



# BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR | FINANCIAL SUPERVISION SECTOR

## MEMORANDUM NO. M-2025-017

To : **All BSP-Supervised Financial Institutions (BSFIs)**

Subject : **Reminder on Risk Management Practices on Handling Adverse or Negative Media Reports**

Pursuant to Section 921/921-Q (Customer Due Diligence and Enhanced Due Diligence)<sup>1</sup> of the Manual of Regulations for Banks and Manual of Regulations for Non-Bank Financial Institutions, all BSP-supervised financial institutions (BSFIs) are reminded to incorporate Negative Media Report (NMR) screening as an integral procedure in the conduct of Customer Due Diligence (CDD), complementing the on-going transaction monitoring (TM) system and processes.

NMR refers to published or televised adverse news, advisories, and/or reports on certain individuals and entities. NMR related to possible money laundering (ML) predicate offenses, terrorist financing (TF), and proliferation financing (PF) risks may trigger further review or look back on customers' transactions and activities, particularly those subject of such NMRs.

In this regard, BSFIs are expected to adopt policies and procedures in the conduct and handling of NMR screening results, which should include the following.

1. **Updating of the Institutional Risk Assessment (IRA).** A BSFI shall update the IRA on newly-identified financial crime threats and emerging trends relevant to its products and services, and other relevant AML/CFT developments that may have an impact on its operations and affected controls, if any. As such, a BSFI shall consider all relevant risk factors, such as but not limited to, institutional level of exposures to the subjects of negative information/reports and/or those that may be engaged in illegal activities<sup>2</sup>.
2. **Sources of NMRs and Database Maintenance.** A BSFI shall keep an updated list of NMR sources and maintain a database of persons or entities subject of NMRs. Key sources of NMRs include news articles, public registers, court/congressional/senate records, as well as publicized hearings and deliberations, among others. A BSFI shall develop means or measures to reasonably assess credibility of these NMR sources and use the same for the conduct of ongoing monitoring.
3. **Customer and Transaction Screening and Scrubbing.** CDD and TM processes shall include NMR screening during onboarding and NMR scrubbing during transaction monitoring<sup>3</sup>. To ensure holistic investigation, screening and scrubbing shall extend to ultimate beneficial owners and authorized signatories of juridical customers<sup>4</sup>, as well as related<sup>5</sup> parties/interests and counterparties involving material and significant transactions. Hence, BSFIs shall develop NMR handling framework,

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<sup>1</sup> Particularly on: (i) Watchlisting and checking for existence of suspicious transaction (ST) indicators, in relation to the AMLC Guidelines on Transaction Reporting and Compliance Submissions (GoTRACS) and BSP Circular 1193 dated 29 April 2024, on determination and filing of STRs taking into consideration negative news reports and/or public advisory; and (ii) Enhanced Due Diligence (EDD) measures on gathering other relevant information available through public databases or internet.

<sup>2</sup> BSP Memo No. M-2022-030 (Guidance Paper on the Conduct of IRA).

<sup>3</sup> BSP Memorandum No. M-2023-013 (Guidance Paper for an Effective AML/CTPF TM System).

<sup>4</sup> Subject to National Retail Payment System (NRPS) rules, substantial transactions with non-customers shall be assessed (i.e. non-customer originator sending large and/or frequent remittances/funds or issuing checks to customers and non-customer beneficiaries/payees receiving large and/or frequent funds from customers).

<sup>5</sup> Refer to footnote 4 for non-exhaustive examples of related parties/interests and counterparties.

consistent with the Board's risk appetite and strategies, that clearly defines "material and significant" transactions considering risk factors, such as: (i) materiality of outstanding exposures; (ii) historical transactions (including previous alerts generated and dispositions thereof); (iii) the relevance and magnitude of the NMR; and (iv) presence of other attendant suspicious circumstances, among others. Depending on BSFI's policy and results of NMR investigation on those with true positive matches<sup>6</sup>, a BSFI shall conduct enhanced monitoring and transaction review for possible risk re-assessment, risk-based account management, and ST and Risk Event (RE) reporting, if warranted.

4. Account Management Measures. A BSFI shall identify the action that may be triggered by the results of the NMR investigation, whose range shall be calibrated based on the severity of the results. These actions may include flagging the customer's account for ongoing monitoring and periodic EDD, lookback on relevant transactions especially those with attendant suspicious circumstances, filing of STR and RER based on the results of investigation, account restriction, review of business relationship, or termination of relationship, among others.
5. Adequate Management Information System. A BSFI shall analyze the significance of NMRs and assess the impact of the possible operational, compliance, legal, concentration and reputational risks brought by clients subject of NMRs. It is essential for BSFIs to promptly escalate and report significant risks based on the results of NMR screening activity, along with other AML/CTPF matters such as Anti-Money Laundering Council inquiries/freeze orders, to the Board of Directors (BOD) and Senior Management (SM) to help them make an informed decision. This is to ensure that the BOD and SM are kept updated of ML/TF/PF key risks and typologies and that relevant AML/CTPF policies and procedures are reviewed and recalibrated on a regular basis.

For guidance and strict compliance.

**CHUCHI G. FONACIER**  
Deputy Governor

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<sup>6</sup> As an integral part of ongoing customer and transaction monitoring procedures and notwithstanding due conduct of thorough investigation, true matches are obtained by cross-referencing available information based on NMRs against accurate and updated customer data/information.