



Republic of the Philippines
Department of Education
Region VI – Western Visayas
SCHOOLS DIVISION OF CAPIZ
Banica, Roxas City

June 14, 2022


DIVISION MEMORANDUM

No. 166, s. 2022

APPROVAL TO GRANT LOANS VIA ONLINE PROCESS

To: Assistant Schools Division Superintendent
Chiefs, CID and SGOD
Public Schools District Supervisors
Heads of Public and Private Elementary, Secondary and Integrated Schools

1. Attached is Regional Memorandum No. 416, s. 2022 titled "**Approval to grant Loans via Online Process**".
2. Immediate dissemination of this Memorandum is desired.


MIGUEL MAC/D. APOSIN EdD, CESO V
Schools Division Superintendent

osds/admin

Enclosure: As stated
Reference: As stated
To be indicated in the Perpetual Index
under the following subjects

OFFICIALS

LOANS

LENDING



Address: Banica, Roxas City
Contact Number: (036) 620 2371
Email Address: capiz@deped.gov.ph



Republic of the Philippines
Department of Education
REGION VI-WESTERN VISAYAS

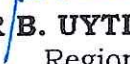
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REGIONAL MEMORANDUM
No. 416 s. 2022

APPROVAL TO GRANT LOANS VIA ONLINE PROCESS

To: Schools Division Superintendents
All Others Concerned

1. Attached is a letter from the Office of the Undersecretary for Finance, Department of Education, Central Office to Mr. Rey David S. Lacson, President and CEO, Manila Teachers' Savings and Loan Association, Inc. (MTSLAI) on the Approval to Grant Loans via Online Process.
2. Immediate dissemination of this Memorandum is desired.


RAMIR B. UYTICO EdD, CESO III
Regional Director

Reference: Letter from Undersecretary for Finance dated May 12, 2022
To be indicated in the Perpetual Index
under the following subjects:

OFFICIALS LOANS LENDING



Address: Duran Street, Iloilo City, 5000
Telephone Nos: (033)509-7653; (033)336-2816
Email Address: region6@deped.gov.ph
Website: region6.deped.gov.ph



Republic of the Philippines
Department of Education
OFFICE OF THE UNDERSECRETARY FOR FINANCE

May 12, 2022

Mr. REY DAVID S. LACSON
President & CEO
Manila Teachers' Savings and Loan Association, Inc (MTSLAI)
918 United Nations Avenue, Ermita, Manila

Dear Mr. Lacson:

This pertains to your request for MTSLAI to grant loans via online process to DepEd personnel-members nationwide under the Department's Automatic Payroll Deduction System (APDS), using APDS Codes 0121 A to B (for mutual aid system) and 0085 (for loans).

On the basis of the DepEd Central APDS Task Force Resolution No. 2, s. 2022 and the letter dated November 19, 2020 of Director Melchor T. Plabasan, Technology Risk and Innovation Supervision Department, Bangko Sentral ng Pilipinas (BSP), authorizing the MTSLAI to proceed with the implementation of Online Loan Application (OLA) Facility nationwide, **the request is hereby approved, subject to the periodic assessment/evaluation and compliance with the MTSLAI's Terms and Conditions of the APDS Accreditation (TCAA).**

The MTSLAI can use its own APDS facility to implement the OLA. However, should you wish to push through with the request to utilize Manila Teachers Mutual Aid System, Inc.'s facility instead of MTSLAI's, please submit to the Employee Account Management Division, the APDS Secretariat, the certified true copy of the Bangko Sentral ng Pilipinas' (BSP) approval for the purpose pursuant to paragraph 104-Q (Establishment of Branches and Other Offices) of BSP Manual of Regulation for Non-Banks, wherein non-stock savings and loans associations are included, which states that "*Prior Bangko Sentral authority shall be obtained before operating a branch, extension office or agency, including any arrangement whereby another person or entity is authorized to act as an agent for solicitation, issuance or servicing of deposit substitutes for the Quasi-Banking. x x x.*"

It is understood that all other terms and conditions stipulated in MTSLAI's TCAA shall be strictly observed, and that the MTSLAI shall be solely responsible for any issue and/or complaint that may arise during the implementation of its OLA Facility.

Thank you.

Sincerely yours,


ANNALYN M. SEVILLA
Undersecretary

amdlfca

Copy Furnished:
Regional Directors and Chiefs of Administrative and Economic Divisions
and Heads of Regional Payroll Services Unit, DepEd Regions I to XII IV-A IV-B
I to XIII NCR and CAR

MAY 24 2022

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AUTHORIZED BY THE BANGKO SENTRAL NG PHILIPPINAS
 918 United Nations Avenue, Ermita, Manila, 1000
 Telephone Numbers: (02) 8-404-2790 to 2797

April 4, 2022

MS. ANNALYN M. SEVILLA
 Undersecretary for Finance
 Department of Education
 DepEd Complex, Meralco Avenue,
 Pasig City

APR 18 2022
 [Handwritten signature/initials]

Dear Undersecretary Sevilla,

Grace and Peace to you from Christ!

First and foremost, we wish to convey our appreciation to the Department for the unwavering dedication in protecting the welfare of our public-school teachers. Over the years, it has achieved numerous wins to improve the lives of our modern-day heroes.

Manila Teachers' Savings and Loan Association, Inc. is no stranger to this endeavor. For more than 6 decades, our Association has shown its commitment to provide quality service to our teacher-members with financial needs in the Philippines. Our existence is anchored on Republic Act No. 8367, also known as, *Revised Non-Stock Savings and Loan Association Act of 1997*

One of the powers granted by law to the Association is the power to collect deposits and grant loan to its members, subject to such rules and regulations as the Monetary Board may promulgate. This power is elaborated in Section 7 of the above-mentioned law. Of note is the phrase, *"the treasurer, cashier, or paymaster of the office employing a member is required, notwithstanding the provision of any existing law, rule and regulation to the contrary, to make deductions from his salary, wage, income or retirement pension pursuant to the terms of his loan, and all other deductions authorized by the member, to remit such deductions to the Association concerned, and to collect such reasonable fee for his services as may be authorized by rules promulgated by the Monetary Board.*

However, on April 11, 2018, the Department issued DepEd Order No. 18. Among its provisions, we would like to highlight these two Sections, to wit-

Section 22. Entities shall be allowed to participate in the APDS facility in the province where they have an office established in accordance with law. [xxx]

Section 23. Entities that do not have an office in a province may offer loans under APDS to DepEd personnel in that province by making arrangements and entering into legal agreements with affiliate banks, which shall act as the former's agent.

It is our most respectful submission that the provisions of the Department Order contravenes Republic Act no. 5367, and unduly burdens the Association by placing limitations to its statutory right to make deductions against its members nationwide. Our Association's membership composition is scattered all throughout the entire country. For us to transact with each one of them through the APDS pursuant to the current policy would be tantamount to creating a branch/extension office in practically every province in the Philippines. To do so would be expensive, impractical, and unsustainable for us, because there are provinces with very limited clientele.

While it offered another option to be able to use the APDS by entering into legal agreements with affiliate banks, this alternative is still discriminatory. It causes unfair competition in favor of banks because banks generally have more offices in all provinces due to the commercial nature of their operations. It bears stressing that non-stock savings and loan associations are created with a public purpose. They serve an identified set of individuals, such as public school teachers, military personnel, among others. To give undue preference to banks in favor of NSSLAs would be akin to depriving these select groups of individuals to avail the services of the associations they have built collectively. The policy gives preferential treatment to banks and pressure NSSLAs and their members to enter into commercialized transactions, especially in far-flung areas where only large banking corporations are capable of setting up physical offices. The commercialization of APDS is contradictory to the public function of the Agency and discredit decades of hard work and collectivism of public school teachers in organizing these types of associations.

Despite these challenges, our Association continues to adapt to meet the terms and conditions of the Department to show our dedication to being one of your trusted partners. We have developed our very own Online Loan Application (OLA, so that our members from all over the country may avail of loan services through the use of internet whenever, wherever they are. We have attached in this letter the OLA process flow (ANNEX A) for your appreciation.

With this system, there is no more necessity to establish a physical office branch, or service units. The Bangko Sentral ng Pilipinas approved through a letter (ANNEX B) dated November 19, 2020 the use of said platform. Thus, we cite the relevant portion of said letter, "NSSLAs may proceed with the implementation of the OLA facility. However, the Association should ensure the adequacy of risk management systems and compliance with applicable BSP rules and regulations on IT risk management, anti-money laundering (AML), lending operations, customer protection, among others, and address all related

supervisory concerns and issues which the BSP may raise during our onsite and offsite supervision.

Over the years, several letters were sent to the Department seeking approval for the nationwide application of the OLA. The most recent communication about the matter happened last March 9, 2022 through a Zoom meeting between representatives of MTSLAI and the Department. During this meeting, Assistant Secretary Malcom S. Garma was in support for the nationwide implementation. The Association is ready to roll out the Online Loan Application on a nationwide scale. Teacher-members all over the country are also enthralled by this development, as the process to take loans will be less expensive and less time-consuming for them.

Additionally, there is a clamor from teachers across the country, calling on MTSLAI to offer our services to them. Many public school teachers still rely on associations such as ours, in times of financial challenges. MTSLAI, being the oldest and biggest teachers' association, is trusted and preferred by teachers. MTSLAI is a pioneer in many developments in the field of savings and loan association. We would like to stand by our commitment to continue these breakthroughs, but this is only possible with your support.

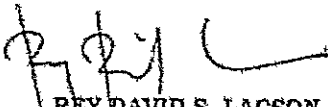
At this juncture, we would like to highlight that it is clear that all stakeholders are ready to actualize the platform. Thus, we would like to respectfully reiterate our request for the approval to use the OLA facility in the remaining 7 regions where MTSLAI does not have physical offices, to wit: Regions V-B, 6, 9, 10, 11, 12, 13. We understand that there is a preliminary remarks from Ms. Louisa Roberto during the meeting to only implement the Online Loan Application in regions where MTSLAI offices are established. We submit the view that this instruction is tantamount to the denial of accreditation of the Association granted to it under Section 7 of Republic Act no. 8367. The law requires no further qualification to the application of the powers of the Association to make deductions from the salary, wage, income or retirement pension of members, except for the rules promulgated by the Monetary Board. Thus, we humbly implore the Department to reconsider this stand and approve the roll out of the nationwide, so that the spirit of the law would come to fruition. While we recognize the duty of the Department to provide safeguards, it must not encroach upon the statutory right granted by Congress to our Association.

Indubitably, there is wisdom in the policy of the Department in requiring that Accredited Entities of the APDS establish a physical office in the place where they operate. Teacher-members may proceed to these offices, should they have concerns that cannot be easily resolved online. But times are changing, and technology becomes more advanced by the minute, as proven by this COVID-19 pandemic. Less and less problems and challenges require the need for physical interaction to be resolved.

However, to still accommodate the rare and extraordinary occasions when physical presence is ideal and to comply with Department Order no. 18 series of 2018, our Association likewise filed for an application for Affiliation with the Manila Teachers' Mutual Aid System, Inc. whose physical presence is established in all regions of the country. MTSLAI and MTMAS have entered into a service agreement last June 28, 2018. We have attached as ANNEX C a copy of the Correspondences, the Service Agreement, and the Board Resolution allowing such agreement. In line with this, we would also like to reiterate the request for approval of said Affiliation.

MTSLAI has proven time and again its willingness to adapt to the modern day problems of our teachers, while complying with the requirements of the Department. We are hopeful that the agency sees the merits of our requests. Thank you very much.

Very truly yours,



REY DAVID S. LACSON
President and CEO