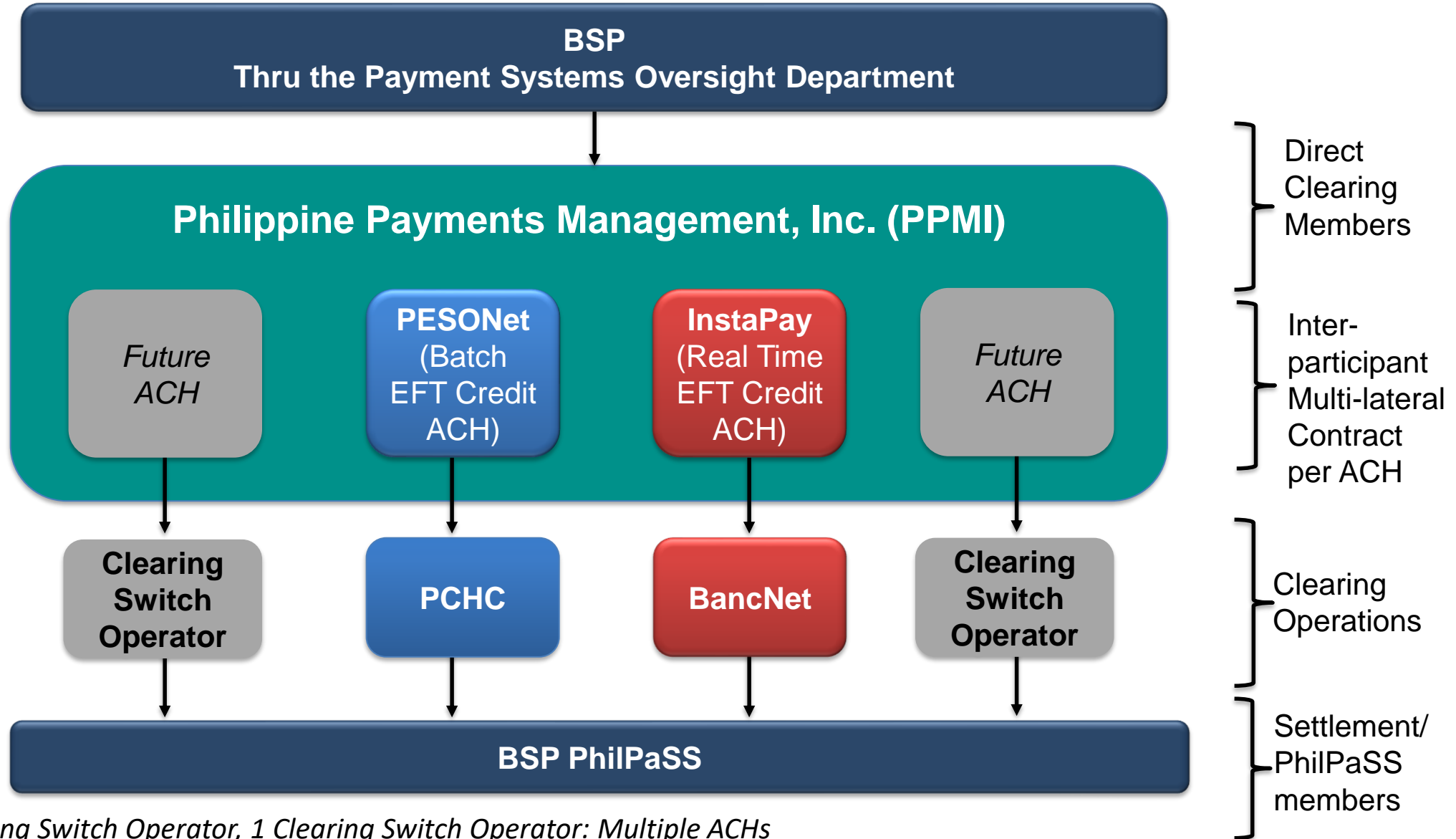


Rural Banks and PPMI in the NRPS Framework

Carmelita R. Araneta
General Manager

Governance Framework



* 1 ACH: 1 Clearing Switch Operator, 1 Clearing Switch Operator: Multiple ACHs

Direct Clearing Members

1. Direct Clearing

- With BSP Demand Deposit
- Member of PhilPaSS
- PPMI Member

2. Indirect Clearing

- via Sponsorship with a Direct Clearing Bank



PPMI Membership Process Flow

PHILIPPINE PAYMENTS MANAGEMENT, INC. (PPMI)

MEMBERSHIP PROCESS FLOW

PPMI MEMBERSHIP REQUIREMENTS

All qualified direct clearing participants (banks and non-bank EMIs) should be members of the PPMI

- Financial institution duly licensed by the Bangko Sentral ng Pilipinas (BSP)
- Engaged in holding funds of customers
- Authorized by BSP to offer e-banking/e-money services to the public
- Active participant in at least one (1) ACH and actively participate in an ACH one month after joining the PPMI
- Meet technical and operational standards of the ACHs they are participating in
- Settle clearing results with BSP's PhilPaSS either directly or through sponsoring bank

APPLICATION FOR PPMI MEMBERSHIP

BSFIs*/NON-BANK EMIs

Submits an accomplished PPMI Application Form with supporting documents

- a. Copy of latest Articles of Incorporation and By-Laws
- b. Copy of Certificate of Authority from the BSP, whichever is applicable
 - To operate as a Bank
 - To operate as an Electronic Money Issuer
- c. Copy of Electronic Banking Authority/Approval from BSP
- d. Secretary's Certificate authorizing application and designating authorized representative and alternate
- e. Confirmation of Eligibility to be a member of the PPMI and ACH Participation issued by the BSP PSOD (required under BSP Circular 1033)
- f. Copy of latest Audited Financial Statement

* *BSP Supervised Financial Institution*

PPMI

- Reviews all submitted documents.
- If complete, recommends approval of membership application to the PPMI Board

PPMI BOD

- PPMI Board acts on membership application of BSFI

PPMI

- PPMI notifies BSFI of action taken on membership application

FEES

A. ONE TIME JOINING FEE

1. FOR UBs/KBs/EMIs

- Pay one-time joining fee of Php150,000.00.

2. FOR RURAL/THRIFT BANKS

- One-time joining fee depends on the institution's asset size:

Asset Size	Joining Fee
>Php1B	Php150,000
Php500M - 1B	Php75,000
< Php500M	Php50,000

B. ANNUAL ASSESSMENT FEE

- Depending on the value of transactions over 24 months prorated across all participants.

PHILIPPINE PAYMENTS MANAGEMENT, INC. (PPMI)

MEMBERSHIP PROCESS AND ACH PARTICIPATION PROCESS FLOW

PRE-PPMI MEMBERSHIP

BSFIs*/NON-BANK EMIs

- Approaches PPMI to inquire on membership

PPMI

- Provides membership process flow, application information and documents to be submitted

BSFIs/NON-BANK EMIs

- Requests for Confirmation of Eligibility (COE)** from Bangko Sentral ng Pilipinas (BSP) Payment System Oversight Department (PSOD)
- Submits Confirmation of Eligibility from BSP PSOD and other application documents to PPMI

** BSP Supervised Financial Institution*

*** COE required under BSP Circular 1033*

PPMI

- Reviews completeness of submitted documents and prepares appropriate BSFI write-up for submission to PPMI Board
- PPMI Board acts on membership application of BSFI
- PPMI informs BSFI of action taken on membership application

PRE-ACH PARTICIPATION

BSFIs/NON-BANK EMIs

- Obtains COE* to participate in an ACH, if applicable, and submits to PPMI

PPMI

- Reviews completeness of submitted documents for BSFI's ACH participation
- Provides BSFI the ACH Agreement for their signature as well as other necessary documents

BSFIs/NON-BANK EMIs

- Submits to PPMI their signed ACH Agreement

PPMI

- Issues PPMI certification addressed to the CSO (PCHC for PESONet ACH, Bancnet for InstaPay ACH)
- For InstaPay ACH participation, issues advice to BSP Payments and Settlements Office (PSO) for the creation of Secured Settlement Account (SSA)

BSFIs/NON-BANK EMIs

- Submits to CSO the PPMI certification and discusses with CSO the requirements for ACH technical connectivity

** COE validity is 6 months*

PPMI Membership as of October 28, 2019

Membership	:	88 of which
UB/KB	:	41 out of 46
Thrift Banks	:	23 out of 50
Rural Banks	:	18 out of 430
EMIs	:	6 out of 14

PPMI Members (Rural Banks)

Name of Rural Bank	Participating in	
	PESONet	InstaPay
1. Bangko Mabuhay (A Rural Bank), Inc.	No	Yes
2. Binangonan Rural Bank, Inc.	No	No
3. BOF, Inc. (A Rural Bank)	Yes	No
4. BDO Network Bank, Inc.	Yes	No
5. Cantilan Bank, Inc. (A Rural Bank)	No	No
6. Card Bank, Inc. (A MF-Oriented RB)	No	No
7. Cebuana Lhuillier Rural Bank, Inc.	No	Yes
8. Country Builders Bank, Inc. (A Rural Bank)	No	No
9. Dunganon Bank	Yes	Yes
10. East West Rural Bank, Inc.	No	No
11. Filidian Rural Bank of Antipolo, Inc.	No	No
12. Gateway Rural Bank, Inc.	No	No
13. Innovative Bank, Inc. (A Rural Bank)	No	No
14. Partner Rural Bank (Cotabato), Inc.	No	Yes
15. Quezon Capital Rural Bank, Inc.	No	Yes
16. Rural Bank of Guinobatan, Inc.	No	No
17. Rural Bank of Jaen, Inc.	No	No
18. Zambales Rural Bank, Inc.	No	No

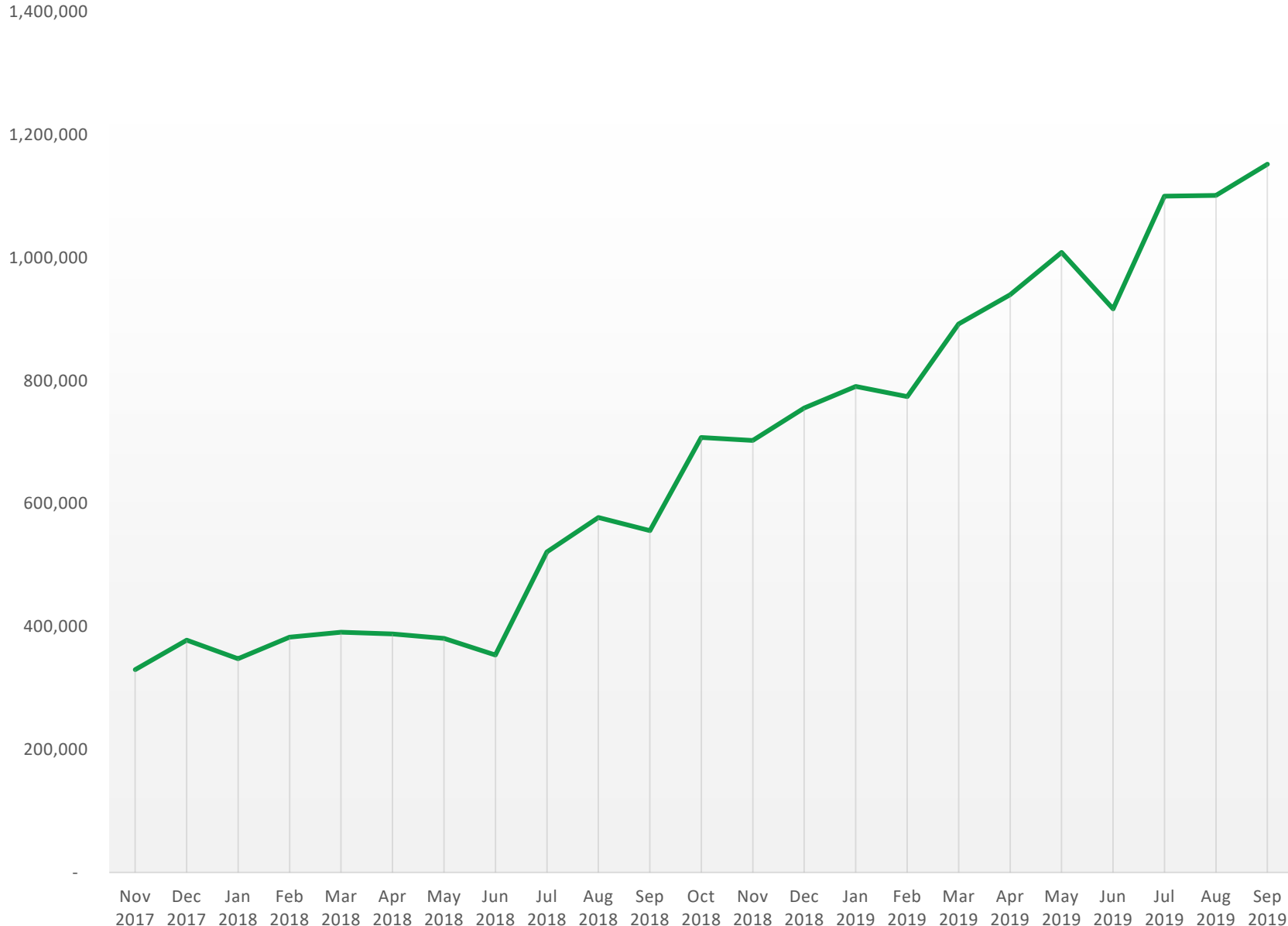
ACH Performance



Clearing Volume

November 2017 to September 30, 2019

Total to date:
15,448,754
transactions



Volume	2017	2018	2019
Jan		347,679	790,836
Feb		382,878	774,295
Mar		390,735	892,145
Apr		387,990	939,690
May		380,567	1,008,763
Jun		353,927	916,793
Jul		521,551	1,100,192
Aug		577,354	1,101,293
Sep		555,972	1,152,062
Oct		707,794	
Nov	329,906	702,885	
Dec	377,933	755,514	
Total	707,839	6,064,846	8,676,069
Ave. Daily	18,150	155,509	53,889



Clearing Value

November 2017 to September 30, 2019

Total to date:
Php 1,793,375,928,959

140,000,000,000

120,000,000,000

100,000,000,000

80,000,000,000

60,000,000,000

40,000,000,000

20,000,000,000



Nov 2017 Dec 2017 Jan 2018 Feb 2018 Mar 2018 Apr 2018 May 2018 Jun 2018 Jul 2018 Aug 2018 Sep 2018 Oct 2018 Nov 2018 Dec 2018 Jan 2019 Feb 2019 Mar 2019 Apr 2019 May 2019 Jun 2019 Jul 2019 Aug 2019 Sep 2019

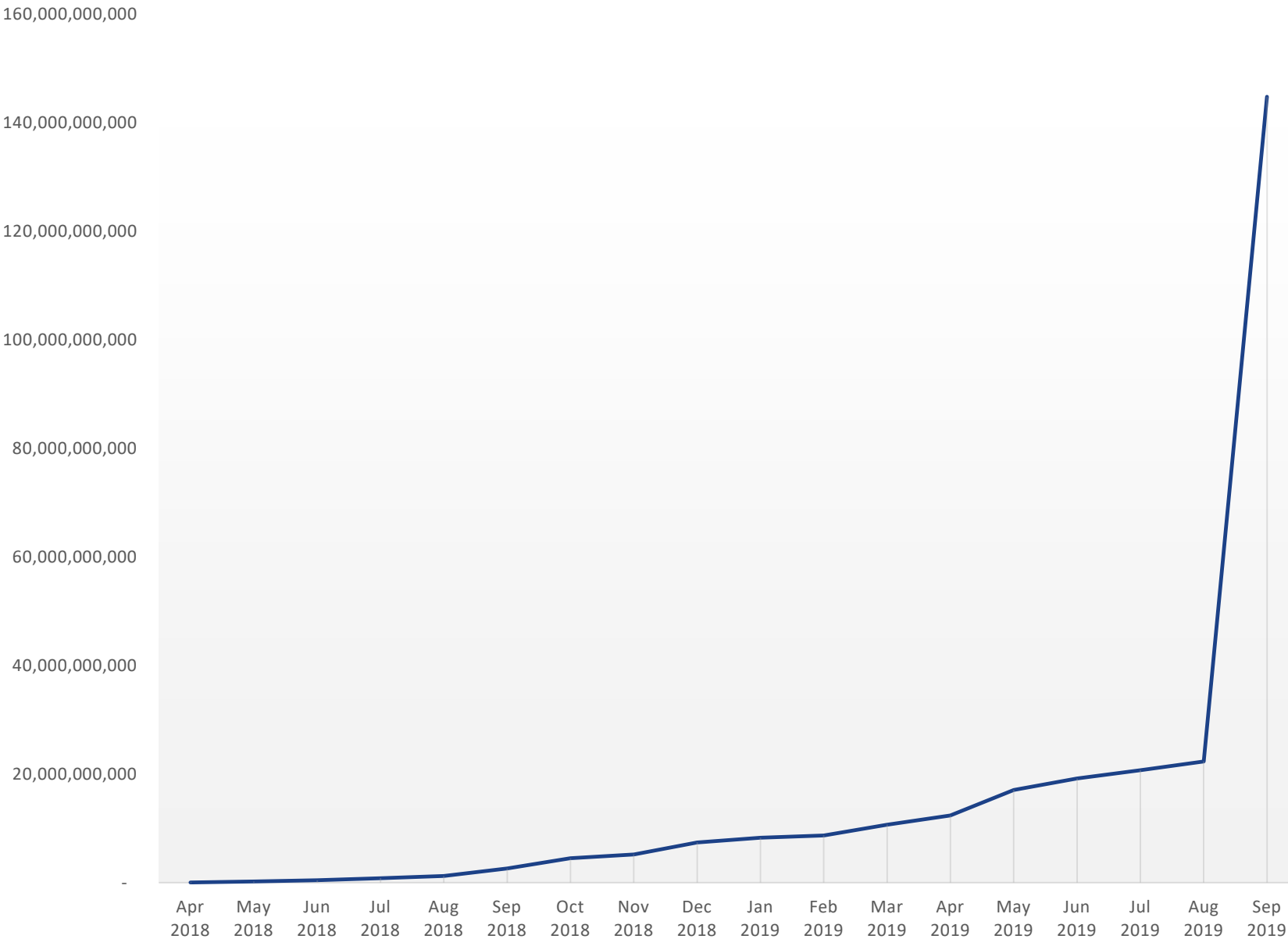
Value	2017	2018	2019
Jan		50.B	84.1B
Feb		56.9B	81.8B
Mar		59.B	92.4B
Apr		62.1B	93.5B
May		61.6B	99.2B
Jun		60.1B	88.1B
Jul		65.5B	108.9B
Aug		74.4B	118.4B
Sep		63.6B	115.9B
Oct		78.4B	
Nov	52.8B	87.2B	
Dec	52.6B	86.8B	
Total	105.4B	805.7B	882.4B
Ave. Daily	2.7B	20.7B	5.5B



Volume

April 23, 2018 to September 30, 2019

Total to date:
35,592,263
Transactions



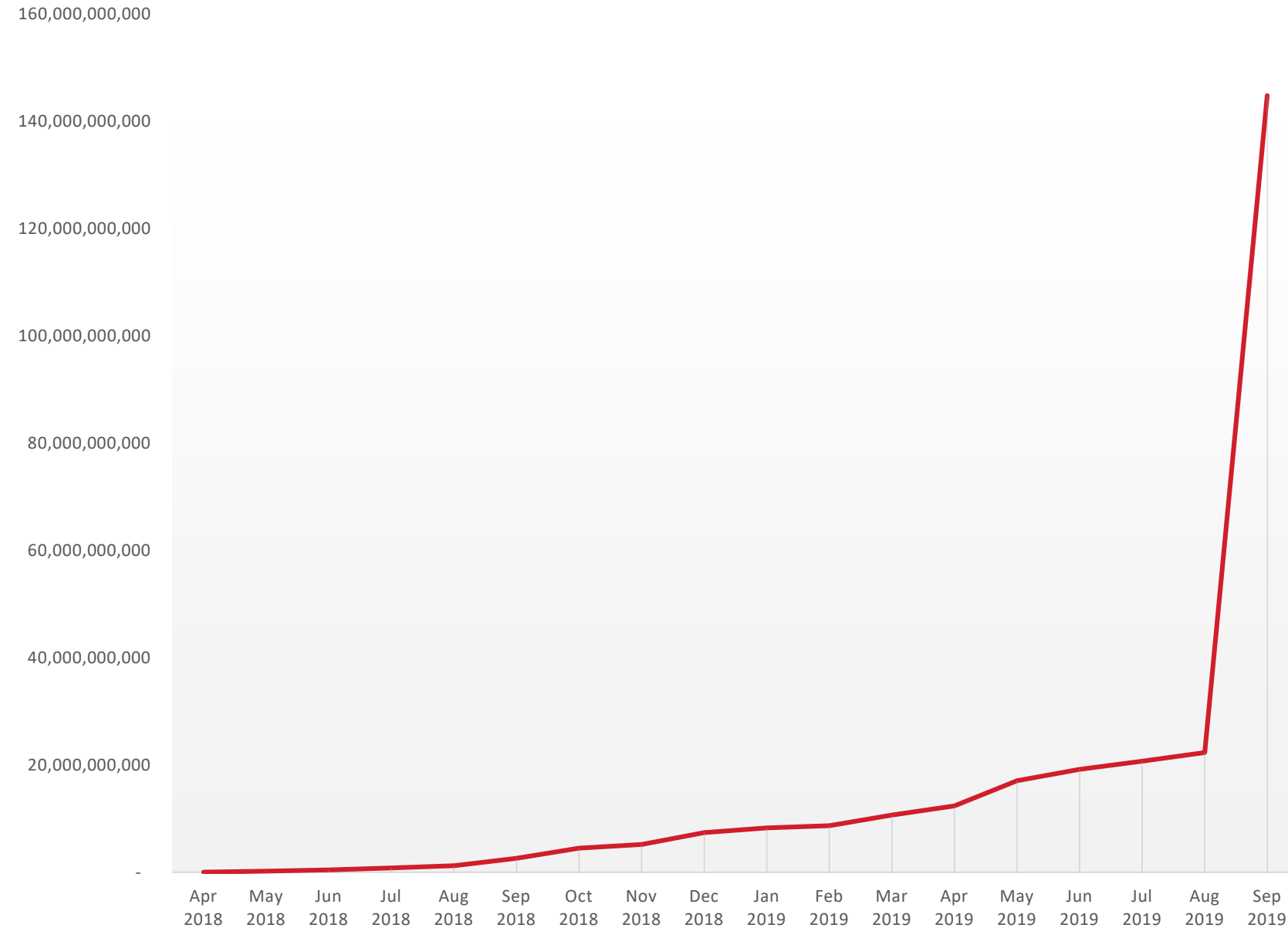
Volume	2018	2019
Jan		960,120
Feb		1,085,343
Mar		1,317,249
Apr	1,876	1,515,308
May	12,548	1,973,776
Jun	35,827	2,262,301
Jul	77,360	2,708,667
Aug	120,007	3,048,366
Sep	225,519	18,424,910
Oct	461,973	
Nov	561,171	
Dec	799,942	
Total	2,296,223	35,592,263
Ave. Daily	9,112	121,964



Value

April 23, 2018 to September 30, 2019

Total to date:
Php 286,520,720,358



Value	2018	2019
Jan		8.3B
Feb		8.7B
Mar		10.7B
Apr	19.3M	12.4B
May	190.9M	17.1B
Jun	436.1M	19.2B
Jul	813.M	20.7B
Aug	1.2B	22.3B
Sep	2.6B	144.8B
Oct	4.5B	
Nov	5.2B	
Dec	7.4B	
Total	22.4B	264.1B
Ave. Daily	733.1M	8.7B

Why few RBs are participating

- Technology requirements?
- Resource allocation?
- Any other concerns?

Thank You