



Republic of the Philippines
REGIONAL DEVELOPMENT COUNCIL
Davao Region, Davao City

MFC XI Resolution No. 01, Series of 2006

Recommending that RDC XI Support RDC Caraga Resolution No. 21, s. 2006 Insofar as it Urges the Union Bank of the Philippines (UBP) through GSIS to Open Branches in Strategic Areas in the Caraga Region, Commending GSIS and UBP for Conceptualizing the G-W@PS, and Encouraging Them to Fast-Track Implementation of the Same

Whereas, The Regional Development Council Caraga referred to the Regional Development Council XI for support its Resolution No. 21 s. 2006, entitled “*Urging GSIS to Negotiate with the Union Bank to Open Branches in Strategic Areas within the Region Otherwise Absorb the Service Charges on ATM Transactions of Members through Other Banks in Areas Without Union Bank ATMs or Branches*”;

Whereas, The Government Service Insurance System (GSIS) is the agency that is mandated to provide and administer social security benefits for government employees, such as compulsory life insurance, optional life insurance, retirement benefits, disability benefits for work-related contingencies and death benefits;

Whereas, the Union Bank of the Philippines is GSIS’ designated depository bank and service provider for its *eCard*, the device that serves as automated teller machine (ATM) card through which GSIS members could get their dividends and loan proceeds;

Whereas, RDC Caraga contends that there is not a single UBP branch in their region and for each transaction in non-UBP ATMs, a service charge is levied directly on the GSIS member’s account. Caraga deems that these charges are unwarranted and could be dispensed with if only UBP established branches in their region;

Whereas, To address its concern, RDC Caraga proposes that GSIS negotiate with UBP the opening of branches in strategic areas, otherwise UBP should absorb service charges on ATM transactions by GSIS members in areas without UBP ATMs or branches;

Whereas, Examining Davao Region’s own situation with respect to UBP’s branching network, the Committee noted that UBP has seven (7) existing branches in the region, all of which are situated in Davao City and none in the other areas of the region;

Whereas, Having been invited to give their side on the issue, GSIS and UBP submitted the following responses:

- (1) Even if UBP has no branches in some areas of the country, the eCards are designed to be serviced by more than 6,000 ATMs of Bancnet, Megalink or Expressnet and via the Internet;

- (2) Inter-bank charges are standard banking policy even for checks and these are reasonable as GSIS members benefit through savings on time, effort, transport and lodging costs by not having to go to the GSIS offices to claim their loan and dividend checks;
- (3) UBP has expansion plans which include the opening of branches in Dumaguete, Butuan, Tagum and Dipolog Cities, albeit likely not within the year 2007 as it needs to prioritize its connection activities with the International Exchange Bank (I-bank), which it had recently acquired;
- (4) GSIS has recently launched a new facility called the *G-W@PS* (GSIS Wireless Automated Processing System), which would hopefully address some operational concerns regarding the *eCard*, which will henceforth be upgraded to *eCard Plus*. The *GW@PS* is an ATM type of device that can replicate the most common transactions in GSIS offices and it could identify a GSIS member through biometrics technology, display all his/her records and even process loan applications without any documentary requirement;
- (5) GSIS is the first institution in the world to employ the *G-W@PS* system. It is committed to install an initial one thousand (1,000) *G-W@PS* machines or kiosks in 2007 and within the next three years, eight thousand (8,000) machines would be operational;

Whereas, Considering the concerns raised and responses given, and after a discussion on their merits, this Committee has identified the following residual issues and other considerations:

- (1) A situation where services are free for some but at a cost to others is unwarranted and inequitable;
- (2) Given its present facilities and configuration, it is hard to believe that *eCard* can be entirely branch-independent;
- (3) The Filipino culture has yet to fully adapt to automated transactions; personal contact is still generally preferred by Filipino clients;
- (4) The disproportionate extensiveness of branch networks of many other banks is proof that accessibility was not a major consideration in the choice of UBP as GSIS servicing bank;
- (5) *G-W@PS/E-Card Plus* promises other pioneering improvements in accessibility of non-cash GSIS transactions;
- (6) The proposal for UBP to absorb inter-bank charges is impractical because it needs industry-wide concurrence or action;

Whereas, This Committee believes that UBP's opening of a branch in Caraga and other strategic areas in the country would manifest the bank's deep commitment of service to Government employees in accordance with its contract with GSIS;

Whereas, This Committee recognizes that the innovative *G-W@PS* would be a great benefit to the GSIS members as it would enable them to transact faster, more efficiently and at lesser cost. Given its advantages, this Committee believes GSIS should be urged to fast-track the implementation of the system; now, therefore, be it

Resolved, as it is hereby resolved, That this Committee recommend that Regional Development Council (RDC) XI support RDC Caraga Resolution No. 21, s. 2006 insofar as the latter urges the GSIS to negotiate with UBP the opening of branches in strategic areas of the Caraga Region;


Resolved further, That this Committee also encourage the Council to commend the GSIS and the UBP for conceptualizing the *G-W@PS*, as well as exhort them to speed up the implementation of the system;

Approved unanimously this 30th day of November, Two Thousand and Six, in Davao City, Philippines.

Certified True and Correct:


MIGUEL S. HERRERA III
Secretary

Approved/Attested by:


CESAR L. BALAN
Chairperson and Presiding Officer