Legal Watch

BSP CIRCULAR NO. 1239, SERIES OF 2026

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Jire Carreon / Rappler

Agency Name

Bangko Sentral ng Pilipinas (BSP)

Issuance Title

Amendments to Regulations on Salary-Based General Purpose Consumption Loans (SBGPCLs)

Issuance Date

18 June 2026

Link

https://www.bsp.gov.ph/Regulations/Issuances/2026/1239.pdf

SUMMARY

This Circular amended Section 311/304-S of the MORB and MORNBFI, respectively, on SBGPCLs. The amendments also updated the definition of SBGPCLs in the Manual of Accounts of the Financial Reporting Package (FRP), as well as the FRP-Line Item instructions and Schedules 11/11A regarding loans granted to Department of Education (DepEd) borrowers under its Automatic Payroll Deduction System (APDS).

As to Section 311/304-S, this Circular further defined the "**transactions covered**" by SBGPCLs, imposed stricter policies on credit granting, and extended the maximum loan tenor of SBGPCLs.

In particular, it was provided that other individual loans, such as credit card receivables, motor vehicle loans, housing loans, and non-consumption loans, shall be covered by other existing regulations and reported under their respective loan types following the prescribed prudential guidelines.

Moreover, the BSP mandated that the credit granting policies of Bangko Sentral-supervised financial institutions shall be (a) board-approved, documented, and periodically reviewed, (b) consistent with best practices and sound credit processes under Section 143/150-S, and (c) compliant with relevant government regulations and contractual arrangements. Additionally, this Circular recommended the usage of a credit scoring model to measure the credit risk for the SBGPCL portfolio. It also required BSFIs to conduct verification of the borrower's total indebtedness and repayment history.

The BSP likewise extended the maximum loan tenor of SBGCPCLs to seven (7) years from three (3) years. Loan renewals or extensions require reassessment, payment of accrued interest, and actual reduction of principal through actual payment, with policies to prevent continuous renewals or extensions without reduction in principal.

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SUMMARY

As to the definition of SBGPCLs in FRP, the BSP added credit accommodations for purposes of financing educational, hospitalization, emergency, travel, household, and other personal consumption needs.

As to the FRP-line item, the BSP classified the original terms for the SBGPCLs granted to borrowers from DepEd and enrolled under its APDS as follows: (a) Short-term - one (1) year of less; (b) Medium Term –more than one (1) year to five (5) years; and (c) Long term – for more than five (5) years.

ACTIONABLE ADVICE

1. All BSFIs shall strictly observe the procedural requirements and the regulatory compliance in their imposition of credit granting policies.
2. All BSFIs shall take note of the new maximum loan tenor of SBGPCLs of seven (7) years.