>1. The Monetary Board may pass upon and review the qualifications of persons who are elected or appointed directors and officers and disqualify those found unfit. The Monetary Board prescribes the qualifications of bank directors and officers.</p> <p>2. Minimum qualifications for directors and officers:</p> <p>Directors –</p> <p>a) At least 25 years of age at the time of his election or appointment; and,</p> <p>b) At least a college graduate or have at least 5 years experience in business, or have undergone training in banking acceptable to Central Bank.</p> <p>Officers –</p> <p>a) At least 21 years of age; and,</p> <p>b) At least a college graduate, or have at least 5 years experience in banking or trust operations or related activities or in a field related to his position and responsibilities, or have undergone training in banking or trust operations acceptable to the Central Bank, provided, however, that trust officers shall have at least 2 years of actual experience or training in trust operations or fund management or other related fields.</p> <p>3. Persons disqualified to become directors and officers are those:</p> <p>a) who have been convicted of an offence involving moral turpitude or judicially declared insolvent, spend-thrift or incapacitated to contract;</p> <p>b) who refuses to disclose the extent of their business interests to the Central Bank;</p> <p>c) who have been absent for more than 50 per cent of all board meetings of the board of directors for a 2-year period reckoned from the date of election of director concerned;</p> <p>d) who are delinquent in the payment of their obligations;</p> <p>e) who have wilfully failed or refused to comply with any banking law, order, instruction or regulation issued by the Monetary Board or by the Governor, or to have committed irregularities or to have conducted business in an unlawful, unsafe or unsound manner as determined by the Monetary Board; and,</p>	<p>1. When a director or chief executive becomes involved in financial embarrassment or convicted of dishonesty or fraud, he shall cease to hold office, unless written consent is given by MAS.</p> <p>2. If a bank is wound up, the director shall not be on the management of any other bank without the approval of MAS.</p> <p>*****</p>	<p>1. Central Bank does not exercise any control over the appointment and dismissal of directors or chief executives of commercial banks.</p> <p>2. The Regional Rural Development Banks Act provides that the Monetary Board of the CBSL shall, with the concurrence of the Minister of Finance, appoint some of the directors of the board of an RRDB and a chairman from amongst them, or appoint a successor to a director who has vacated his post, remove a director appointed by the Monetary Board, appoint an alternate director or a director to act for the chairman and terminate the appointment of a chairman which shall not be called in question in any court.</p> <p>*****</p>	<p>1. No commercial bank shall appoint or allow any person with any of the following qualifications or attributes to be or to perform the duties of a director, manager, deputy manager, assistant manager or adviser:</p> <p>a) Being a bankrupt;</p> <p>b) Having been imprisoned by a final court judgment for an offence related to property committed with dishonest intent;</p> <p>c) Having been dismissed or discharged from the government service or other government organizations or agencies on a charge of dishonest act in office;</p> <p>d) Having been a director, manager, deputy manager, assistant manager of a commercial bank with its licence withdrawn unless an exception has been granted by the BOT;</p> <p>e) Being removed from a position in a commercial bank on recommendation of the Minister of Finance;</p> <p>f) Being a government official in political services;</p> <p>g) Being a government official with duty to control the operations of commercial banks or an official of the BOT except in the case of a commercial bank which is a state enterprise under the law on budget procedures or in the case where an approval has been granted by the Minister of Finance for the purpose of assisting the commercial bank concerned on its operations; and</p> <p>h) Being a manager, deputy manager, assistant manager of a partnership or a limited company in which such person himself or any person such as:</p> <p>i) the spouse of a director,</p> <p>ii) a minor child of a director,</p> <p>iii) an ordinary partnership in which a director or a person under (i) or (ii) is a partner,</p> <p>iv) a limited partnership in which a director or a person under (i) or (ii) is a partner with unlimited liability or in which one or more of such persons is a partner or are partners with limited liability in an aggregate amount exceeding 30 per cent of the total capital of such limited partnership,</p>

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	<p>f) who have been removed by the Monetary Board for the following reasons:</p> <ul style="list-style-type: none"> <li>i) wilful delay in the submission of reports/publications thereof as required by law, rules and regulations,</li> <li>ii) refused to permit examination into the affairs of the institution,</li> <li>iii) wilful making of a false statement of the board,</li> <li>iv) wilful 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.</li> </ul> <p>4. Administrative sanctions on every director/officer:</p> <ul style="list-style-type: none"> <li>a) for wilful violation of the Central Bank Act or any order, instruction, rule or regulation issued by the Monetary Board, the person or persons responsible for such violation shall be punished by a fine of not more than P20,000 or by imprisonment of not more than 5 years; and,</li> <li>b) for committing any of the offences enumerated in the foregoing item (3f): <ul style="list-style-type: none"> <li>i) fines not in excess of P500 a day for each type of violation, and</li> <li>ii) suspension, or after due hearing, removal of directors and/or officers.</li> </ul> </li> </ul> <p>5. In order to safeguard against the exercise by the same person or group of persons of undue influence over the policy-making and/or management functions of similar financial institutions that could have an adverse effect on competition or which could result in conflict of interest situations to the detriment of others, interlocking directorships and/or officerships within the financial system shall be regulated.</p> <p>*****</p>			<ul style="list-style-type: none"> <li>v) a limited company in which a director or a person under (i) or (ii) or a partnership under (iii) or (iv) holds shares, separately or in combination, in an aggregate amount exceeding 30% of the total amount of such limited company's shares sold, and</li> <li>vi) a limited company in which a director or a person under (i) or (ii) or a partnership under (iii) or (iv) or a limited company under (v) hold shares, separately or in combination, in an aggregate amount exceeding 30% of the total amount of such limited company's shares sold,</li> </ul> <p>is a shareholder; except that such person may be appointed or allowed to perform the duties of a director or adviser of a commercial bank and has no power of management.</p> <p>2. No person serving as a director or holding any other position in a commercial bank shall concurrently serve as a director or hold any other position in another commercial bank, except in the capacity of legal counsel or in other capacities not connected with the operation of, or the giving of advice to a commercial bank.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>G. Restrictions on Lending to Directors and Affiliates</b>	<p>1. No restrictions.</p> <p>*****</p>	<p>1. Credits granted to directors and affiliates shall be treated equally like other customers.</p> <p>*****</p>	<p>1. A bank shall not grant any advance, loan or credit facility under the exemption referred to in sub-section 4 of Section 26A unless the advance, loan or credit facility meets the standard of credit worthiness required of other borrowers, is on not less favourable terms, serves the best interest of the bank and approved by at least 2/3 of directors at a duly constituted meeting of the full board of directors and the decision recorded in the minutes.</p> <p>2. Each director shall disclose interests in credit facilities and the declaration shall be circulated to all directors.</p> <p>3. A licensed bank is prohibited from granting loans to its directors under the following situations:</p> <ul style="list-style-type: none"> <li>a) To the director personally;</li> <li>b) To any firm in which the director is interested as a partner, manager, agent or guarantor;</li> <li>c) To any corporation in which the director is a member (that is, holds even one share) director, manager, agent or guarantor;</li> <li>d) To any corporation in the shares of which the director has any interest, directly or indirectly; and,</li> <li>e) To any individual for whom the director is a guarantor.</li> </ul> <p>The provisions (c) and (d) do not apply to an executive director of a bank.</p> <p>*****</p>	<p>1. A bank shall not grant loans to any director.</p> <p>2. A bank shall not grant loans of any kind without security to any institution or company in which any member of the board of directors has provided a guarantee or is a managing agent or a partner.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>G. Restrictions on Lending to Directors and Affiliates</b>	<ol style="list-style-type: none"> <li>Any direct or indirect borrowing by a director or officer of a bank for himself or as a representative or agent for others, is required to be approved in writing by a majority of directors excluding the director concerned. The approval shall be entered into the records of the banks and a copy submitted to Central Bank.</li> <li>The total outstanding direct credit accommodations to each of the bank's directors, officers or stockholders shall not exceed, at any time, an amount equivalent to his outstanding deposits and book value of his paid-in capital contribution in the lending bank; provided, that unsecured credit accommodations to each of the bank's director, officer or stockholder shall not exceed 30% of his total credit accommodations.</li> <li>Except with the prior approval of the Monetary Board, the total outstanding borrowings of directors, officers and stockholders shall not exceed 15% of the total loan portfolio of the bank or 100% of combined capital accounts net of such unbooked valuation reserves and other capital adjustments as may be required by the Central Bank, provided that the total unsecured borrowings of directors, officers and stockholders shall not exceed 30% of the aggregate ceiling or the outstanding direct/indirect loans thereto, whichever is lower.</li> <li>Violations of any of the Central Bank rules and regulations on loan to DOSRI are subject to the following sanctions: <ol style="list-style-type: none"> <li>Prohibition on the bank from declaring dividends until the outstanding loans and other credit accommodations have been reduced to within the prescribed ceiling and/or pledging paid-in capital contributions earmarked as bases for his individual ceiling resulting in his exceeding his individual ceiling.</li> <li>Disqualification of the directors voting for the approval of the loan in excess of any of the prescribed ceilings from participating in the approval of loans or credit, to officers, directors and stockholders of the bank.</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>A bank shall not grant unsecured loans in excess of S\$5,000 to any director or to a firm in which the bank or any of its directors has an interest or to an individual or firm of whom any of its directors is a guarantor, to any of its non-banking related companies (as defined in Section 6 of Companies Act). The term "director" includes husband, wife, father, mother, son or daughter of the director.</li> </ol>	<ol style="list-style-type: none"> <li>No restrictions on lending to directors except in the case of Bank of Ceylon.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>No commercial bank shall, in favour of any of its directors, grant credit, guarantee loans or acceptance or giving aval or intervention of honour of any bills which the director is a drawer, a maker of bill or an indorser.</li> <li>The granting of credit or loan guarantee or acceptance or giving aval or intervention of honour of any bills which the following persons or juristic persons are drawers, or makers of bills or indorsers shall also be regarded as the granting of credit as aforesaid to or for the benefit of its director in (1): <ol style="list-style-type: none"> <li>The spouse of a director;</li> <li>A minor child of a director;</li> <li>An ordinary partnership in which a director or a person under (a) or (b) is a partner;</li> <li>A limited partnership in which a director or a person under (a) or (b) is a partner with unlimited liability or in which one or more of such persons is a partner or are partners with limited liability in an aggregate amount exceeding 30% of the total capital of such limited partnership;</li> <li>A limited company in which a director or a person under (a) or (b) or a partnership under (c) or (d) holds shares, separately or in combination, in an aggregate amount exceeding 30% of the total amount of such limited company's shares sold; and,</li> <li>A limited company in which a director or a person under (a) or (b) or a partnership under (c) or (d) or a limited company under (e) holds shares, separately or in combination, in an aggregate amount exceeding 30% of the total amount of such limited company's shares sold.</li> </ol> </li> </ol> <p>*****</p>

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	Philippines	Singapore	Sri Lanka	Thailand
	<p>c) Application of (i) the borrowing director's or officer's share in the bank's profit sharing programme and (ii) the share of the director voting for the approval of the loan against the excess of such loan over any of the prescribed ceiling.</p> <p>d) Imposition of a fine of 1/10 of 1% of the excess over the ceilings per day but not to exceed P500 a day on:</p> <ul style="list-style-type: none"> <li>i) The lending bank and the director, officer or stockholder whose borrowing exceeds his individual ceiling,</li> <li>ii) Each of the directors voting for the approval of the loan in excess of the ceiling,</li> <li>iii) The director, officer or stockholder who assigns or subjects his outstanding deposits to a holdout agreement, or pledges his paid-in capital contribution in the lending bank, which deposits and capital contribution constitute the bases for determining his individual ceiling, and</li> <li>iv) Suspension, or after due hearing, removal from office of the director or officer: (a) borrowing from the bank in excess of his individual ceiling, and (b) subjecting to an assignment or holdout agreement outstanding deposits.</li> </ul> <p style="text-align: center;">*****</p>			

	Burma	Indonesia	Malaysia	Nepal
<b>H. Restrictions on Lending to Employees</b>	n.p.	n.p.	<p>1. Prohibition on lending to officers or employees: A licensed bank is prohibited from granting loans to its officers or employees under the following situations:</p> <ul style="list-style-type: none"> <li>a) To the officer or employee personally;</li> <li>b) To any firm in which the officer or employee is interested as a partner, manager, agent or guarantor;</li> <li>c) To any corporation in which the officer or employee is a director, manager, agent or guarantor;</li> <li>d) To any corporation in the shares of which the officer or employee has any material interest as determined by Bank Negara; and,</li> <li>e) To any individual for whom the officer or employee is a guarantor.</li> </ul> <p>An executive director of a bank is deemed an officer or employee of the bank.</p> <p>2. Exemptions: Section 26A specifically exempts the following:</p> <ul style="list-style-type: none"> <li>a) Loans to executive directors, bank officers and employees which are provided under the bank's scheme of service;</li> <li>b) Where the bank is satisfied that special or compassionate circumstances exist, loans not exceeding at any one time 6 months' remuneration of the executive director, officer or employee on such terms and conditions as the bank thinks fit;</li> <li>c) Loans to a corporation quoted on the stock exchange and in the shares of which no non-executive director of the bank has, directly or indirectly, any material interest; and,</li> <li>d) Loans to a public company in which the non-executive director of the bank has no interest in his personal capacity.</li> </ul> <p style="text-align: center;">*****</p>	<p>1. Though the Act does not spell out anything clearly about lending to the bank employees, the bank can lend to the bank employees under various schemes such as housing loan, transport facilities loan, loan for social work and provident fund loan, etc. However, all these loan schemes need the approval of the board of directors.</p> <p style="text-align: center;">*****</p>



	Philippines	Singapore	Sri Lanka	Thailand
<b>H. Restrictions on Lending to Employees</b>	<ol style="list-style-type: none"> <li>1. All loans or credit accommodations to bank officers and employees, except those granted under the fringe benefit programme of the bank shall be subject to the same terms and conditions imposed in the regular lending operations of the bank.</li> <li>2. Bank may provide financial assistance to their officers and employees, as part of their fringe benefit programme, to meet the housing, transportation, household and personal needs of their officers and employees.</li> <li>3. The mechanics of such financial assistance shall be embodied in a financing plan, which shall be submitted to the Central Bank for prior approval.</li> <li>4. The aggregate outstanding loans granted under the bank's fringe benefit programme inclusive of those granted to officers in the nature of lease with option to purchase, shall not exceed 5% of the bank's total loan portfolio.</li> <li>5. Violations of the foregoing provisions are subject to penalties/administrative sanctions.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. A bank shall not grant to any employee unsecured advances or loans which in aggregate and outstanding at any time exceed 1 year's emoluments of the employee.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. There are no restrictions to the granting of secured loans.</li> </ol> <p>*****</p>	n.p.

	Burma	Indonesia	Malaysia	Nepal
<b>I. Restrictions on Operations of Subsidiary Companies/Businesses</b>	n.p.	<p>1. With the approval of BI, banks may participate in the establishment and/or management of any enterprise engaged in banking or in other economic activity.</p> <p>*****</p>	<p>1. A bank wishing to form a subsidiary company should obtain the prior approval of BNM.</p> <p>*****</p>	<p>1. A bank shall not be permitted to establish a subsidiary company except for the following purposes:</p> <p>a) Manage assets or trusts acquired under trust;</p> <p>b) Manage safe deposit vaults; and,</p> <p>c) Transact other types of business useful to banking business or to industrial development if approved by NRB.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>I. Restrictions on Operations of Subsidiary Companies/Businesses</b>	<p>1. Banks may invest in equities of allied undertakings such as warehousing companies, leasing, storage, safe deposit companies and companies engaged in management of mutual fund.</p> <p>*****</p>	<p>n.a.</p>	<p>1. Banks established under the Companies Act may not form any subsidiary company which is not a banking company and may not hold shares in any other company as pledgee, mortgagee, or absolute owner of an amount exceeding 40% of the issued share capital of that company.</p> <p>*****</p>	<p>1. No commercial bank shall:</p> <p>a) purchase or hold shares of any limited company in an amount exceeding 10% of the total amount of such company's shares sold or purchased or hold shares or debentures at an aggregate value, separately or in combination, exceeding 20% of the capital funds of the commercial bank, unless authorised by the BOT. Such authorisation may be given with conditions to be complied with; and,</p> <p>b) purchase or hold shares in any other commercial bank except those acquired as a result of a debt settlement or a guarantee in respect of credit granted, provided that such shares shall be disposed of within 6 months from the date of acquisition or those acquired as permitted by the Minister with the recommendation of the BOT. Such permission may be granted with any condition.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>J. Loans to Single Borrowers</b>	---	n.a.	<ol style="list-style-type: none"> <li>1. The Central Bank introduced guidelines on the credit limit to a single customer for all the commercial banks and merchant banks on 8 September 1984. The maximum limit for loans to any customer was set at 30% of a bank's capital funds for domestic banks and merchant banks, and 30% of net working funds in the case of foreign banks. The limit would apply to the approved limit for the credit facilities or the amount of loans disbursed, whichever is higher. In respect of loans which had already exceeded the limit set, the banks were given a grace period of 2 years to adjust in order to comply. Fixed term loans with predetermined repayment schedules would be allowed to run to maturity, even though the amount involved would still exceed the limit after the grace period.</li> <li>2. In addition to this limit, banks were required to observe an overall limit for "large" loans. The limit was set at 50% of total credit facilities in the form of such "large" loans. A "large" loan was defined as any credit facility granted by a bank to any customer, which in the aggregate exceeded 15% of the bank's capital funds or net working funds. Bearing in mind the inherent risks involved if a bank were to over-extend itself to a single customer and its related interests, the definition of an individual was widened to include companies over which the individual exercises control, either directly or indirectly, and partnerships, where the individual is a partner. In cases where the individual sits as a director in companies and has provided guarantees for the borrowings of these companies, loans to these companies would be aggregated with loans to the individual. In the case of a corporation, credit facilities extended to the corporation would be aggregated with the credit facilities of its related corporations as defined in Section 6 of the Companies Act, 1965, and its "associate" companies. For this purpose, a cut-off level of 20% of the issued capital would be adopted.</li> </ol>	n.a.

	Philippines	Singapore	Sri Lanka	Thailand
<b>J. Loans to Single Borrowers</b>	<ol style="list-style-type: none"> <li>1. Except as the Monetary Board may prescribe, total loans to a single borrower shall not exceed 15% of the unimpaired capital and surplus of the bank, and may amount to a further 15% provided the additional liabilities are adequately secured by shipping documents, warehouse receipts or other similar documents transferring or securing title covering readily marketable, non-perishable staples, which staples must be fully covered by insurance and must have a market value equal to at least 125% of such additional liabilities.</li> <li>2. Loan accommodations granted by commercial banks to any other bank, as well as deposits maintained by them in any bank licensed to do business in the Philippines is subject to the loan limit to a single borrower.</li> <li>3. Even if parent corporation/co-partnership has no limit to the bank, the liabilities of its subsidiaries or members shall automatically be combined for purposes of the single borrower's loan limit (SBL).</li> <li>4. Foreign and domestic stand-by and deferred L/Cs shall be included in determining compliance with SBL.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Total loans and advances including guarantees to any single borrower may not exceed 30% of capital funds or 100% if approval is given by MAS.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Single borrower limits are 30% of capital funds for indigenous banks and 15% of total advances for foreign banks.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The amount of money lent or credit granted by a commercial bank to any person at any time shall not exceed 25% of its capital funds.</li> </ol> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
			<p>3. Credit facilities would include all bank guarantees and contingent liabilities executed on behalf of bank customers. However, credit extended for imports into or exports from Malaysia or trade within Malaysia, against letters of credit or bills of exchange would be exempted. In addition, self-liquidating trade-related transactions, such as bills for collection, letters of credit, the rediscounting of bills, including bankers acceptances, and the sale of such bills under repurchase agreements, would be excluded in the computation of credit facilities.</p> <p>4. In respect of the forward purchases and sales of foreign currency (transacted on behalf of customers), 10% of such transactions would be included as credit facilities. The inclusion was based on prudential considerations. Although such transactions are usually covered forward, the risk of default still remained and as such, these transactions should not be entirely excluded from the total credit facilities. Credit facilities granted to the Government of Malaysia, Permodalan Nasional Berhad and the Government of any State (whether in ringgit or foreign currency) and loans extended with the guarantee of the Federal Government were exempted. However, other loans granted in foreign currency would not be exempted. For the purposes of the single customer credit guideline, capital funds and net working funds will have the same definition as that used for purposes of the capital adequacy ratio.</p> <p>*****</p>	

	Philippines	Singapore	Sri Lanka	Thailand

	Burma	Indonesia	Malaysia	Nepal
<b>K. Investment in Securities</b>	<p>1. Banks can invest in securities issued or guaranteed by the government or by an institution controlled by the government or by a foreign government or by an international institution.</p> <p>*****</p>	<p>1. Commercial banks are free to invest in any securities.</p> <p>2. Savings banks should invest primarily in gilt-edged securities.</p> <p>3. BI may permit all banks to invest in money market securities.</p> <p>*****</p>	<p>1. Banks can hold shares in companies* which qualify for trustee investments up to 10% of paid-up capital of such companies or up to 10% of paid-up capital and published reserves for domestic banks and 10% of net working funds for foreign banks. (*These are companies quoted on the Kuala Lumpur Stock Exchange and have a paid-up capital of not less than M\$5 million and have been paying dividends for the last 5 years.)</p> <p>2. Investments above 10% in trustee shares require prior approval of BNM.</p> <p>3. No bank can hold, on their own account shares of trustee corporations to an aggregate value at cost in excess of 25% of paid-up capital and published reserves or 25% of net working funds (for foreign banks).</p> <p>4. Banks are free to invest in Treasury bills and Government securities.</p> <p>*****</p>	<p>1. The bank can invest in the securities of His Majesty's Government.</p> <p>*****</p>



	Philippines	Singapore	Sri Lanka	Thailand
<b>K. Investment in Securities</b>	<p>1. Commercial banks may acquire readily marketable bonds and other debt securities subject to such rules as the Monetary Board may promulgate. These rules may include, but need not be limited to the determination of bonds and other debt securities eligible for investment, the maturities and aggregate amount of such investment.</p> <p>2. Eligible government securities may form part of the reserves against deposit liabilities, deposit substitute liabilities and other reserve requirements; hence, an attractive investment outlet of banks; government securities are also considered eligible for purposes of investment deposit ratio policy whereby 75% of total deposits accumulated by branches, agencies, extension offices, etc., and/or head offices of commercial banks in a particular region (outside Metropolitan Manila) shall be invested therein as a means to develop that region. Investment in government securities is also temporarily resorted to by banks to comply with the required allocation (10% of loanable funds) for agrarian reform credit.</p> <p>3. Investment in government securities is considered non-risk assets for purposes of determining bank's compliance with the minimum capital requirement.</p> <p>*****</p>	<p>1. A bank shall not acquire or hold any part of the share capital or otherwise have an interest in any agricultural, commercial, financial, industrial or other undertaking exceeding in total 40% of the bank's capital funds except the shareholding the bank acquires in its normal business. These shall be disposed of at the earliest opportunity. The 40% does not apply to any share-holdings approved in writing by MAS.</p> <p>*****</p>	<p>1. Banks established under the Companies Act may not hold shares in any company whether as pledgee, mortgagee or absolute owner of an amount exceeding 40% of the issued capital of that company except when that company is the bank's subsidiary.</p> <p>*****</p>	<p>No commercial bank shall:</p> <p>1) Purchase or hold shares of any limited company in an amount exceeding 10% of the total amount of such company's shares sold or purchased or hold shares or debentures at an aggregate value, separately or in combination, exceeding 20% of the capital funds of the commercial bank, unless authorised by the BOT. Such authorisation may be given with conditions to be complied with.</p> <p>2) Purchase or hold shares in any other commercial bank except those acquired as a result of a debt settlement or a guarantee in respect of credit granted, provided that such shares shall be disposed of within 6 months from the date of acquisition or those acquired as permitted by the Minister with the recommendation of the BOT. Such permission may be granted with any condition.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>L. Purchase of Real Estate</b>	<p>1. Not applicable as banks are state-owned.</p> <p>*****</p>	<p>1. Banks may own immovable property for their own use, for example, as premises for banking business or for accommodating staff. Bank's premises should not exceed 50% of its capital.</p> <p>*****</p>	<p>1. Banks may own immovable property for premises for conducting banking business or accommodation for staff. In practice approval is sought from BNM prior to acquisition of such property.</p> <p>*****</p>	<p>1. A bank can invest in real estate not for the purpose of trading on itself but for the purpose of building up premises to carry out its regular functions specified in the Act.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>L. Purchase of Real Estate</b>	<p>1. A bank may purchase, hold and convey real estate for the following reasons:</p> <ul style="list-style-type: none"> <li>a) Premises for conducting business provided such investments do not exceed 50% of its net worth;</li> <li>b) Property mortgaged as security;</li> <li>c) Property conveyed by consideration of debts previously contracted; and,</li> <li>d) Property purchased at sales under judgment, decrees, mortgages or trust deeds held by the bank and property purchased to secure debts.</li> </ul> <p>2. A bank shall not hold any real estate under mortgage or trust deed or title or possession of any real estate purchased to secure any debt for more than 5 years.</p> <p>*****</p>	<p>1. A bank shall not purchase or acquire immovable property or any right therein exceeding in aggregate 40% of the capital fund except as may be necessary for conducting business or for housing for staff.</p> <p>2. Immovable property acquired from business shall be disposed of by sale or auction at earliest suitable opportunity.</p> <p>*****</p>	<p>1. Banks may own immovable property for premises and accommodation for staff.</p> <p>*****</p>	<p>1. No commercial bank shall purchase or permanently hold immovable properties except:</p> <ul style="list-style-type: none"> <li>a) for use as premises for the business of the commercial bank or as facilities for its officers and employees with the approval of the BOT. Such approval may be granted with conditions; or</li> <li>b) those acquired as a result of a debt settlement or a guarantee in respect of credit granted or as a result of the purchase of an immovable property mortgaged to the commercial bank at an auction conducted pursuant to an order of a court or an official receiver.</li> </ul> <p>2. A commercial bank shall dispose of its immovable property acquired in accordance with 1(b) within 5 years from the date of acquisition, unless the BOT has granted extension to such period of time or given approval to use such immovable property for premises as specified in 1(a).</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>M. Priority Areas of Lending</b>	<ol style="list-style-type: none"> <li>1. Agricultural loans — seasonal loans, medium-term loans, and long-term loans.</li> <li>2. Loans to cooperatives.</li> <li>3. Industrial loans.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. Credit priority for the development of small scale industry, cooperatives, rural areas, smallholder plantations as well as for export activities.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The commercial banks and finance companies are required to accord special emphasis on lending to the priority sectors of the economy, namely, the Bumiputera community, agricultural food production, housing and small-scale enterprises.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. The Act does not make any specific reference to priority sector lending. However, in recent years, NRB has directed 7% of total loan disbursements to be made in the priority sectors and 25% on the productive sectors.</li> <li>2. In Nepal's Sixth Annual Plan, priority is given to the agricultural sector. Development of animal husbandry and horticulture is emphasized. Other priority areas are cottage and small-scale industries, exports and import-substituting industries.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>M. Priority Areas of Lending</b>	<p>1. Effective 30 June 1975, all banks must set aside 25% of loanable funds for agrarian reform credit (10%) and general agricultural credit (15%). If there are no qualified borrowers, amount not loaned shall be invested in approved Government securities.</p> <p>*****</p>	<p>n.p.</p>	<p>1. Agriculture, industry, exports and tourism have been identified as priority areas of lending. In order to induce commercial banks to lend to these sectors, CBSL provides refinance facilities at concessionary interest rates to commercial banks.</p> <p>*****</p>	<p>For purposes of national development or rectification of any adverse economic conditions, the Minister of Finance shall have power, upon recommendation of the BOT, to impose the following measures:</p> <ol style="list-style-type: none"> <li>1) Directing commercial banks to grant credits to any type of enterprise at not less than the rate prescribed.</li> <li>2) Prohibiting commercial banks to increase the amount of credits granted to any type of enterprise or to increase such amount to the level in excess of the rate prescribed.</li> </ol> <p>Every measure prescribed under (1) shall have approval of the Cabinet of Ministers. The various rates prescribed under (1) for all types of enterprises shall not altogether amount to more than 20% of the total deposits of a commercial bank as at the end of the preceding year.</p> <p>The rate prescribed under (2) may be expressed as a percentage of the total outstanding amount of credits granted by a commercial bank to any type of enterprise at any one time.</p> <p>The prescription above shall be published in the Government Gazette and such prescriptions may also include rules, conditions and periods of time for compliance.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>N. Sources of Funds</b>	1. Union Government Consolidated Fund, working capital scheme, savings, resort to Central Bank refinancing.	1. The main sources of funds of banks are paid-up capital, deposits, credit from Bank Indonesia including rediscount facilities, and funds generated from selling money market securities.	1. Capital and reserves, deposits from public and private sector, negotiable certificates of deposits issued, inter-financial institution borrowings, bankers acceptances.	1. The main sources of funds are subscribed capital and deposits. But at times, the banks can resort to the Central Bank for refinancing.
<b>O. Uses of Funds</b>	1. Government Treasury bills, loans to priority sectors. *****	1. The main uses of funds are loans, marketable securities and bank's premises. *****	1. Cash, statutory reserves, money at call, inter-financial institution lending, investments in Treasury bills, Government securities, private securities, loans such as overdraft, term loans, trade bills and BAs, fixed assets. *****	1. The various uses of funds of banks are loans to borrowers for various purposes, investment in government securities, shares and bills of exchange, investment on priority sectors and investment on loans and buildings of banks. *****

	Philippines	Singapore	Sri Lanka	Thailand
<b>N. Sources of Funds</b>	<p>1. Traditional sources of funds in addition to capital are deposits in the form of demand, savings and time deposits. Other sources of bank funds are borrowings from banks, non-banks, private person and entities and other liabilities.</p>	<p>1. Domestic banking units of commercial banks depend largely on non-bank customers for deposits including NCD (41% as at end of March 1987). Borrowings from banks and other liabilities are other important sources of funds, accounting for 43% and 9% as at the end of March 1987. If Asian Currency Units of banks are included, borrowings from banks accounted for about 70% of total resources and deposits of non-bank customers for about 21%.</p>	<p>1. Major sources of funds are deposits of customers, inter-bank borrowings, borrowings from CBSL, other liabilities and reserves and paid-up capital.</p>	<p>1. Major sources of funds in addition to paid-up capital and reserves are deposits of customers, inter-bank borrowings, borrowing from BOT.</p> <p>2. Off-shore borrowings: Floating rate notes, loans, overdraft, etc.</p>
<b>O. Uses of Funds</b>	<p>1. Loans were mainly channelled to sectors which registered significant output levels in the GNP accounts, notably manufacturing and agriculture. Increases in loans were also registered for construction, communication and storage, and financing, insurance and business services.</p> <p>*****</p>	<p>1. Banking credit is concentrated on loans to non-bank customers. As at end of March 1987, about 47% of total bank assets (excluding Asian Currency Units) was in loans and advances (including bills financing), 37% overdrafts. Including Asian Currency Units, loans and advances to non-bank customers accounted for only about 24%.</p> <p>2. Loans were mainly channelled to building and construction, manufacturing and general commerce which accounted for about 62% of total loans and advances in March 1987.</p> <p>3. Banks traditionally engage in banking business of a short-term nature but also provide longer term financing for industries and housing development. A high proportion of short-term credit is extended on a roll-over basis.</p> <p>*****</p>	<p>1. The major uses of funds are the granting of advances.</p> <p>*****</p>	<p>1. Bank funds are mainly channelled to loans and investments. A portion of bank funds are utilised to meet reserve requirements such as against deposit liabilities and letters of credit.</p> <p>2. The major industries where loans are channelled are manufacturing, agriculture, mining, banks and non-banks, commercial, real estate and construction.</p> <p>3. Investments are usually government securities which are also utilised to meet certain reserve requirements.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal
<b>P. Submission of Information and Data</b>	<p>1. Submit financial and other necessary data within the time prescribed by UBB.</p> <p>*****</p>	<p>1. Banks shall submit information and data regarding their operation in the form prescribed by BI.</p> <p>2. Upon the request of BI, banks shall disclose any information and data contained in their books and files.</p> <p>3. The Minister of Finance or the official appointed by him, may request any material as well as information on the banks through BI. Such information should not be published and be treated confidentially.</p> <p>*****</p>	<p>1. Every bank shall submit the following to BNM:</p> <p>a) A statement of assets and liabilities of offices and branches in Malaysia on the last business day of each month within such period as may be prescribed by BNM;</p> <p>b) Not later than 6 months after close of business of year, a statement of income and expenditure for Malaysian operations;</p> <p>c) A statement of analysis of loans and advances of offices and branches in Malaysia at such intervals and within such period as prescribed by BNM;</p> <p>d) Any other information required by BNM; and,</p> <p>e) Credit information of their customers for purposes of the credit bureau established by BNM, and may also be required to submit a statement to a central bureau established in BNM, showing information of their customers relating to incidences of dishonoured cheques.</p> <p>2. Any information received shall be regarded as secret. Any bank that fails to comply shall on conviction be liable to a fine not exceeding M\$4,000 for every day the default occurs.</p> <p>3. BNM should consolidate and publish such statements furnished under paragraphs 1(a) and 1(c) above.</p> <p>4. Every bank is required to send to BNM within such period as may be prescribed by BNM after the end of each month a statement on credit facilities extended to:</p> <p>a) any corporation quoted on the stock exchange or public company in which its non-executive directors have no material interest or have no interest in their personal capacity respectively; and,</p> <p>b) any individual in whom and any firm in which any directors have an interest.</p>	<p>1. Banks shall submit financial and other necessary particulars to the NRB according to the form and within the time limit as prescribed by NRB.</p> <p>*****</p>



	Philippines	Singapore	Sri Lanka	Thailand																
P. Submission of Information and Data	<p>1. Each bank is required to submit to the appropriate supervising and examining department of the Central Bank various reports such as Consolidated Statement of Condition, Report of Income and Expenses, report on loans granted to directors, officers, stockholders and their related interests, bio-data of directors and officers, report on crimes, schedule of banking hours and days and other miscellaneous reports. Each report has a prescribed due date of reporting and may be daily, monthly, weekly, semestrally, quarterly and annually. The deadlines for submission of reports is reckoned on the basis of banking days instead of on calendar days. For this purpose, banking days mean Monday through Friday or banking days of the Central Bank.</p> <p>2. Effective 1 July 1977, all banks are required to strictly adopt/implement the Uniform System of Accounts prescribed in the corresponding Central Bank Manual, including reportorial and publication requirements.</p> <p>3. Any financial institution, whether or not engaged in quasi-banking functions, which shall wilfully delay the submission of the report on its exposures to individuals, companies or groups of individuals/companies shall pay a fine in accordance with the following schedules:</p> <table><tr><td></td><td>Commer- cial, Specia- lised Govt. Banks &amp; NBQBs</td><td>Thrift Banks, NBFIs without Quasi- Banking Functions</td><td></td></tr><tr><td>a) For banking/ business day of default for the first 5 banking/ business days of default</td><td>P100</td><td>P 50</td><td>P 10</td></tr><tr><td>b) Per banking/ business day of default for the next 5 banking/ business days of default</td><td>P150</td><td>P 75</td><td>P 20</td></tr><tr><td>c) Per banking/ business day of default for the succeeding days of default</td><td>P200</td><td>P100</td><td>P 30</td></tr></table>		Commer- cial, Specia- lised Govt. Banks & NBQBs	Thrift Banks, NBFIs without Quasi- Banking Functions		a) For banking/ business day of default for the first 5 banking/ business days of default	P100	P 50	P 10	b) Per banking/ business day of default for the next 5 banking/ business days of default	P150	P 75	P 20	c) Per banking/ business day of default for the succeeding days of default	P200	P100	P 30	<p>1. Every bank shall furnish MAS with such information at such time and in such manner as MAS may require.</p> <p>2. Every bank shall send to MAS and the Chief Statistician:</p> <p>a) not later than 15 days after the last day of each month, a statement (First Schedule) showing assets and liabilities for end of preceeding month;</p> <p>b) not later than 1 month after the end of each quarter, a statement (Second Schedule) showing loans and advances as at the end of each quarter; and,</p> <p>c) not later than 6 months after the end of the year, a financial statement (Third Schedule) showing income and expenditure for year. Such information is regarded as secret. The MAS or Chief Statistician may prepare and publish consolidated statements.</p> <p>Any bank failing to comply shall on conviction be liable to a fine not exceeding S\$20,000 and for a continuing offence, a further fine of S\$2,000 for every day after conviction.</p> <p>3. Every bank shall send to MAS not later than 15 days after the end of the month a statement on all loans, advances or credit to:</p> <p>a) directors;</p> <p>b) firms in which the bank or any of its directors have an interest;</p> <p>c) any employee in excess of 1 year's remuneration;</p> <p>d) any corporation that is related to the bank as described in Section 6 of the Companies Act;</p> <p>e) any private or public company it has an interest; and,</p> <p>f) any individual in whom and any firm in which any directors have an interest.</p> <p>MAS may, in writing, prohibit the bank from granting more credits or impose restrictions on the loans.</p>	<p>1. Daily:</p> <p>a) Foreign exchange operations;</p> <p>b) Particulars of Letters of Credit transacted; and,</p> <p>c) Prime lending rates.</p> <p>2. Weekly:</p> <p>a) Weekly deposit liabilities (Wednesday figures) and loans and advances to customers;</p> <p>b) Foreign assets and liabilities; inter-bank foreign exchange and money market transactions and TCs issued; and,</p> <p>c) Registration of Floor Price Contracts.</p> <p>3. Monthly:</p> <p>a) Statement of assets and liabilities of commercial banks – domestic and foreign;</p> <p>b) Foreign Currency Banking Unit transactions;</p> <p>c) Statements of all foreign currency accounts held and balances;</p> <p>d) Branch Operations;</p> <p>e) Statement of debits to demand, time and savings accounts;</p> <p>f) Statement of advances granted, refinance loans granted, statement of borrowings from Central Bank.</p> <p>4. Quarterly:</p> <p>a) Quarterly statement of advances and deposits;</p> <p>b) Statement of large advances, irregular advances and past due advances;</p> <p>c) Particulars of supplier's credits and foreign loans granted;</p> <p>d) Statement of cultivation loan recoveries and progress reports of rural banks; and</p> <p>e) Project reports.</p> <p>5. Half-yearly:</p> <p>a) Project performance reports;</p> <p>b) Bank branch reports; and,</p> <p>c) Statement of Special Accounts and Blocked Accounts.</p> <p>6. Annually:</p> <p>a) Income and expenses accounts of Domestic Unit and FCBU; and,</p> <p>b) Bank branch position and staff position.</p> <p>*****</p>	<p>1. Minister is empowered to require a commercial bank to submit periodically or occasionally confidential statements containing particulars specified by him together with notes explaining or amplifying the said statements. Such confidential statements and explanatory notes shall be submitted to BOT.</p> <p>*****</p>
	Commer- cial, Specia- lised Govt. Banks & NBQBs	Thrift Banks, NBFIs without Quasi- Banking Functions																		
a) For banking/ business day of default for the first 5 banking/ business days of default	P100	P 50	P 10																	
b) Per banking/ business day of default for the next 5 banking/ business days of default	P150	P 75	P 20																	
c) Per banking/ business day of default for the succeeding days of default	P200	P100	P 30																	

	<b>Burma</b>	<b>Indonesia</b>	<b>Malaysia</b>	<b>Nepal</b>
			<p>5. Establishment of central bureau for the monitoring of "bad" current accounts: The establishment of a central bureau to monitor "bad" current account holders is required to handle the increasing problem of "bounced" cheques. With the introduction of the new section providing expressly for the setting up of a central bureau, BNM would be empowered to collect and disclose to the banking community, information on and relating to incidences of dishonoured cheques. This would assist the banks to assess the eligibility of the drawers to maintain or open any current account with them. Consequential amendments were made under sections 21(1)(cb) and 21(2) of the Banking Act, 1973 and sections 19(1)(da) and 19(2) of the Islamic Banking Act, 1983 to compel the banks to provide information on current accounts of their customers to the central bureau. Such compulsion by law to disclose to the bureau would protect the banks from actions by their customers for breach of banking secrecy.</p> <p>*****</p>	

	Philippines	Singapore	Sri Lanka	Thailand
	<p>4. Wilful refusal to file the required reports is punishable by a fine of not more than P10,000 or by imprisonment for not more than 1 year, or both, in the discretion of the court.</p> <p>5. Certain weekly, monthly, quarterly, semi-annual and annual statements/reports required to be submitted to the Central Bank by commercial banks are grouped into Category A-1, Category A-2 and Category B with prescribed authorised signatories for each category of report. A report submitted under the signature of an officer who is not an authorised signatory may be considered as not a valid report or may be considered as not having been submitted at all.</p> <p>*****</p>	<p>4. Each director shall declare any interest in any credits and the declaration shall be circulated to all directors. A director guilty of contravention shall be liable to a fine not exceeding S\$50,000 or 3 years imprisonment or both.</p> <p>5. a) Annual: Income and expenditure statements; b) Quarterly: Industrial classification of loans and interest rate charges; and, c) Monthly: Capital and reserves, total deposits of own bank customers, inter-bank funds, investments in securities and equities, loans and advances, bills discounted or purchased.</p> <p>*****</p>		

	Burma	Indonesia	Malaysia	Nepal
<b>Q. Annual Accounts</b>	<p>1. Audited under the Union of Burma Bank Act.</p> <p>*****</p>	<p>1. Every year a bank shall within a period determined by BI submit a balance sheet to BI together with a profit and loss account in a format determined by BI and such explanation needed. The balance sheet and profit and loss account shall be audited by an independent auditor.</p> <p>2. The bank shall make public an annual balance sheet and a profit and loss account.</p> <p>*****</p>	<p>1. Each bank shall appoint an auditor approved by the Minister. The auditor shall audit the accounts of banks incorporated in Malaysia and for banks incorporated outside Malaysia, audit the accounts for Malaysian operations and make a report of the accounts. The report shall be laid together with the report by the directors at the annual general meeting. Any bank failing to comply with this provision shall on conviction be liable to a fine not exceeding M\$20,000.</p> <p>2. Every bank shall exhibit publicly in each office a copy of the latest audited balance sheet, profit and loss account and report of the auditor, the full names of directors and names of all subsidiaries. It shall publish within 14 days of laying of accounts at the annual general meeting in at least 2 local newspapers approved by BNM, one in Bahasa Malaysia and one in English, a copy of the latest audited accounts and report of the auditor. Within 6 months of the close of the financial year, a bank shall forward 2 copies of the latest audited accounts and reports of auditors and directors and, for banks incorporated in Malaysia with branches operating abroad, 2 copies of the latest audited accounts for the operations in Malaysia and 2 copies of the latest audited accounts for the operations in each country outside Malaysia and, for banks incorporated outside Malaysia, 2 copies of the latest audited accounts for operations in Malaysia.</p> <p>3. The form and content of the balance sheet, profit and loss account and report by directors other than the global accounts of foreign banks and oversea branches' accounts of local banks shall be as approved by BNM.</p> <p>4. Any bank that fails to provide BNM with any information on the accounts shall on conviction be liable to a fine not exceeding M\$20,000.</p> <p>*****</p>	<p>1. Within 5 months from the date of the closure of the bank accounts, the bank shall prepare its balance sheet and profit and loss account according to the form and procedure prescribed by the NRB. The balance sheet and profit and loss account shall bear the signature of the general manager, the chief accountant and more than half of the directors of the bank. One copy of such balance sheet and profit and loss account shall be forwarded to the NRB. But in case it has not been possible to prepare such balance sheet for any proper reason, the NRB shall be notified accordingly.</p> <p>2. The accounts of the bank shall be audited under the Company Act by the auditor-general of Nepal if it is fully owned by His Majesty's Government and in the case of other banks, by a general meeting of the shareholders, provided that the general meeting shall not appoint the same auditor for more than 3 consecutive times.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>Q. Annual Accounts</b>	<p>1. Each bank shall cause an annual financial audit to be conducted not later than 30 days after the close of the calendar year or the fiscal year adopted by the bank. Reports on such audits shall be made separately and submitted to the board of directors and the appropriate supervising and examining department of the Central Bank not later than 90 days after the start of such audits.</p> <p>For purposes hereof, an external independent auditor who may be engaged by a bank shall refer to one who does not hold or own 2% or more of equity in that bank. In the case of a partnership, this limitation shall apply to the principal partners or associates. The audit of a government-owned or – controlled bank by an external independent auditor shall be in addition to and without prejudice to that conducted by the Commission on Audit in the discharge of its mandate under existing law.</p> <p>2. The board of directors, in a regular or special meeting shall consider and act on the financial audit reports and shall submit within 30 days after receipt of the reports, a copy of its resolution to the appropriate supervising and examining department of the Central Bank. The resolution shall show, among others, the actions taken on the findings and recommendations as well as the measures adopted by the board of directors to improve or update the bank's managerial or operational performance, policies and practices, audit systems and procedures.</p> <p>3. Within 12 banking days from the beginning of the year, each bank is required to submit a list of stockholders and their stockholdings. An annual updating and as changes in the composition of the board of directors/officers occur, re bio-data of each director and officer of the bank is also required to be submitted annually, within 25 banking days after the close of calendar year; 7 banking days after election/appointment.</p>	<p>1. Each bank shall within 6 months after the end of the financial year or within such period as MAS may specify, publish in at least four local daily newspapers (in English, Malay, Chinese and Tamil) and exhibit throughout the year:</p> <p>a) A copy of its latest audited balance sheet and profit and loss account and a report of the auditors;</p> <p>b) Full names of directors; and,</p> <p>c) Names of all subsidiary companies. A copy of each of the documents shall be submitted to MAS prior to the first publication together with a copy of the directors report. In the case of Singapore banks, the accounts shall be in such form approved by MAS and for banks incorporated outside Singapore, only balance sheet and profit and loss account relating to the bank's Singapore operations shall be in approved form.</p> <p>Any bank failing to comply, will on conviction, be liable to a fine not exceeding S\$5,000 and for a continuing offence S\$1,000 for every day after conviction.</p> <p>2. Each bank shall appoint annually an auditor approved by MAS. The auditor audits the annual accounts and makes a report on the balance sheet and profit and loss account. The MAS may require an auditor to submit such additional information as it considers necessary, enlarge or extend the scope of the audit or to carry out any other examination and submit a report on these matters.</p>	<p>1. At the end of each year, statements of annual accounts and detailed statements of income and expenses are submitted to CBSL (Bank Supervision Department).</p> <p>*****</p>	<p>1. A commercial bank shall record completely and correctly all liabilities and assets in the books of accounts and publish a summary in the form prescribed by the BOT showing liabilities and assets as of the last working day of every month or as any other day as approved by the BOT.</p> <p>The published statement under the first paragraph shall be submitted to the BOT, and shall be posted up in an open place at the commercial bank's office not later than the twenty-first day of the following month and, in addition, shall also be published in at least one daily newspaper unless otherwise prescribed by the BOT.</p> <p>2. Within 4 months from the end of its financial year, a commercial bank shall publish in the form prescribed by the BOT its balance sheet and a profit and loss account which have been approved by the general meeting. The publications shall be posted up in an open place at the commercial bank's office and shall be published in at least one daily newspaper and shall be presented to the Minister and the BOT within 21 days from the date on which they are approved by the general meeting unless otherwise prescribed by the BOT. The balance sheet shall be certified by an auditor who shall be a person approved by the BOT for every financial year and shall not be a director, officer or employee of the commercial bank concerned. A branch of a foreign bank shall publish its balance sheet and a profit and loss account of the foreign bank of which such commercial bank is a branch within 4 months from the end of the financial year of the foreign bank, unless a reasonable cause of delay can be proved. The publications shall be posted up in an open place at the branch of the foreign bank's office.</p> <p>*****</p>

	Burma	Indonesia	Malaysia	Nepal

	Philippines	Singapore	Sri Lanka	Thailand
	<p>4. Within 25 banking days following the date of the annual election of the board of directors as provided in the bank's by-laws a list of the members of the board of directors and officers is required to be submitted by each bank. The list shall be submitted whether or not the annual election results in a change in the composition of the board of directors.</p> <p>*****</p>			

	Burma	Indonesia	Malaysia	Nepal
R. Insolvency	n.a.	n.a.	(See section on Central Bank Intervention )	n.a.



	Philippines	Singapore	Sri Lanka	Thailand
<b>R. Insolvency</b>	<ol style="list-style-type: none"> <li>Whenever a bank is in a state of continuing inability or unwillingness to maintain a condition of liquidity deemed adequate to protect the interest of depositors and creditors, the Monetary Board may appoint a conservator to take charge of the assets, liabilities and the management of that banking institution.</li> <li>Whenever, upon examination by the head of the appropriate supervising or examining department or his examiners or agents into the condition of any bank or non-bank financial intermediary performing quasi-banking functions, it shall be disclosed that the condition of the same is one of insolvency, or that its continuance in business would involve probable loss to its depositors or creditors, it shall be the duty of the department head concerned forthwith, in writing, to inform the Monetary Board of the facts. The Board may, upon finding the statements of the department head to be true, forbid the institution to do business in the Philippines and designate an official of the Central Bank or a person of recognised competence in banking or finance, as receiver to immediately take charge of its assets and liabilities, as expeditiously as possible collect and gather all the assets and administer the same for the benefit of its creditors.</li> <li>The Monetary Board shall thereupon determine within 60 days whether the institution may be reorganised or otherwise placed in such a condition so that it may be permitted to resume business with safety to its depositors and creditors and the general public and shall prescribe the conditions under which such resumption of business shall take place as well as the time for fulfillment of such conditions.  If the Monetary Board shall determine and confirm within the said period that the bank or non-bank financial intermediary performing quasi-banking functions is insolvent or cannot resume business with safety to its depositors, creditors and the general public, it shall, if the public interest requires, order its liquidation.</li> </ol>	<ol style="list-style-type: none"> <li>When a bank considers it is insolvent; unable to meet obligations or suspend payments, it shall inform the MAS.</li> <li>When MAS determines that a bank is insolvent, unable to meet obligations, suspend payments, carries on business detrimental to depositors and creditors, contravenes laws and regulations and fail to comply with conditions of licence, MAS may require the bank to take specific steps MAS considers necessary, appoint a person to advise the bank, MAS assume control over assets and liabilities and take over management. MAS may present a petition to High Court to wind up the bank. Any bank that refuses to submit to control of MAS shall be liable on conviction to a fine not exceeding S\$20,000 and for a continuing offence, a further fine of S\$2,000 every day after conviction.</li> <li>MAS may make an order prohibiting a bank from carrying on banking business.</li> <li>Where a bank is unable to meet obligations or suspends payments or is insolvent, the assets shall be available to meet all deposit liabilities of the bank in Singapore.</li> </ol> <p style="text-align: center;">*****</p>	<ol style="list-style-type: none"> <li>When the Director of Bank Supervision is satisfied that a bank is insolvent or that the interests of the depositors or creditors are in jeopardy, he shall report accordingly to the Governor for submission to the Monetary Board which may make order to suspend the business of the bank and direct the Director of Bank Supervision to take charge of its assets and liabilities and take such action as is necessary to prevent the continuation of business of the bank and this order shall be valid for 6 months.</li> <li>Before the expiry of such a period of 6 months the Board shall make order either to permit the bank to resume business or to cause the Director of Bank Supervision to take action for the winding up of such a bank or a branch of a bank incorporated outside Sri Lanka.</li> <li>When the business of a bank has been suspended, the Director of Bank Supervision may take the necessary steps for the continuation of the business of such bank; appoint an advisor to the bank; assume control of and carry on the business of such bank; reorganise the bank, or amalgamate such bank with any other bank that consents to such amalgamation.</li> </ol> <p style="text-align: center;">*****</p>	<ol style="list-style-type: none"> <li>Any bank which suspends payment shall immediately report to the Minister and shall not transact any business unless authorised in writing by the Minister. A detailed report of the cause of suspension shall be submitted within 7 days of suspension.</li> <li>When a bank suspends payment, the Minister of Finance may appoint a person to investigate and on the basis of the report, he may order the bank to be placed under control. The Minister shall notify the bank in writing and it shall be published in the Gazette and at least one daily newspaper. The Minister shall appoint a control committee (chairman and not less than 2 other members) to carry on the management. The directors and officers of the bank cannot carry on affairs unless authorised by the control committee. When the control committee is of the opinion that the bank can continue operations, it shall inform the Minister who may order the bank to be decontrolled. Such notice is published in the Gazette and at least one newspaper. If the control committee feels that the bank cannot continue, the Minister shall be notified and he may order the dissolution of the bank in the Gazette and published in one newspaper. When the withdrawal of licence and dissolution is ordered, the bank shall be placed in liquidation and the Minister shall appoint a liquidator.</li> </ol> <p style="text-align: center;">*****</p>

	Burma	Indonesia	Malaysia	Nepal

	Philippines	Singapore	Sri Lanka	Thailand
	<p>4. Insolvency shall be understood to mean that the realisable assets of a bank or a non-bank financial intermediary performing quasi-banking functions as determined by the Central Bank are insufficient to meet its liabilities.</p> <p>*****</p>			

	Burma	Indonesia	Malaysia	Nepal
<b>S. Central Bank Intervention</b>	<ol style="list-style-type: none"> <li>1. Financial assistance.</li> <li>2. Provides measures to solve debt problems.</li> <li>3. Provides management and technical assistance.</li> </ol> <p>*****</p>	<ol style="list-style-type: none"> <li>1. If it deemed necessary, BI may intervene and take any of the following steps: <ol style="list-style-type: none"> <li>a) Provide financial support;</li> <li>b) Provide alternative measures to solve problems;</li> <li>c) Require banks to provide management experts;</li> <li>d) Take part in equity participation; and,</li> <li>e) Provide technical assistance.</li> </ol> <p>*****</p> </li> </ol>	<p>Where:</p> <ol style="list-style-type: none"> <li>a) a licensed bank informs BNM – <ol style="list-style-type: none"> <li>i) that it is likely to become unable to meet its obligations, or</li> <li>ii) that it is about to suspend payment;</li> </ol> </li> <li>b) a licensed bank becomes unable to meet its obligations or suspends payment; or</li> <li>c) after an investigation is made, BNM is of the opinion that a licensed bank – <ol style="list-style-type: none"> <li>i) is following unsound or improper practices,</li> <li>ii) is likely to become unable to meet its obligations or is about to suspend payment,</li> <li>iii) has contravened or failed to comply with any provision of the Banking Act, 1973,</li> <li>iv) has contravened or failed to comply with any conditions imposed on its licence, or</li> <li>v) is likely to be carrying on its business in a manner detrimental to the interests of its depositors.</li> </ol> </li> </ol> <ol style="list-style-type: none"> <li>1. BNM, with the concurrence of the Minister, is empowered to intervene as follows: <ol style="list-style-type: none"> <li>a) issue orders to the bank to rectify the matter;</li> <li>b) prohibits the bank from extending any further credit facilities;</li> <li>c) removes or appoints directors;</li> <li>d) appoints a person to advise the bank;</li> <li>e) assumes control of and carries on business of the bank or appoints a person to do so; and,</li> <li>f) presents petition to the high court for winding up the bank.</li> </ol> </li> <li>2. <ol style="list-style-type: none"> <li>a) BNM, with the concurrence of the Minister of Finance, may grant loans to a bank incorporated in Malaysia against the security of shares or purchase any shares of such bank for the purpose of controlling the business of the bank, in the event that BNM considers such bank as unlikely to be able to meet its obligations or about to suspend payment.</li> <li>b) BNM may dispose of any shares purchased by it at such time when the reasons for which BNM purchased the shares have ceased to exist.</li> <li>c) In any loan or purchase, the Minister or BNM may obtain the advice of the Advisory Panel established under Section 31A(2) of the Central Bank of Malaysia Ordinance 1958.</li> </ol> <p>*****</p> </li> </ol>	<ol style="list-style-type: none"> <li>1. It shall be the duty of the Bank to exercise general supervision over commercial banks and financial institutions, and for this purpose, the bank may inspect commercial banks and financial institutions from time to time.</li> <li>2. The bank may seek explanations from or inspect the concerned bank or institution at any time in order to ascertain whether or not the records, statistics, particulars or reports, submitted by the commercial banks and financial institutions are accurate.</li> <li>3. It shall be the duty of all concerned to allow the officer deputed by the bank for inspection to peruse and scrutinise all particulars, accounts, books and other documents requisitioned by him.</li> <li>4. The bank may issue directives to commercial banks or financial institutions in respect of matters considered necessary consequent to inspection. It shall be the duty of the commercial bank or financial institution to comply with such directives.</li> </ol> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>S. Central Bank Intervention</b>	<p>1. A bank suffering from serious liquidity problems may be required by the Monetary Board to restrict its lending operations to a certain level, limit or stop granting of unsecured loans to its directors, officers, stockholders or related interest, prohibit declaring cash dividends and such other interventions to bank's affairs as may be warranted.</p> <p>2. A controllers team of Central Bank examiners is usually assigned to a banking institution with serious financial problems and has been granted by the Central Bank with emergency loans and advances. The controllers team reviews all the transactions of such banking institution, attends board meetings and renders periodic reports to the Central Bank on the financial condition and results of operations as well as significant findings noted in their review and examination of bank's affairs.</p> <p>*****</p>	<p>1. If on examination of the particulars supplied by a bank under subsection 23(1) of the Banking Act, 1970, it appears to MAS that any such advances, loans or credit facilities are being granted to the detriment of the interests of the depositors of that bank, the MAS may by order in writing prohibit that bank from granting any further advances, loans or credit facilities or impose such restrictions on the grant thereof as the MAS thinks fit, and may further direct that bank to secure repayment of any such first-mentioned advances, loans or credit facilities within such time and to such extent as may be specified in the order.</p> <p>*****</p>	(See section on Insolvency )	n.a.

	Burma	Indonesia	Malaysia	Nepal
<b>T. Penalties on Contravention</b>	<p>1. According to civil law.</p> <p>*****</p>	<p>1. Any person conducting banking business without a permit will be liable to a term not exceeding 5 years imprisonment or a fine not more than Rp 5 million or both.</p> <p>2. Any person who reveals information will be liable to imprisonment not exceeding 1 year or a fine not exceeding Rp10,000 or both.</p> <p>3. Board of directors and bank employees who release information wilfully will be liable to 1 year imprisonment or a fine not exceeding Rp10,000.</p> <p>4. Directors and bank employees who withhold information required by BI will be liable to 6 months imprisonment or a fine not exceeding Rp10,000.</p> <p>5. BI may determine sanctions or recommend to Minister to revoke operating permit of any bank.</p> <p>*****</p>	<p>1. Any director or manager who fails to take reasonable steps to comply with Banking Act or Central Banking Ordinance or to ensure correctness of any statement submitted shall on conviction be liable to a fine not exceeding M\$20,000 or to 3 years imprisonment or both.</p> <p>2. Any director, manager, trustee, auditor, employee or agent of a bank who wilfully or causes to make false entry, wilfully omits to make an entry or wilfully alters, abstracts, conceals or destroys an entry shall on conviction be liable to a fine not exceeding M\$50,000 or to 5 years imprisonment or both.</p> <p>3. Any director, officer or employee of a bank who asks for and receives, consents or agrees to receive any gift, commission, emolument, service, gratuity money, or property for his own personal benefit for securing some credits shall on conviction be liable to a fine not exceeding M\$20,000 or to 3 years jail or both.</p> <p>4. A bank that contravenes or fails to comply with a provision in the Banking Act shall on conviction be liable to a fine not exceeding M\$50,000 where no penalty has been specified.</p> <p>5. The Governor of BNM may with the consent of the Minister compound any offence by accepting such money as he thinks fit not exceeding the maximum fine prescribed.</p> <p>6. Except with the consent of BNM, no bank employee shall divulge or release any information regarding the moneys or other relevant particulars of the account of a customer unless:</p> <p>a) the customer or personal representative gives consent;</p> <p>b) the customer is declared bankrupt; and,</p> <p>c) the information is required to assess the credit-worthiness of the customer relating to a bona fide commercial transaction.</p> <p>Anyone contravening this provision shall on conviction be liable to a fine not exceeding M\$40,000 or jail not exceeding 3 years or both.</p> <p>*****</p>	<p>1. In the case that any bank or financial institution contravenes the provisions of this Act, or the rules or orders or directives issued thereunder, the Bank may take action as follows:</p> <p>a) To obtain explanations from the concerned office bearer of such bank or financial institution;</p> <p>b) To reprimand such an office bearer in case explanations given under clause (a) are not satisfactory; and,</p> <p>c) To direct the board of directors of the concerned bank or financial institution to inflict additional punishment on such an office bearer in case the contravention continues despite the reprimand under clause (b).</p> <p>2. Impose restrictions upon the lending or investment business or upon the payment in part or in full of dividend to its shareholders or on the banking business of such a bank or financial institution or cancel or suspend the licence issued to such a bank. Unless there is an appeal to His Majesty's Government against the actions taken by the bank under this sub-section, if not, the decision of His Majesty's Government in this regard shall be final.</p> <p>*****</p>

	Philippines	Singapore	Sri Lanka	Thailand
<b>T. Penalties on Contravention</b>	<p>1. Any violation of the General Banking Act shall be punished by a fine of not more than P2,000 or imprisonment of not more than 2 years or both.</p> <p>2. A fine of P2,000 or 1 year imprisonment or both may be imposed when an officer, employee or agent:</p> <ul style="list-style-type: none"> <li>a) makes a false entry;</li> <li>b) discloses information without authorisation;</li> <li>c) accepts fees, gifts, commissions for approval of loan; and,</li> <li>d) overvalues or aids in overvaluing security.</li> </ul> <p>A similar penalty may also be imposed for:</p> <ul style="list-style-type: none"> <li>a) any borrower or bank who — <ul style="list-style-type: none"> <li>i) fraudulently overvalues property used as security,</li> <li>ii) furnishes false information,</li> <li>iii) attempts to defraud bank,</li> <li>iv) offers gift, fee, commission, etc. to obtain a loan; and,</li> </ul> </li> <li>b) any examiner or staff of Central Bank who commits any act stated above.</li> </ul> <p>3. Refusal to file the required reports or permit any lawful examination into the affairs of such banking institution is punishable by a fine of not more than P10,000 or by imprisonment for not more than 1 year, or both, in the discretion of the court.</p> <p>4. The wilful making of a false statement to the Monetary Board or to the heads of the appropriate supervising and examining department of the Central Bank or to his examiner is punishable by a fine not to exceed P15,000 or by imprisonment for a term not to exceed 2 years or both.</p> <p>5. Any person or entity wilfully violating the Central Bank Act or any rule or regulation issued by the Monetary Board shall be punished by a fine of not more than P20,000 and by imprisonment of not more than 5 years.</p>	<p>1. No bank employee shall divulge or release any information of an individual customer unless the customer gives permission, or he is declared bankrupt, civil proceedings arise between the bank and the customer or his guarantor or between the bank and 2 or more parties making adverse claims to the customer's account, the officials of the bank are required to give information by compulsion of any written law, the bank has been served with a garnishee order, or the information is needed to verify the credit-worthiness of the customer in a bona fide transaction (so long as the information required is of a general nature). Anyone contravening this shall on conviction be liable to a fine not exceeding S\$50,000 or imprisonment not exceeding 3 years or to both.</p> <p>2. A director, managing director or manager of a bank who fails to comply with provisions or fails to ensure accuracy and correctness of returns submitted to MAS shall on conviction be liable to a fine not exceeding S\$50,000 or imprisonment of up to 3 years or to both.</p> <p>3. Any director, manager, trustee, auditor, employee or agent who wilfully makes a false entry, omits to make an entry or alters, abstracts or conceals and destroys such entry shall be liable on conviction, to imprisonment not exceeding 3 years or to a fine not exceeding S\$50,000 or to both.</p> <p>4. Any bank contravening laws and regulations where no penalty has been specified shall be liable to a fine not exceeding S\$50,000.</p> <p style="text-align: center;">*****</p>	<p>1. Penalties on conviction by a court for contravention of regulations under the Monetary Law Act range from:</p> <ul style="list-style-type: none"> <li>a) a fine not exceeding Rs500/- or to imprisonment not exceeding 1 month or both; to</li> <li>b) a fine not exceeding Rs10,000/- or to imprisonment not exceeding 3 years or both.</li> </ul> <p style="text-align: center;">*****</p>	<p>1. Whoever violates or fails to comply with the provisions of the Commercial Banking Act B.E. 2505 as amended by the Commercial Banking Act (No. 2) B.E. 2522 and the Emergency Decree Amending the Commercial Bank Act B.E. 2505, B.E. 2528 shall be liable to a fine or imprisonment or both which varies from Section 39 to Section 46 decem as specified in the Act.</p> <p style="text-align: center;">*****</p>

	Burma	Indonesia	Malaysia	Nepal



	Philippines	Singapore	Sri Lanka	Thailand
	<p>6. The Monetary Board may also impose administrative sanctions on banks and their directors or officers for committing the following offences:</p> <ul style="list-style-type: none"> <li>a) Wilful delay in the submission of reports or publications;</li> <li>b) Refusal to permit examination into the affairs of the institution;</li> <li>c) Wilful making of a false statement to the Board or to the appropriate supervising or examining department or its examiners;</li> <li>d) Refusal to comply with, or violation of any banking law or any order, instruction or ruling; and,</li> <li>e) Any commission of irregularities and or conducting business in an unsafe or unsound manner.</li> </ul> <p>The administrative sanctions may consist of the following:</p> <ul style="list-style-type: none"> <li>a) Fines not in excess of P500 per day for each type of violation;</li> <li>b) Suspension of directors and/or officers;</li> <li>c) Suspension of rediscounting privilege;</li> <li>d) Suspension of lending or foreign exchange operation or authority to accept new deposits or make new investment;</li> <li>e) Suspension of interbank clearing privilege; and,</li> <li>f) Suspension of authority to operate.</li> </ul> <p>7. Whenever a bank or non-bank financial intermediary performing quasi-banking function persists in violating its Charter or By-laws, or any law or orders or instructions, rules and regulations issued by the Monetary Board or in carrying on its business in an unlawful or unsafe manner, the Monetary Board may institute insolvency proceedings against the said institution.</p> <p>*****</p>			