

NATIONAL RETAIL PAYMENT SYSTEM

57 Charter Anniversary Symposium

Rural Bankers Association of the Philippines

SMX Convention Center, Pasay City

10 November 2014



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Agenda

- I. Basic Understanding and Concepts of the National Payment System (NPS)**
- II. Current State of Retail Payment System in the Philippines**
- III. Proposed National Retail Payment System (NRPS)**



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I. Introduction to National Payment System

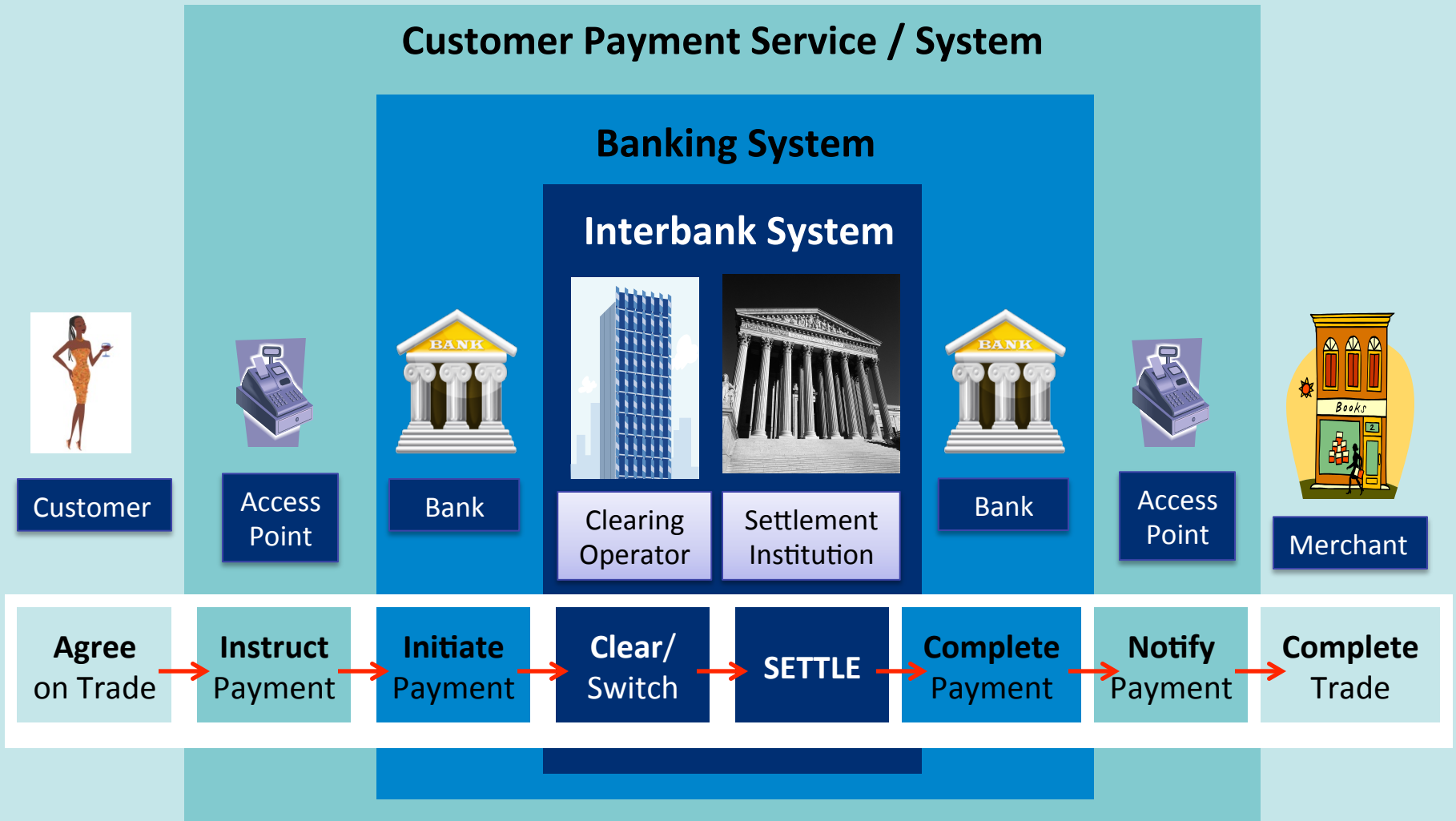


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National Payment System

National Economy / Financial Markets

Customer Payment Service / System



Three layers of the financial architecture

1. Store of value

Cash

Authorized depository accounts

E-Money accounts

2. Payment Instrument

Cash

Check

Card Payments

Electronic credit transfers

Electronic debit

3. Service Channels

Cash Handling

Branch

ATM

Agent

Call Center

IVR

Mobile Phone

PC

POS



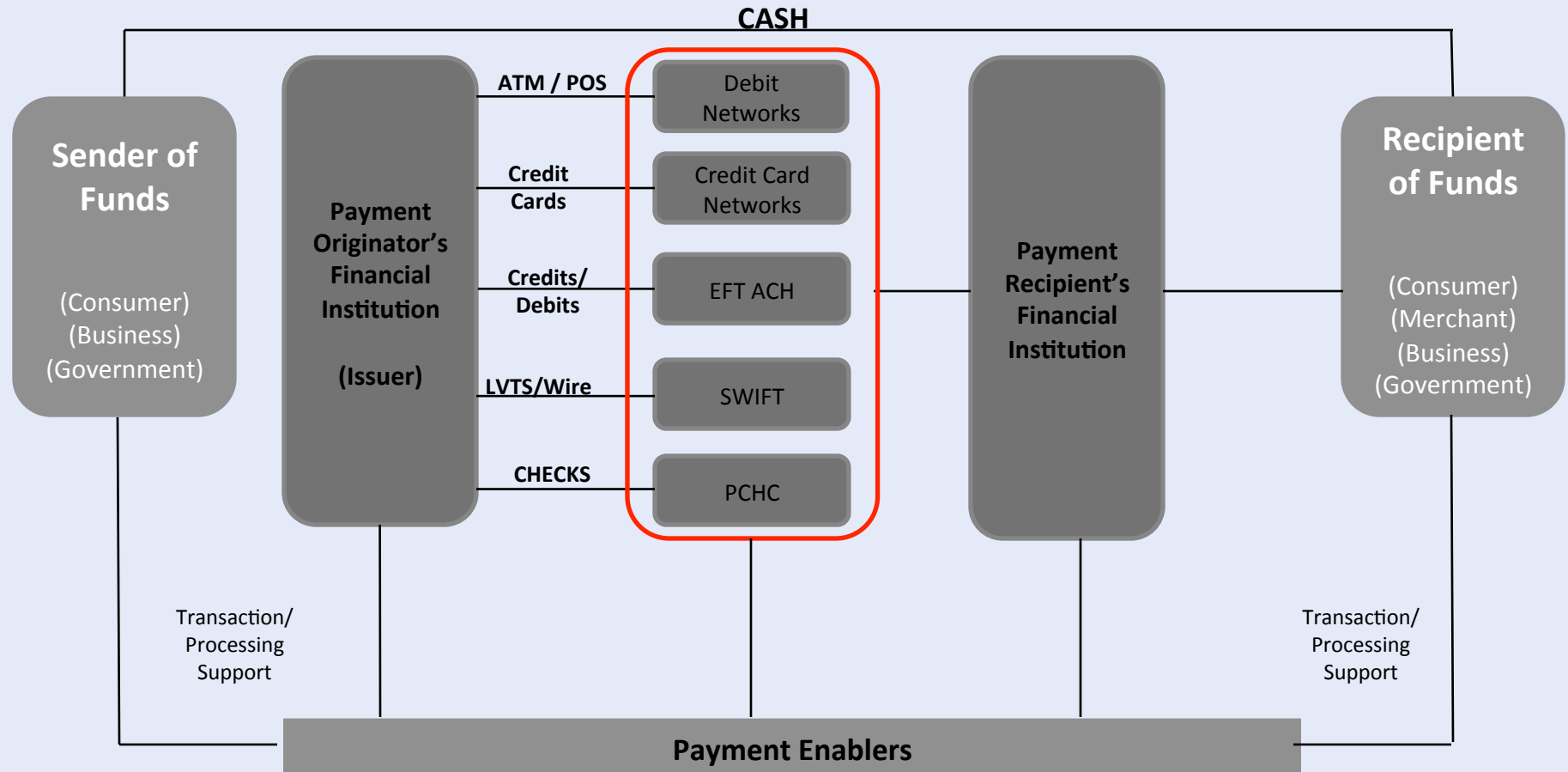
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Payment System Participants

Payment Originators

Payment Connectors

Payment Recipients



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II. Current State of Retail Payment System in the Philippines



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Monthly Payment Transactions

Payer	Transaction Volume (in million)	% Electronic Payments	Total Value (Php million)
Government	17	54.0%	236,436
Business	603	1.0%	2,546,647
Individuals	1,914	0.3%	311,605
Development partners	6	59.0%	368
Total / Month	2,539	1.0%	3,095,056

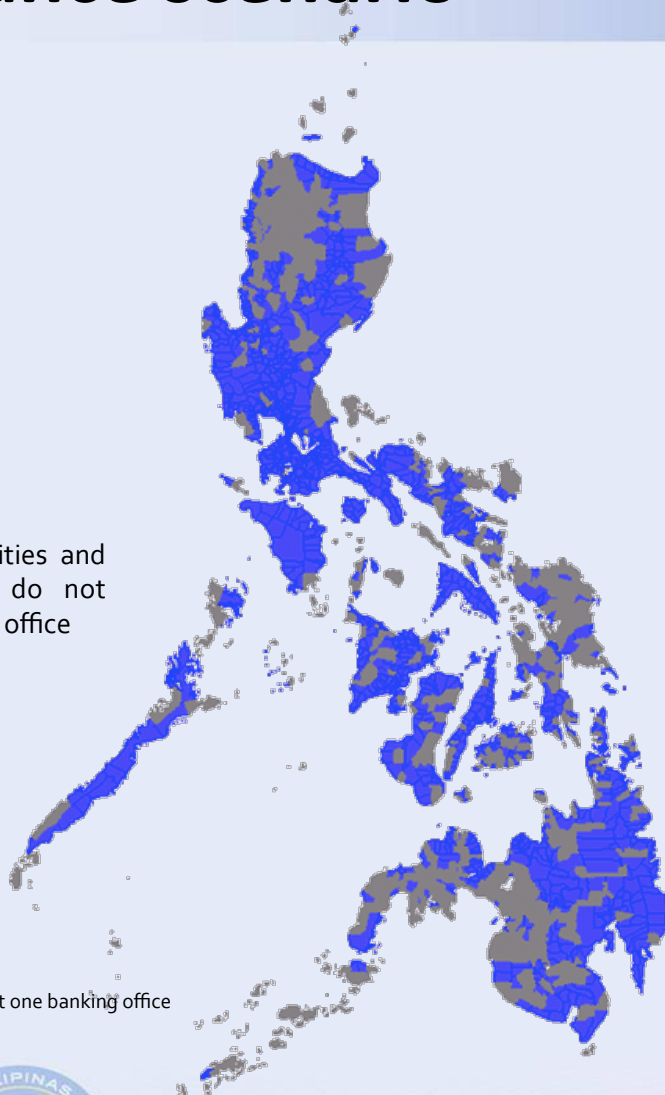
Source: Better Than Cash Alliance

Access to finance scenario



37%

of the 1,634 cities and municipalities do not have a banking office



With at least one banking office
Unbanked



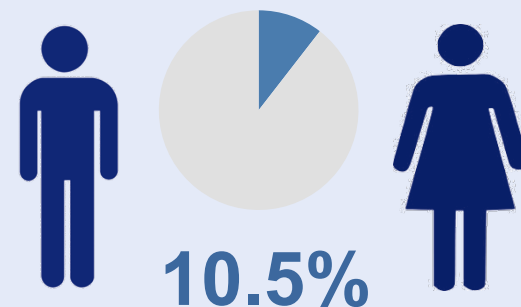
archipelagic barriers pose a big challenge to financial access

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2 out of 10

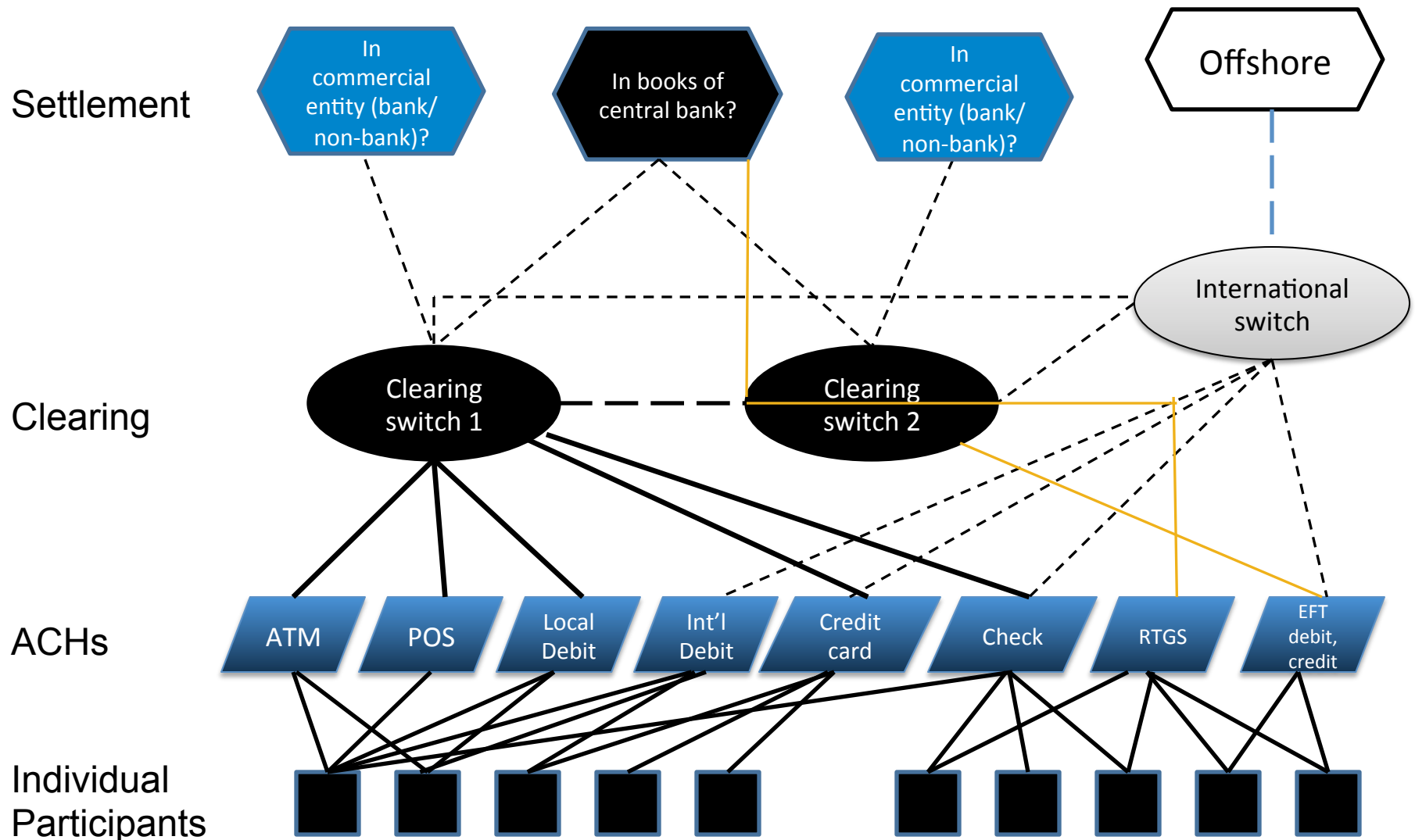


Filipino households have a deposit account



of adults had a loan in a formal financial institution in the past year

Schematic of multiple operator clearing and settlement



Challenges to Existing System

- Interoperability limited to card-based ATM withdrawals and POS transactions
- Real-time Interbank Fund Transfer (IBFT) limited to banks within same consortium
- Low level integration across E-Money schemes
- Great number of financially excluded Filipinos
- Inefficient collection system of government dues and contributions



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III. Proposed National Retail Payment System (NRPS)



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GOAL -

Establish a Sound, Efficient and Inclusive Retail Payment System

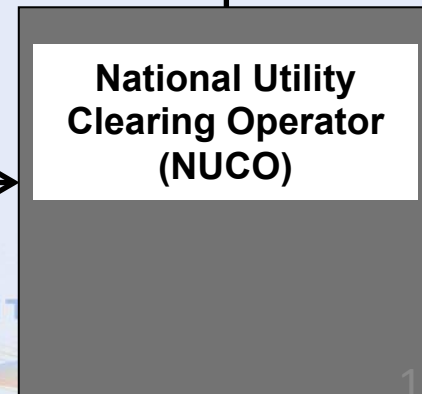
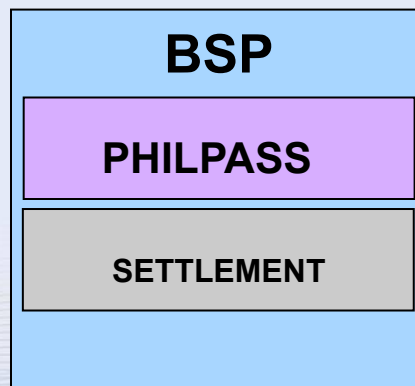
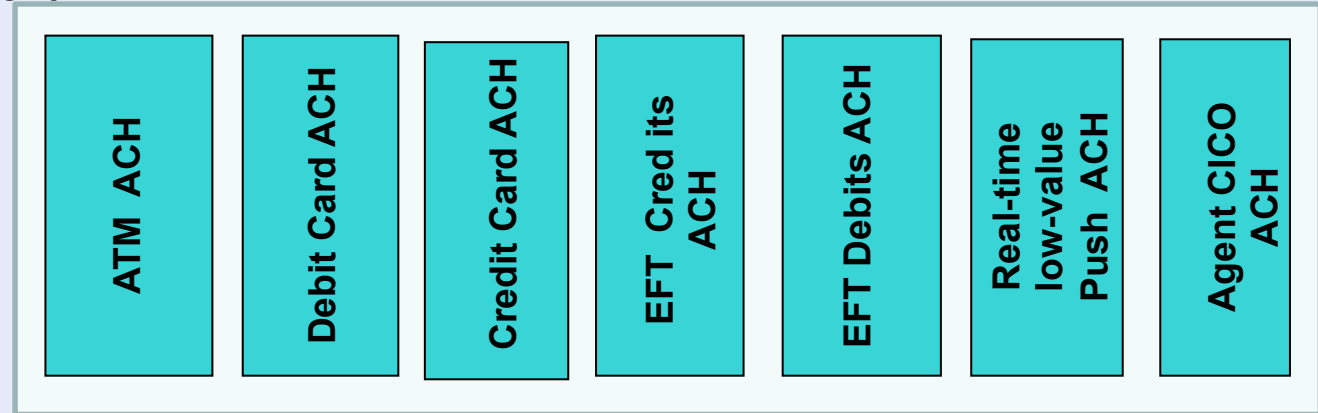
- * Ensures transparency
- * Enables effective and efficient interface and interoperability among players
- * Fosters innovation and new business models
- * Facilitates the provision of a wide range of products and services with needed certainty, affordability and trust



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Single Switch Operator

ACH participant group	■	■	■	■	■	■	■
ACH multilateral agreement	■	■	■	■	■	■	■
Clearing rules	■	■	■	■	■	■	■
NPS ACH operator agreement	■	■	■	■	■	■	■
Interchange multilateral agreement	■	■	■			■	■



NRPS Governance Model

Payment Systems Act
(Proposed)



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PSMB Risk/
Oversight

e.g.
So. Africa
Canada
Namibia

ATM ACH

Debit Card ACH

Credit Card ACH

**EFT Credits
ACH**

EFT Debits ACH

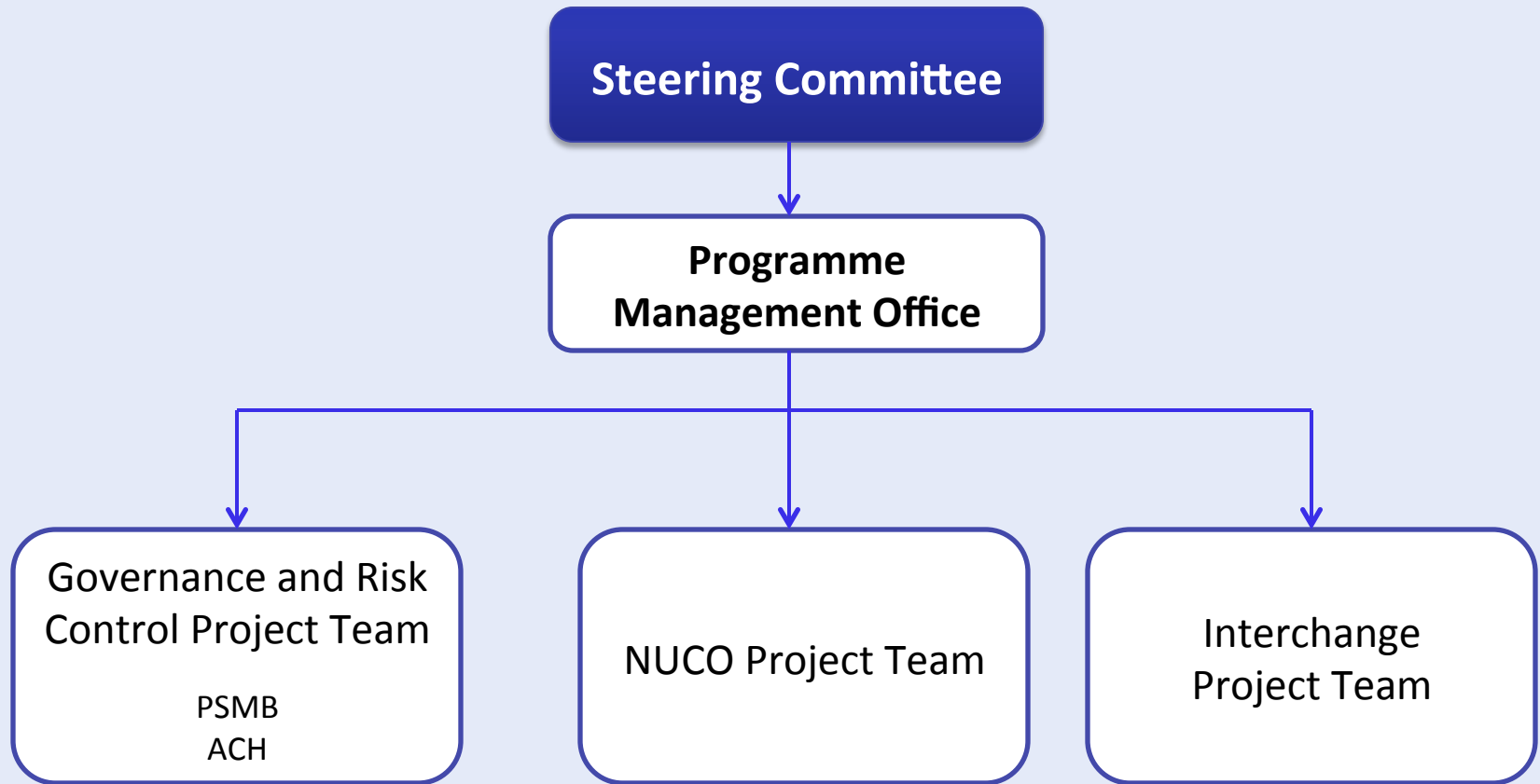
**Real-time low-
value Push
ACH**

Agent CICO ACH

National Retail Payment System



Programme Management Office



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THANK YOU

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