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## **PRESS RELEASE**

### **22 December 2017**

## **PCC, BSP ink partnership; streamline consolidation rules**

The Philippine Competition Commission (PCC) inks a partnership with the Bangko Sentral ng Pilipinas (BSP) sealing a harmonized campaign to foster competition amid the changing landscape of the banking industry.

The signing of the Memorandum of Agreement (MOA) on Friday, led by PCC Chairman Arsenio M. Balisacan and BSP Governor Nestor A. Espenilla Jr., marks a start of an active collaboration between the regulators.

“The PCC and BSP have common interests in the regulation of bank and non-bank financial institutions. In regulating banks, the PCC acknowledges that while financial institutions serve as the intermediary for money, banking and credit that businesses rely on, they themselves operate as businesses too,” said PCC Chairman Arsenio M. Balisacan.

“This partnership is a strong push towards efficient regulatory approach concerning the banking and financial industry. BSP’s mandate is in promoting and maintaining stability in the monetary and financial system, while PCC’s obligation is in promoting free and fair competition,” Balisacan added.

The BSP, being the country’s monetary authority, provides policy directions in the areas of money, banking and credit. It supervises operations of banks and exercises regulatory powers over non-bank financial institutions with quasi-banking functions.

The PCC, being the antitrust and competition authority, is mandated to prohibit anticompetitive conduct, agreements, or mergers and impose administrative penalties on erring institutions or individuals across industries, including the banking and financial sector.

“Price and monetary policy stability serve as pillars of sound macro-economic fundamentals on which firms base their decisions. This could contribute towards financial inclusion by helping ensure that firms in the financial sector provide high quality services at reasonable prices and continue innovating products for consumers,” Balisacan said.



As PCC promotes competition which keeps prices in check, this in turn directly supports BSP's goal of keeping inflation within target.

The PCC is mandated under the Philippine Competition Act to review mergers and acquisitions to ensure that these deals will not prejudice the interest of the consumers.

Recognizing the importance of banks in shaping the economy, PCC and BSP agree to create a streamlined set of rules for consolidation, which may depart from the usual period and process.

Balisacan said that the partnership can lead to faster consolidation of banks, in line with the PCC's regulatory foothold on merger review. In particular, the antitrust commission supports the BSP's Consolidation Program for Rural Banks which aims to strengthen small lenders.

"PCC shall streamline the process of consolidation or merger review of small banks to ease the proceedings when faced with the threat of a bank run or bankruptcy," Balisacan said.

The BSP may certify to PCC the urgency of concluding a proposed merger or acquisition involving BSP-supervised financial institutions (BSFIs), in which the PCC shall take into account in the conduct of its review of the notification.

The BSP may also recommend to PCC that a proposed merger or acquisition involving BSFIs may be exempted from prior notification, released from obligation to submit review requirements, or may not be prohibited under the Philippine Competition Act.

The partnership also aims to boost the detection, investigation, and prosecution of anti-competitive conduct in the sector by setting up mechanisms for reporting potential violations.

Both regulators also agreed to provide access to information and/or documents relative to mergers, acquisitions, and other transactions involving BSFIs which may be deemed covered under the Philippine Competition Act.

The MOA with BSP is the third partnership signed for the quarter, capping the year with a string of cooperation among sector regulators. PCC forged an alliance with the Commission on Audit (COA) led by Chairperson Michael G. Aguinaldo last November 20 and with the Philippine Statistics Authority (PSA) represented by National Statistician Dr. Lisa Grace S. Bersales on December 20.