



## Rural Bankers Research and Development Foundation Inc.

### RURAL BANKING EXAMINATION AND STPRB MODULE

This module includes the following:

- Identify key examination issues of each banking supervision and regulation function
- Discuss currently and previously used rating systems for various types of examinations and inspections.
- Distinguish the various aspects of a rural banking activities and describe the applicable examination process with key personnel involved and suggested STPRB courses to be taken.
- Training Need Survey: STPRB Courses and BSP's Findings

To promote safe and sound banking operations and preserve the stability of the financial system. The **Banko Sentral ng Pilipinas (BSP)**, as a regulator, creates the **rules and regulations** on how banks should operate, **supervise** to make sure that banks follow these rules and **examine**, using the bank's records to check if it's operating safely.

#### EXAMINATION BY THE BANGKO SENTRAL<sup>1</sup>

The term "**examination**" shall refer to an investigation of an institution under the supervisory authority of the **Bangko Sentral ng Pilipinas (BSP)** to determine whether the institution is operating on a safe and sound basis, inquire into its solvency and liquidity, and assess the effectiveness of its compliance function to ascertain that it is conducting business in accordance with laws and regulations.

Regular or periodic examination shall be done once a year, with an interval of **twelve (12) months** from the last date thereof. Special examination may be conducted earlier, or at a shorter interval, when authorized by the Monetary Board (MB) by an affirmative vote of five (5) members.

In the full exercise of the supervisory powers of the Bangko Sentral, examination of institutions shall be complemented by overseeing thereof. In this regard, the term "overseeing" shall refer to a limited investigation of an institution, or any investigation that is limited in scope, conducted to inquire into a particular area/aspect of an institution's operations, for the purpose of overseeing that laws and regulations are complied with, inquiring into the solvency and liquidity of the institution, enforcing prompt corrective action, or such other matters requiring immediate investigation: Provided the following

- Specific authorizations be issued by the Deputy Governor of the appropriate sector of the **Bangko Sentral**,
- Periodic summary reports on overseeing's conducted be submitted to the Monetary Board.

#### Scope of examination

Consistent with a risk-based approach to supervision, the scope of examination may include, but not limited to the following:

- Appraisal of the overall quality of corporate governance
- Assessment of the risk management system, which shall include the evaluation of the effectiveness of management oversight and self- assessment functions (e.g., internal audit, risk management and compliance); adequacy of policies, procedures, and limits; effectiveness of risk

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<sup>1</sup> <https://morb.bsp.gov.ph/section-x001-examination-by-the-bangko-sentral/>



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measurement, monitoring and management information system; and robustness of internal controls;

- Review of the institution's operations and overall risk profile;
- Evaluation of financial performance, capital adequacy, asset quality, and liquidity; and
- Any other activity relevant to the above.

### **Conduct of examination**

The conduct of examination shall include, but not limited to,

- the interview of any bank's directors, officers and personnel; and
- the verification, review and evaluation of documents and records, including making copies of the records, taking possession thereof and keeping them under the custody of the Bangko Sentral after giving proper receipts thereof.

For this purpose, "records" shall refer to information, whether in its original form or otherwise, including documents, signatures, seals, texts, images, sounds, speeches, or data compiled, recorded or stored, as the case may be:

- In written form on any material
- Film, negative, tape or other medium so as to be capable of being reproduce
- Any recording device or process, computer or other electronic device

regardless of whether this information are stored and kept by the Bangko Sentral supervised Financial Institution (BSFI) or another entity duly authorized by the BSFI (e.g., technology service provider). Records shall also include audio, photographic, and video evidence of events, acts, or transactions of the BSFI, including all records of communication, oral (e.g., voice recordings) or written (e.g., letters) of officers and employees of the BSFI: Provided, That the recording was made in connection with the performance of the official functions of the concerned officers or employees and coursed through BSFI-issued computers, telephones, mobile phones, and similar devices.

Refusal to permit examination. Any act or omission that impedes, delays or obstructs the duly authorized Bangko Sentral examiner from conducting an examination of a BSFI, including the act of refusing to accept or honor the letter of authority to examine presented by the examiner of the Bangko Sentral, shall be considered as a refusal to permit examination.

The refusal of the BSFI to permit examination shall be reported by the Bangko Sentral examiner to the Head of the appropriate supervision department of the Bangko Sentral, who shall forthwith make a written demand upon the BSFI concerned for such examination. If the BSFI continues to refuse the said examination without any satisfactory explanation thereof, a report on such refusal shall be submitted by the Bangko Sentral examiner concerned to the said Department Head.

Sanctions. A bank that wilfully refuses to permit examination shall pay a fine of P30,000 per day from the day of the refusal and for as long as such refusal lasts, without prejudice to the sanctions under Section 34 of R.A. No. 7653

The fine shall be imposed starting on the day following the receipt by the concerned Head of supervision department of the report from the Bangko Sentral examiner that the bank continues to refuse to permit examination notwithstanding the written demand made by the Department Head.



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Aside from the fine mentioned above, the bank and/or its concerned directors and/or officers may be subject to non-monetary sanctions provided under Section 37 of R.A. No. 7653 (The New Central Bank Act) and Sec.002.

### 1. Key Examination Issues Faced by BSP<sup>2</sup>

The **Bangko Sentral ng Pilipinas (BSP)** faces several critical examination issues when overseeing rural banks and other financial institutions in the Philippines. These issues are essential to ensure the safety, soundness, and compliance of the Philippine financial landscape. Here are some key examination issues faced by BSP:

- **Asset Quality:** BSP examines the quality of assets held by the rural banks, including loans, investments, and other holdings. Poor asset quality can indicate higher risks and may lead to potential losses.
- **Capital Adequacy:** BSP assesses whether the rural banks have enough capital to support their operations and absorb possible losses. Inadequate capitalization can weaken a bank's ability to withstand financial shocks and fulfill its obligations.
- **Management Soundness:** BSP evaluates the effectiveness of rural bank management in decision-making, risk management, and compliance with regulations. Weak management practices can increase operational risks and impair the bank's performance.
- **Earnings Performance:** BSP analyzes the profitability and sustainability of rural bank's earnings. Low or unstable earnings may indicate inefficiencies, inadequate risk management, or unfavorable market conditions.
- **Liquidity Management:** BSP ensures that rural banks maintain sufficient liquidity to meet their financial obligations and withstand liquidity stress. Inadequate liquidity management can lead to liquidity crises and disrupt the stability of the financial system.
- **Compliance with Regulations:** BSP verifies whether rural banks comply with relevant laws, regulations, and BSP guidelines. Non-compliance can expose banks to legal and reputational risks and undermine confidence in the banking system.
- **Risk Management Practices:** BSP assesses the effectiveness of rural banks' risk management frameworks, including policies, procedures, and controls for identifying, measuring, monitoring, and mitigating risks. Weak risk management practices can expose banks to excessive risk and financial losses.
- **Governance Structure:** BSP reviews the governance structure of rural banks, including the roles and responsibilities of the board of directors and senior management which includes their capability, responsiveness, integrity and effectiveness<sup>3</sup>. Inadequate governance practices can lead to conflicts of interest, poor decision-making, and increased risk exposure.
- **Consumer Protection Practices:** BSP examines banks' conduct in the market to ensure transparency, fairness, and ethical behavior. Unethical practices or market abuse can harm consumers, investors, and the overall integrity of the financial system.

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<sup>2</sup> <https://www.collegesidekick.com/study-docs/14405228>

<sup>3</sup> [https://rbap.org/wp-content/uploads/2018/11/Lyn-Javier\\_Sound-Corporate-Governance.pdf](https://rbap.org/wp-content/uploads/2018/11/Lyn-Javier_Sound-Corporate-Governance.pdf)



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- **Technology and Cybersecurity:** With the increasing usage of technology in banking operations, BSP assesses banks' IT systems and cybersecurity measures. Weaknesses in technology infrastructure or cybersecurity can expose banks to operational disruptions and cyber threats.

Addressing these key examination issues is very crucial for the BSP to maintain stability, integrity, and resiliency of the Philippine banking system and safeguard the interests of depositors, investors, and other stakeholders.

### 2. Rating Systems

The Bangko Sentral ng Pilipinas (BSP) utilizes various rating systems to assess different aspects of rural banks and other financial institutions during examinations and inspections. These rating systems help BSP to evaluate the overall condition of supervised entities and identify areas for improvement. Here are currently and previously used rating systems for different types of examinations and inspection issues:

**The Supervisory Assessment Framework (SAFr)**<sup>4</sup> aims to facilitate robust, dynamic and forward-looking assessments of BSP-supervised financial institutions (BSFIs). The SAFr incorporates three major elements.

**Impact Assessment:** assess and evaluates the impact of the Financial Institution specially in the event of distress or crises.

**Risk Assessment:** assess and evaluates the safety and soundness of the financial institution after considering (a) the effectivity of inherent risk coming from significant activities that are manage and controlled and (b) the strength of capital, earnings, liquidity, and governance of the financial institution.

**Supervisory Intensity:** assess and evaluates the degree of supervisory attention required.

**CAMELS Rating System**<sup>5</sup> is an evaluation of six critical elements of a Financial Institution operations:

**Capital Adequacy:** Evaluates the sufficiency of a bank's capital to support its operations and absorb losses.

**Asset Quality:** Assesses the quality of assets held by the bank, including loans, investments, and other holdings.

**Management Quality:** Reviews the effectiveness of bank management in decision-making, risk management, and compliance.

**Earnings Performance:** Analyzes the profitability and sustainability of a bank's earnings.

**Liquidity Management:** Assesses the adequacy of liquidity management practices to meet short-term obligations.

**Sensitivity to Market Risk:** Evaluates the bank's exposure to market fluctuations and its ability to manage such risks.

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<sup>4</sup> <https://www.bsp.gov.ph/Regulations/Issuances/2020/m005.pdf>

<sup>5</sup> <https://corporatefinanceinstitute.com/resources/wealth-management/camels-rating-system/#:~:text=Summary,five%20being%20the%20worst%20rating.>



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CAMELS is designed to consider and reflect all significant financial, operational, and managerial factors examiners assess in their evaluation of a financial institution's performance and risk profile.

**ROCA Rating System<sup>6</sup>** assess the following:

**Risk Management:** Assesses the effectiveness of the bank's risk management framework, including policies, procedures, and controls risks.

**Operational Risk Management:** Evaluates the bank's ability to identify, measure, monitor, and mitigate operational risks. This includes an independent and effective internal audit function.

**Compliance with Laws and Regulations:** Verifies the bank's adherence to relevant laws, regulations, and BSP guidelines.

**Asset Quality:** Reviews the quality of assets and the rural bank's solvency.

**Compliance Rating System (CRS)<sup>7</sup>** – is a tool that assess the effectiveness of the bank's compliance system.

**Legal and Regulatory Compliance:** Assesses the bank's compliance with laws, regulations, and regulatory requirements.

**Consumer Protection:** Evaluates the bank's practices to protect the interests of consumers and ensure fair treatment.

**Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT):** Reviews the bank's measures to prevent money laundering and terrorist financing activities.

**Safety and Soundness Rating System (SSRS)**

**Overall Safety and Soundness:** Evaluates the overall financial health and stability of the bank.

**Corporate Governance:** Assesses the effectiveness of the bank's governance structure and practices.

**Financial Performance:** Analyzes the bank's profitability, capital adequacy, asset quality, and liquidity.

**Risk Management:** Reviews the bank's risk management framework and practices to identify, measure, monitor, and mitigate risks.

These rating systems provide a structured framework for BSP examiners to evaluate rural banks comprehensively. By assessing various aspects such as capital adequacy, asset quality, risk management, compliance, and governance, BSP can identify areas of strength and weakness and take appropriate supervisory actions to ensure the stability and integrity of the financial system.

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<sup>6</sup> <https://www.occ.treas.gov/publications-and-resources/publications/banker-education/files/pub-approach-fed-branch-agency-sup.pdf>

<sup>7</sup> <https://rbap.org/wp-content/uploads/2013/06/BSP-Memorandum-No.-2013-23-b.pdf>



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### 3. Rural Bank Activities Examination

Rural and Cooperative Banks engage in various activities that require careful examination by the **Bangko Sentral ng Pilipinas (BSP)** to ensure compliance, risk management, and overall soundness of the rural banking system. Below is the matrix of key aspects of Rural and Cooperative bank activities with applicable examination process together with the key personnel involved, suggested STRPB core and supplemental Courses to be taken to strengthen those activities:

<b>Bank Activity</b>	<b>Key Personnel</b>	<b>Suggested STRPB Core Course Track to Strengthen Bank Activity</b>	<b>Suggested STRPB Supplemental Courses to Strengthen Bank Activity</b>
<b>Deposit-Taking Activities</b> BSP conducts on-site examinations to review deposit-taking activities of the bank, which includes assessing deposit mobilization, account management, and compliance with regulations governing deposits. The examination includes verifying deposit records (KYC process), assessing liquidity levels, and evaluating the effectiveness of deposit-related risk management practices.	New Account Clerk, Tellers, Cashiers, Bookkeepers, Accounting and IT Staffs	<b>C-I RURAL BANKING 101,</b> <b>C-II.2 Basic Bank Accounting and Performance Ratios Analysis,</b> <b>C-III DEPOSIT OPERATIONS,</b> <b>C-IV RISK MANAGEMENT (RM) SYSTEM,</b> <b>C-V.1 Introduction to OR &amp; ORMS,</b> <b>C-VIII.2 Compliance Risk and Compliance Risk Management System.</b>	<b>SC-VIII.2.0 AML Basic Course,</b> <b>SC-VIII.2.1 AML Intermediate Course on Inst. Risk Assessment &amp; Transaction Monitoring,</b> <b>SC-I.2 Customer Service Excellence,</b> <b>SC-VIII.2.2 Data Privacy for Rural Banks,</b> <b>SC-VIII.2 Complaints Management</b>
<b>Lending and Credit Activities</b> BSP conducts thorough examinations of lending and credit activities of the bank, this is to evaluate credit risk management practices, loan underwriting standards, and compliance with lending regulations. The examination includes reviewing loan portfolios, assessing credit quality, analyzing loan documentation, and evaluating the adequacy of loan loss provisions.	Bank Operations Personnel, Loan Processors, Credit Analyst, Credit Investigator, Appraiser, Bookkeepers, Accounting Staff, Accountant, and Collectors.	<b>C-I RURAL BANKING 101,</b> <b>C-II.1 Basic Business Accounting &amp; Fin. Statements &amp; Cash Flow Analysis,</b> <b>C-IV RISK MANAGEMENT (RM) SYSTEM,</b> <b>C-IV.1 Environmental and Social Risk Governance/Mgt. System,</b> <b>C-V.1 Introduction to OR &amp; ORMS,</b> <b>C-VI.1 Basic Concepts of Credit Risk and the CRM Framework,</b> <b>C-VI.2 Loan Origination and Underwriting Process,</b> <b>C-VI.3 Loan Administration and Operations,</b> <b>C-VI.4 Loan Classification and Provisioning,</b> <b>C-VI.5 Management of Problem Loans,</b> <b>C-VIII.2 Compliance Risk and Compliance Risk Management System,</b>	<b>SC-VIII.2.0 AML Basic Course,</b> <b>SC-VIII.2.1 AML Intermediate Course on Inst. Risk Assessment &amp; Transaction Monitoring,</b> <b>SC-VI.3.1 Basic Appraisal,</b> <b>SC-VI.3.2 Advance Appraisal,</b> <b>SC-VI.3.3 Credit Investigation,</b> <b>SC-VI.3.4 Debt Collection Approaches and Strategies,</b> <b>SC-VIII.2.2 Data Privacy for Rural Banks</b>



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		<b>C-XI SUPERVISORY ISSUES AND CONCERNS AND BSP ENFORCEMENT ACTIONS.</b>	
<b>Risk Management Activities</b> BSP evaluates risk management activities to assess the effectiveness of risk identification, measurement, monitoring, and mitigation practices. The examination includes reviewing risk management policies and procedures, assessing risk appetite and tolerance levels, analyzing risk exposure, and verifying compliance with risk management guidelines	Senior Officers, Directors, Branch Managers, Department Unit Heads, Internal Auditor, Compliance Officers and Staffs	<b>C-I RURAL BANKING 101,</b> <b>C-II.1 Basic Business Accounting &amp; Fin. Statements &amp; Cash Flow Analysis,</b> <b>C-II.2 Basic Bank Accounting and Performance Ratios Analysis,</b> <b>C-III DEPOSIT OPERATIONS, C-IV RISK MANAGEMENT (RM) SYSTEM,</b> <b>C-IV.1 Environmental and Social Risk Governance/Mgt. System,</b> <b>C-V.1 Introduction to OR &amp; ORMS,</b> <b>C-V.2 ORM Oversight and Risk Control and Self-Assessment (RCSA) Process,</b> <b>C-VI.1 Basic Concepts of Credit Risk and the CRM Framework,</b> <b>C-VI.2 Loan Origination and Underwriting Process,</b> <b>C-VI.3 Loan Administration and Operations,</b> <b>C-VI.4 Loan Classification and Provisioning,</b> <b>C-VI.5 Management of Problem Loans,</b> <b>C-VI.6 Loan Review Function,</b> <b>C-VII TREASURY OPERATIONS AND LIQUIDITY RISK MANAGEMENT,</b> <b>C-VIII.1 Internal Audit,</b> <b>C-VIII.2 Compliance Risk and Compliance Risk Management System,</b> <b>C-IX.1 Basic Corporate Governance,</b> <b>C-IX.2 Analyzing Bank Performance,</b> <b>C-IX.3 Operational Resilience: Creating Recovery and Resolution Plans,</b> <b>C-X STRATEGIC RISK AND STRATEGIC RISK MANAGEMENT SYSTEM,</b> <b>C-XI SUPERVISORY ISSUES AND CONCERNS AND BSP ENFORCEMENT ACTIONS</b>	<b>SC-VIII.2 Complaints Management,</b> <b>SC-VIII.2.0 AML Basic Course,</b> <b>SC-VIII.2.1 AML Intermediate Course on Inst. Risk Assessment &amp; Transaction Monitoring,</b> <b>SC-VIII.2.2 Data Privacy for Rural Banks,</b> <b>SC-V Enhancing RB Cybersecurity: It Risk Management Awareness Course</b>
<b>Governance and Internal Controls</b> BSP examines governance and internal control practices to assess the effectiveness of corporate governance	Senior Officers, Directors, Branch Managers, Department Unit Heads, Internal	<b>C-I RURAL BANKING 101,</b> <b>C-II.1 Basic Business Accounting &amp; Fin. Statements &amp; Cash Flow Analysis,</b>	<b>SC-VIII.2 Complaints Management,</b> <b>SC-VIII.2.0 AML Basic Course,</b> <b>SC-VIII.2.1 AML Intermediate Course on Inst. Risk Assessment &amp; Transaction Monitoring,</b>



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structures, internal control systems, and compliance mechanisms. The examination includes reviewing governance policies and charters, assessing board oversight practices, evaluating internal control frameworks, and verifying compliance with internal control standards.	Auditor, Compliance Officers and Staffs	<b>C-II.2</b> Basic Bank Accounting and Performance Ratios Analysis, <b>C-III</b> DEPOSIT OPERATIONS, C-IV RISK MANAGEMENT (RM) SYSTEM, <b>C-IV.1</b> Environmental and Social Risk Governance/Mgt. System, <b>C-V.1</b> Introduction to OR & ORMS, <b>C-V.2</b> ORM Oversight and Risk Control and Self-Assessment (RCSA) Process, <b>C-VI.1</b> Basic Concepts of Credit Risk and the CRM Framework, <b>C-VI.2</b> Loan Origination and Underwriting Process, <b>C-VI.3</b> Loan Administration and Operations, <b>C-VI.4</b> Loan Classification and Provisioning, <b>C-VI.5</b> Management of Problem Loans, <b>C-VI.6</b> Loan Review Function, <b>C-VII</b> TREASURY OPERATIONS AND LIQUIDITY RISK MANAGEMENT, <b>C-VIII.1</b> Internal Audit, <b>C-VIII.2</b> Compliance Risk and Compliance Risk Management System, <b>C-IX.1</b> Basic Corporate Governance, <b>C-IX.2</b> Analyzing Bank Performance, <b>C-IX.3</b> Operational Resilience: Creating Recovery and Resolution Plans, <b>C-X</b> STRATEGIC RISK AND STRATEGIC RISK MANAGEMENT SYSTEM, <b>C-XI</b> SUPERVISORY ISSUES AND CONCERNS AND BSP ENFORCEMENT ACTIONS	<b>SC-VIII.2.2</b> Data Privacy for Rural Banks, <b>SC-V</b> Enhancing RB Cybersecurity: It Risk Management Awareness Course
<b>Compliance Activities</b> BSP conducts compliance examinations to verify adherence to relevant laws, regulations, and BSP guidelines. The examination includes reviewing compliance policies and procedures, assessing compliance training programs, analyzing compliance monitoring	Senior Officers, Directors, Branch Managers, Department Unit Heads, Internal Auditor, Compliance Officers and Staffs	<b>C-I</b> RURAL BANKING 101, <b>C-II.1</b> Basic Business Accounting & Fin. Statements & Cash Flow Analysis, <b>C-II.2</b> Basic Bank Accounting and Performance Ratios Analysis, <b>C-III</b> DEPOSIT OPERATIONS, C-IV RISK MANAGEMENT (RM) SYSTEM, <b>C-IV.1</b> Environmental and Social Risk Governance/Mgt. System,	<b>SC-VIII.2</b> Complaints Management, <b>SC-VIII.2.0</b> AML Basic Course, <b>SC-VIII.2.1</b> AML Intermediate Course on Inst. Risk Assessment & Transaction Monitoring, <b>SC-VIII.2.2</b> Data Privacy for Rural Banks, <b>SC-V</b> Enhancing RB Cybersecurity: It Risk Management Awareness Course



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activities, and verifying compliance with regulatory requirements.		<b>C-V.1</b> Introduction to OR & ORMS, <b>C-V.2</b> ORM Oversight and Risk Control and Self-Assessment (RCSA) Process, <b>C-VI.1</b> Basic Concepts of Credit Risk and the CRM Framework, <b>C-VI.2</b> Loan Origination and Underwriting Process, <b>C-VI.3</b> Loan Administration and Operations, <b>C-VI.4</b> Loan Classification and Provisioning, <b>C-VI.5</b> Management of Problem Loans, <b>C-VI.6</b> Loan Review Function, <b>C-VII</b> TREASURY OPERATIONS AND LIQUIDITY RISK MANAGEMENT, <b>C-VIII.1</b> Internal Audit, <b>C-VIII.2</b> Compliance Risk and Compliance Risk Management System, <b>C-IX.1</b> Basic Corporate Governance, <b>C-IX.2</b> Analyzing Bank Performance, <b>C-IX.3</b> Operational Resilience: Creating Recovery and Resolution Plans, <b>C-X</b> STRATEGIC RISK AND STRATEGIC RISK MANAGEMENT SYSTEM, <b>C-XI</b> SUPERVISORY ISSUES AND CONCERNS AND BSP ENFORCEMENT ACTIONS	
<b>Technology and Cybersecurity Activities</b> BSP evaluates technology and cybersecurity activities of the bank, this is to assess the effectiveness of IT systems, cybersecurity measures, and data protection practices. The examination includes reviewing IT policies and procedures, assessing cybersecurity controls, analyzing IT infrastructure, and verifying compliance with cybersecurity guidelines.	Bank Operation Personnel, Management Information System Officer, IT officers, Branch Managers, Department Unit Heads, Internal Auditor, Compliance Officers and Staffs	<b>C-I</b> RURAL BANKING 101, <b>C-II.2</b> Basic Bank Accounting and Performance Ratios Analysis, <b>C-III</b> DEPOSIT OPERATIONS, <b>C-IV</b> RISK MANAGEMENT (RM) SYSTEM, <b>C-IV.1</b> Environmental and Social Risk Governance/Mgt. System, <b>C-V.1</b> Introduction to OR & ORMS, <b>C-VI.1</b> Basic Concepts of Credit Risk and the CRM Framework, <b>C-VI.3</b> Loan Administration and Operations, <b>C-VIII.2</b> Compliance Risk and Compliance Risk Management System	<b>SC-V</b> Enhancing RB Cybersecurity: It Risk Management Awareness Course, <b>SC-VIII.2.0</b> AML Basic Course, <b>SC-VIII.2.1</b> AML Intermediate Course on Inst. Risk Assessment & Transaction Monitoring, <b>SC-VIII.2.2</b> Data Privacy for Rural Banks



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<p><b>Financial Reporting and Disclosure</b> BSP examines financial reporting and disclosure practices to assess the accuracy, reliability, and transparency of financial statements and disclosures. The examination includes reviewing accounting policies and practices, assessing financial reporting controls, analyzing financial statements, and verifying compliance with accounting standards and disclosure requirements.</p>	<p>Bookkeeper, Accounting Staff, Internal Auditor and compliance officers</p>	<p><b>C-I RURAL BANKING 101,</b> <b>C-II.1</b> Basic Business Accounting &amp; Fin. Statements &amp; Cash Flow Analysis, <b>C-II.2</b> Basic Bank Accounting and Performance Ratios Analysis, <b>C-III DEPOSIT OPERATIONS,</b> <b>C-IV RISK MANAGEMENT (RM) SYSTEM,</b> <b>C-IV.1</b> Environmental and Social Risk Governance/Mgt. System, <b>C-V.1</b> Introduction to OR &amp; ORMS, <b>C-V.2</b> ORM Oversight and Risk Control and Self-Assessment (RCSA) Process, <b>C-VI.1</b> Basic Concepts of Credit Risk and the CRM Framework, <b>C-VI.2</b> Loan Origination and Underwriting Process, <b>C-VI.3</b> Loan Administration and Operations, <b>C-VI.4</b> Loan Classification and Provisioning, <b>C-VI.5</b> Management of Problem Loans, <b>C-VI.6</b> Loan Review Function, <b>C-VII TREASURY OPERATIONS AND LIQUIDITY RISK MANAGEMENT,</b> <b>C-VIII.1</b> Internal Audit, <b>C-VIII.2</b> Compliance Risk and Compliance Risk Management System, <b>C-IX.1</b> Basic Corporate Governance, <b>C-IX.2</b> Analyzing Bank Performance, <b>C-IX.3</b> Operational Resilience: Creating Recovery and Resolution Plans, <b>C-X STRATEGIC RISK AND STRATEGIC RISK MANAGEMENT SYSTEM,</b> <b>C-XI SUPERVISORY ISSUES AND CONCERNS AND BSP ENFORCEMENT ACTIONS</b></p>	<p><b>SC-VIII.2</b> Complaints Management, <b>SC-VIII.2.0</b> AML Basic Course, <b>SC-VIII.2.1</b> AML Intermediate Course on Inst. Risk Assessment &amp; Transaction Monitoring, <b>SC-VIII.2.2</b> Data Privacy for Rural Banks, <b>SC-V</b> Enhancing RB Cybersecurity: It Risk Management Awareness Course</p>
<p><b>Consumer Protection Activities</b> BSP conducts examinations of consumer protection activities to ensure fair treatment of customers, transparent disclosure practices, and compliance with consumer protection regulations. The</p>	<p>New Account Clerk, Tellers, Cashiers, Bookkeepers, Bank Operation Personnel, Credit Analysts, Appraiser, Collectors.</p>	<p><b>C-I RURAL BANKING 101,</b> <b>C-II.2</b> Basic Bank Accounting and Performance Ratios Analysis, <b>C-III DEPOSIT OPERATIONS,</b> <b>C-IV RISK MANAGEMENT (RM) SYSTEM,</b> <b>C-V.1</b> Introduction to OR &amp; ORMS,</p>	<p><b>SC-VIII.2.0</b> AML Basic Course, <b>SC-VIII.2.1</b> AML Intermediate Course on Inst. Risk Assessment &amp; Transaction Monitoring, <b>SC-I.2</b> Customer Service Excellence, <b>SC-VIII.2.2</b> Data Privacy for Rural Banks, <b>SC-VIII.2</b> Complaints Management</p>



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examination includes reviewing customer complaints, assessing product disclosures, analyzing sales practices, and verifying compliance with consumer protection laws.		<b>C-VIII.2</b> Compliance Risk and Compliance Risk Management System.	<b>SC-V</b> Enhancing RB Cybersecurity: It Risk Management Awareness Course,
<b>Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT)</b> BSP examines AML/CFT activities to assess the effectiveness of AML/CFT programs, customer due diligence practices, and transaction monitoring systems. The examination includes reviewing AML/CFT policies and procedures, assessing risk assessment methodologies, analyzing suspicious transaction reports, and verifying compliance with AML/CFT regulations.	New Account Clerk, Tellers, Cashiers, Bookkeepers, Bank Operation Personnel, Credit Analysts, Appraiser, Collectors.	<b>C-I</b> RURAL BANKING 101, <b>C-II.2</b> Basic Bank Accounting and Performance Ratios Analysis, <b>C-III</b> DEPOSIT OPERATIONS, <b>C-IV</b> RISK MANAGEMENT (RM) SYSTEM, <b>C-V.1</b> Introduction to OR & ORMS, <b>C-VIII.2</b> Compliance Risk and Compliance Risk Management System.	<b>SC-VIII.2.0</b> AML Basic Course, <b>SC-VIII.2.1</b> AML Intermediate Course on Inst. Risk Assessment & Transaction Monitoring, <b>SC-I.2</b> Customer Service Excellence, <b>SC-VIII.2.2</b> Data Privacy for Rural Banks, <b>SC-VIII.2</b> Complaints Management

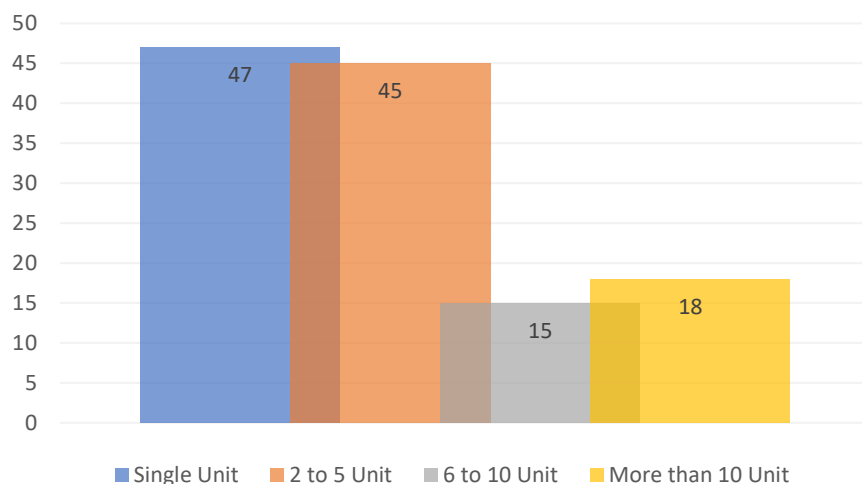


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### 4. Training Need Survey: STPRB Courses and BSP's Common Findings

#### Demographics of Member Bank Respondents:

Rural Bank Classification	Count
Single Unit	47
2 to 5 Unit	45
6 to 10 Unit	15
More than 10 Unit	18



#### Average Employee per STPRB Track

STPRB Track	Single Unit	2 to 5 Unit	6 to 10 Unit	More than 10 Unit
New Account Clerk, Tellers and Cashiers	3	5	15	43
Bank Operations Personnel, Loan Processors, & IT Staff	3	6	18	86
Bookkeepers, Accounting Staff & Accountant	2	4	7	15
Credit Analysts, Credit Investigator, Appraiser & Collectors	2	3	7	22
Loan/ Account Officer, Relationship Manager & Credit Reviewer	2	5	8	42
Internal Auditor, Compliance Officers and Staffs	2	3	5	9
Branch, Department & Unit Heads	1	4	10	36
<b>Total Number of Employee</b>	<b>14</b>	<b>33</b>	<b>70</b>	<b>235</b>
Senior Officers & Directors	8	9	9	15

#### STPRB Courses: Level of Importance

To have a better understanding on how important each STPRB courses to the member bank, the foundation asked its member to rate each STPRB core and supplemental courses from 1 to 7, 7 being “Very important” to 1 being “Not important”. And survey results revealed that the most important STPRB courses for the member bank are training courses under **Intermediate level**, which includes training topics under compliance, risk, and loans. This is followed by the courses under **Advanced Level**, which includes training topics under governance, and management. Next is **Entry level**, which includes trainings topics on the basics of rural banking, accounting, deposit operation and risk management system. The last on the list are courses under **Supplemental courses**. please see Table below for the average Likert score of each STPRB Courses Level.



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### STPRB Course Level: Member Bank Average Likert Scale

Likert Score	Interpretation
1.00 -1.85	Not important
1.86 – 2.71	Moderately not Important
2.72 – 3.57	Slightly not important
3.58 – 4.43	Neither
4.44 – 5.29	Slightly Important
5.20 – 6.15	Moderately important
6.16 – 7.00	Very Important

Rank	Structured Training Program for Rural Bankers (STPRB)	Likert Score	Interpretation
1	STPRB Core Course: Intermediate Level	6.59	Very Important
2	STPRB Core Course: Advance Level	6.54	Very Important
3	STPRB Core Course: Entry Level	6.44	Very Important
4	STPRB Supplemental Course	5.94	Moderately important

### STPRB Core Courses: Entry Level – Likert Score

Rank	Course code	Structured Training Program for Rural Bankers (STPRB)	Day/s	Likert Score	Interpretation
1	C-IV	RISK MANAGEMENT (RM) SYSTEM	2	6.79	Very Important
2	C-II.2	Basic Bank Accounting and Performance Ratios Analysis	2	6.44	Very Important
3	C-II.1	Basic Business Accounting & Fin. Statements & Cash Flow Analysis	3	6.42	Very Important
4	C-I	RURAL BANKING 101	1	6.39	Very Important
5	C-IV.1	Environmental and Social Risk Governance/Mgt. System	1	6.33	Very Important
6	C-III	DEPOSIT OPERATIONS	2	6.30	Very Important

### STPRB Core Courses: Intermediate Level – Likert Score

Rank	Course code	Structured Training Program for Rural Bankers (STPRB)	Day/s	Likert Score	Interpretation
1	C-VIII.2	Compliance Risk and Compliance Risk Management System	2	6.71	Very Important
2	C-VI.2	Loan Origination and Underwriting Process	3	6.69	Very Important
3	C-VIII.1	Internal Audit	3	6.68	Very Important
4	C-VI.1	Basic Concepts of Credit Risk and the CRM Framework	1	6.66	Very Important
5	C-VI.3	Loan Administration and Operations	2	6.64	Very Important



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Rank	Course code	Structured Training Program for Rural Bankers (STPRB)	Day/s	Likert Score	Interpretation
6	C-V.1	Introduction to OR & ORMS	3	6.61	Very Important
7	C-VI.5	Management of Problem Loans	2	6.58	Very Important
8	C-VI.4	Loan Classification and Provisioning	1	6.57	Very Important
9	C-V.2	ORM Oversight and Risk Control and Self-Assessment (RCSA) Process	2	6.56	Very Important
10	C-VI.6	Loan Review Function	2	6.56	Very Important
11	C-VII	TREASURY OPERATIONS AND LIQUIDITY RISK MANAGEMENT	1	6.21	Very Important

### STPRB Core Courses: Advance Level – Likert Score

Rank	Course code	Structured Training Program for Rural Bankers (STPRB)	Day/s	Likert Score	Interpretation
1	C-XI	SUPERVISORY ISSUES AND CONCERNS AND BSP ENFORCEMENT ACTIONS	1	6.63	Very Important
2	C-IX.2	Analyzing Bank Performance	1	6.56	Very Important
3	C-IX.1	Basic Corporate Governance	2	6.53	Very Important
4	C-X	STRATEGIC RISK AND STRATEGIC RISK MANAGEMENT SYSTEM	2	6.49	Very Important
5	C-IX.3	Operational Resilience: Creating Recovery and Resolution Plans	2	6.47	Very Important

### STPRB Supplemental Course – Likert Score

Rank	Course code	Structured Training Program for Rural Bankers (STPRB)	Day/s	Likert Score	Interpretation
1	SC-VIII.2.1	AML Course	1	6.25	Very Important
2	SC-VI.3.3	Credit Investigation	1	6.16	Very Important
3	SC-VI.3.4	Debt Collection Approaches and Strategies	2	6.13	Moderately important
4	SC-VIII.2.2	Data Privacy for Rural Banks	1	6.09	Moderately important
5	SC-I.2	Customer Service Excellence	1	5.98	Moderately important
6	SC-IV.1	Environmental and Social Risk Management System (Writeshop)	2	5.98	Moderately important
7	SC-V	Enhancing RB Cybersecurity: It Risk Management Awareness Course	1	5.98	Moderately important
8	SC-VI.3.2	Advanced Appraisal	2	5.92	Moderately important
9	SC-VI.3.1	Basic Appraisal	2	5.90	Moderately important



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Rank	Course code	Structured Training Program for Rural Bankers (STPRB)	Day/s	Likert Score	Interpretation
10	SC-I.3	High Performance Sales and Business Development	1	5.89	Moderately important
11	SC-VIII.2	Complaints Management	2	5.79	Moderately important
12	SC-IX.1	Corporate Secretary As Corp. Governance Professional	2	5.71	Moderately important
13	SC-XX	Strategic and Persuasive Communication for Banking Professionals	2	5.71	Moderately important
14	SC-I.1	Strategic Marketing and Basic Branding	1	5.66	Moderately important

### Bangko Sentral ng Pilipinas Examination Common Findings

Survey Results revealed that, **92%** of the member bank respondents have received findings, comments, and recommendation during their latest BSP examination.

#### Common findings:

Below are the common findings received by the member bank respondents:

- **Outdated Policy, Manual and Procedures**
- **Poor credit management** of the bank which includes initiation, administration, documentation, monitoring, and remedial management.
- **Poor Operational Risk Management**
- **Poor audit and compliance process**
- **Poor financial projection.** Projections should be science based and supported with historical data.
- **Poor ML/TF/PF process**
- **Continuing training programs for Directors, officers and staffs.**
- **Loan loss Provisioning issues**
- **Poor Liquidity risk management.**
- **Poor institutional risk management**
- **Compliance on Sustainable Finance Framework**

#### Best Practices shared by Compliant Rural Banks:

- **Capacitate the bank employee** thru a series of UpToDate and relevant training and seminars.
- **Strengthen the Corporate Governance** of the bank thru continuous learning and development.
  - Ensure that the **Senior management** and the **board of directors** actively supervise the bank's operations and risk management procedures.
- **Reporting Accuracy**, this will show transparency and credibility of the bank.
  - **Complete, Accurate and On-time**
- **Try not to commit the previous findings**
- **Update the bank's Policy, Manual, and Procedure**