

## 221 AUTHORITY TO ACCEPT NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNTS

Negotiable Order of Withdrawal (NOW) accounts are interest-bearing deposit accounts that combine the payable on demand feature of checks and investment feature of savings accounts.

A UB/KB may offer NOW accounts without prior authority of the Monetary Board.

A TB/RB/Coop Bank may accept NOW accounts upon prior approval of the Monetary Board.

**Prerequisites to accept negotiable order of withdrawal accounts for thrift banks/rural banks/cooperative banks.** In addition to the *Standard Pre-qualification Requirements for the Grant of Banking Authorities enumerated in Appendix 5*, a TB/RB/Coop Bank applying for authority to accept NOW accounts shall also comply with the following requirements:

- a. The applicant TB must have complied with the minimum capital required under Sec. 121.

In the case of RB/Coop Bank, it must have net assets of at least P5.0 million: Provided, That RBs which have been authorized to accept or create NOW accounts prior to the approval of R.A. No. 7353 (Rural Banks Act of 1992) shall be allowed to continue servicing such deposits. The terms capital and net assets shall have the same meaning as in Sec. 121.

- b. It has neither unpaid assessment due nor past due obligations with the PDIC.

**Requirements for accepting negotiable order of withdrawal accounts.** After a TB's/RB's/Coop Bank's application to accept NOW account has been approved, it may actually accept the same subject to the following conditions:

- a. Submission of a certification signed by the president/chairman of the board of the bank stating that the requirements enumerated in this Section on Prerequisites to accept negotiable order of withdrawal accounts for thrift banks/rural banks/cooperative banks have been complied with up to the day before the NOW account services are actually offered/extended to the public; and
- b. That it has complied with all other conditions that the Bangko Sentral may impose.

The applicant bank shall submit a written notice to the appropriate supervising department of the Bangko Sentral of the actual date when the NOW account deposit service is offered to the public not later than ten (10) banking days from such offering of the service.

**Sanctions.** If any part of the certification submitted by the bank as required in these guidelines is

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found to be false, the following sanctions shall be imposed, without prejudice to the sanctions under Section 35 of R.A. No. 7653:

a. *On the bank*

Suspension of its authority to accept or create NOW accounts for one (1) year.

b. *On the certifying officer*

A fine of P5,000 per day from the time the certification was made up to the time the certification was found to be false.