

**69th Annual National Convention and
General Membership Meeting**

Rural Bankers Association of the Philippines

**BSP INNOVATION
AND
TECHNOLOGY UPDATES**

26 MAY 2022



BSP INNOVATION AND TECHNOLOGY UPDATES PROJECT LIST

Satellite Project

API-XML

PhilPaSS Plus

Credit Risk Database



SATELLITE PROJECT

VSAT Satellite Technology

Very Small Aperture Terminal (VSAT) Satellite Technology Communications uses antenna that receives and transmits data that provides communications support for a range of application:

High speed
Internet
Access

Virtual
Private
Networks

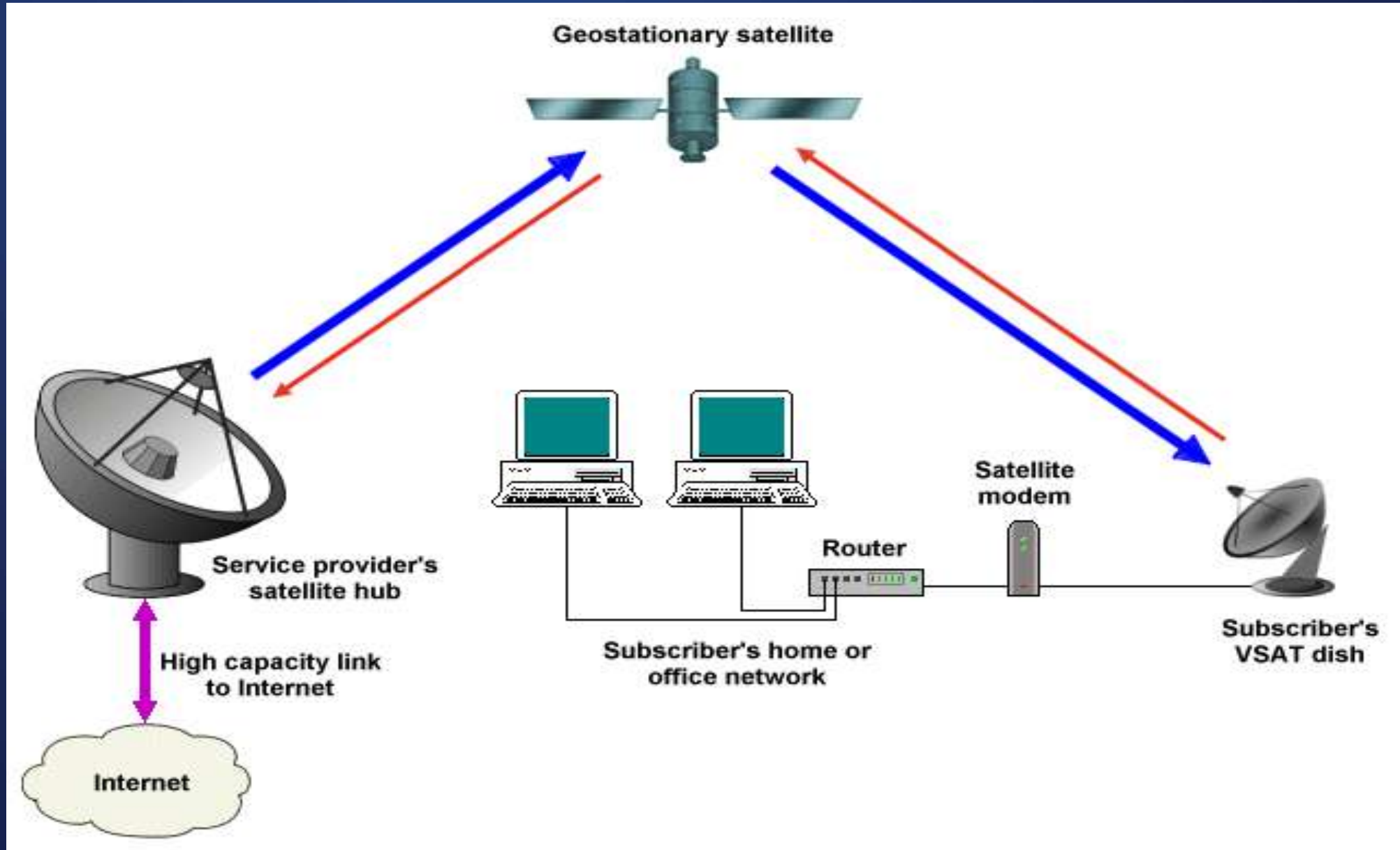
Telemetry &
Data
Collection

News Wire
Services

Supervisory
Control and
Data
Acquisition
(SCADA)



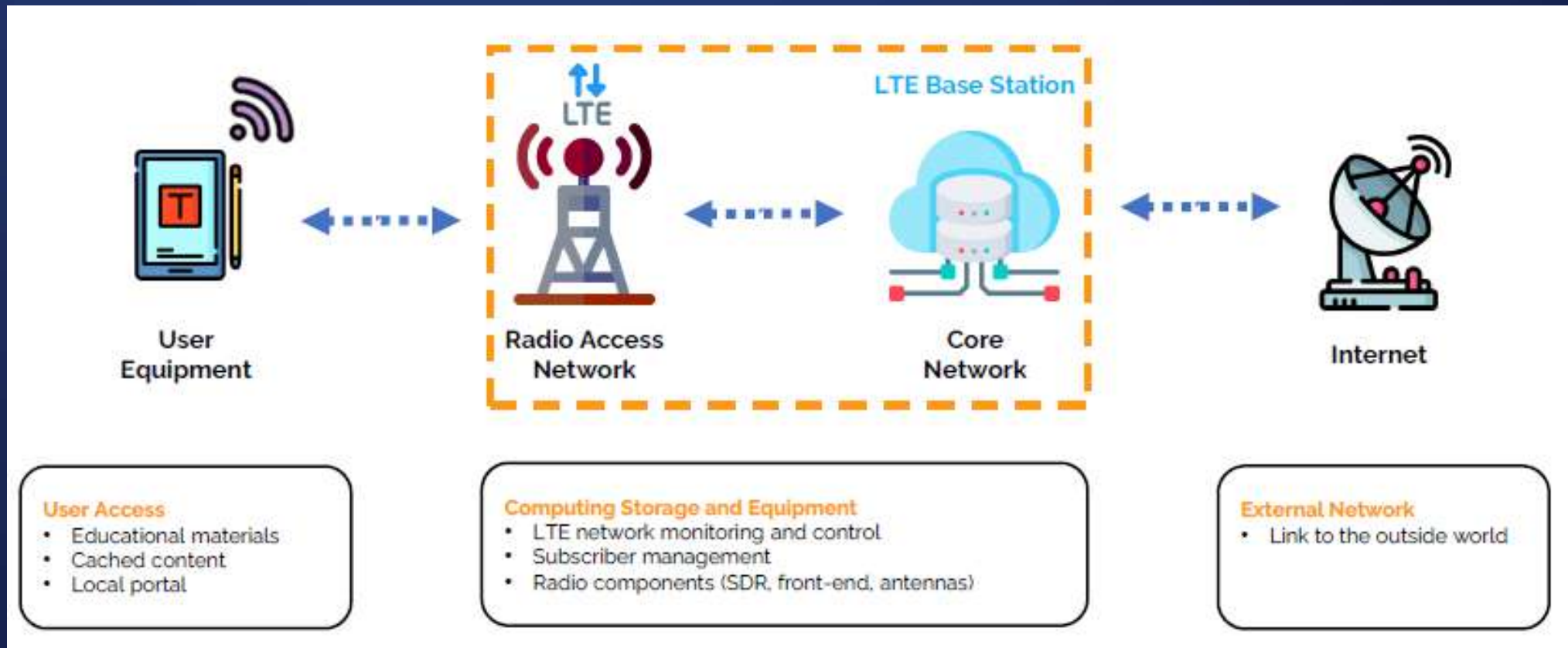
DIAGRAM OF INTERNET SERVICE VIA VSAT



Projects in partnership with PhilSA and ASTI-DOST

I. REINN – Resilient Education Information Infrastructure for the New Normal Project

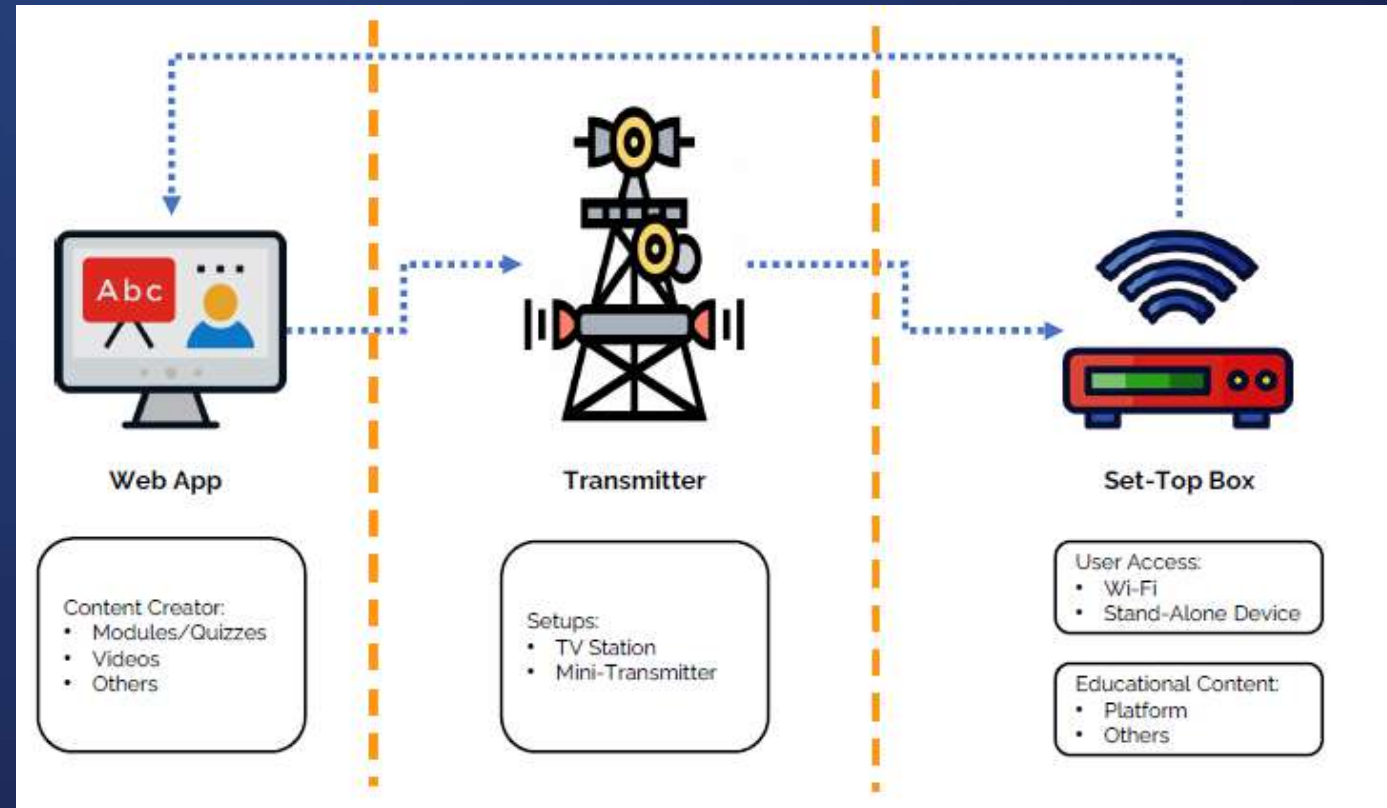
a. LOKALTE/RuraLTE



Projects in partnership with PhilSA and ASTI-DOST

I. REIINN – Resilient Education Information Infrastructure for the New Normal Project.

a. RuralCasting



II. INCENTIVISE – Introducing Non-Geostationary Satellite Constellations Test Deployments to Improve Internet Services Project,



SATELLITE PROJECT UPDATES (1/2)

Pilot Project with DOST-ASTI on RuralLTE Project (with BSP Financial Education (FinEd) materials)

1. Pilot of RuralLTE Project at Zambales DOST-ASTI/BSP
2. Pilot of RuralLTE Project at Tanay, Rizal DOST-ASTI/BSP

Target: June-July 2022

Proof of Concept (POC) of BSP (with Application System – FI Portal)

1. Progressive Rural Bank, Inc., Malvar, Batangas
2. Rural Bank of Cuenca, Inc., Cuenca, Batangas

Proposed Schedule of Activities

- Site Survey – tentative schedule on 31 May 2022 - Participants: Local Sattelite provider and Manufacturer (Hughes), ASTI, PhilSA, BSP
- Installation of POC Requirements (VSAT and WPMS). WPMS* will only be installed at RB Cuenca per ASTI.
 - Progressive Rural Bank, Inc: 1 – 2 June 2022
 - Rural Bank of Cuenca, Inc: 13 – 15 June 2022
- Actual POC Period:
 - Progressive Rural Bank, Inc.: 03 – 10 June 2022
 - Rural Bank of Cuenca, Inc: 16 – 22 June 2022

* Weather Prediction Measuring System



SATELLITE PROJECT UPDATES (2/2)

PhilSA Satellite Test Deployment

1. Satellite test deployment at Taguig, Metro Manila: PhilSA/BSP

Target: August 2022

2. Satellite test deployment at Jomalig, Quezon: PhilSA/BSP

Target: September 2022

3. Satellite test deployment at Dingalan, Aurora: PhilSA/BSP

Target: September 2022



SATELLITE PROJECT UPDATES

Relative to the proposed satellite project with Rural Banks, BSP is still crafting on the role of BSP in terms of:

- short-term funding in the form of subsidy;
- coordination with Int'l Funding Agency for possible project funding;
- co-led/partnership with other Gov't Agencies (i.e. DOSTI-ASTI, PhilSA, DICT) must be clarified since it should be linked to the digital transformation journey;
- correlation between BSP and the participating banks will have to be clearly laid out and within legal authority and mandate.



Application Program Interface-eXtensible Mark-up Language(API-XML)



This project aims to allow financial institutions to submit better data quality of reports with improved security of transmission.



This will provide BSP faster validation and enable sharper analysis by generating customized reports for supervisory and policy development purposes in different formats.



The project will help BSP implement a risk-based supervisory approach that reduces compliance costs.

During the Proof of Concept, 1 Rural Bank has successfully submitted an XML report.



What do you need?

Minimum Technical Requirements

- Internet Access
- Facility to generate XML report (any designer tool)
- Latest version of web browser (i.e. MS Edge, Firefox, Chrome)
- Utility for PKI Certificates

Skills sets Required

- Expertise in XML and XSD
- Understanding BSP Validation Rules
- Knowledgeable in API and PKI Certificates

XML Submission



API-XML PROJECT STATUS

71.6%
Completion

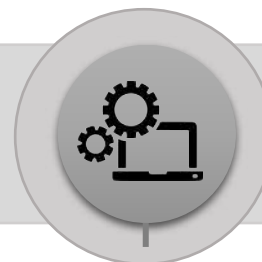
API-XML

MAY 2022
Infrastructure setup
and configuration

JAN 2023
Go Live



APRIL 2022
Completed
requirements
definition



SEPT 2022
Development, Testing,
and Configuration
Parallel Run



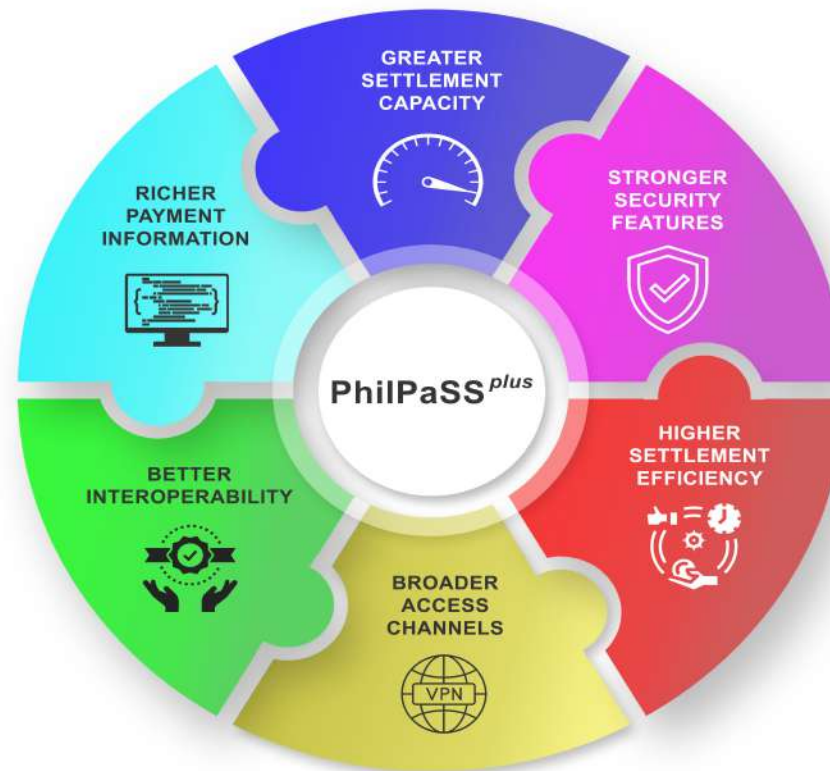
PhilPaSS Plus

The Next Generation ISO 20022-COMPLIANT PhilPaSS ^{Plus}

PHILIPPINE PAYMENT AND SETTLEMENT SYSTEM

Real-time gross settlement system that is owned and operated by the BSP. It processes and settles interbank fund transfers and other high value financial transactions against the demand deposit accounts (DDA) maintained by the banks with the BSP.

A next-generation RTGS that is equipped with state-of-the-art technology, enabling it to deliver comprehensive functionalities and settle larger volume of financial transactions of varying types and complexities.



The ISO 20022 messages can accommodate more information such as date of birth or incorporation and postal address of a sender, resulting in stronger controls against money laundering and improving the usability of payment information for business entities.

PhilPaSS Plus



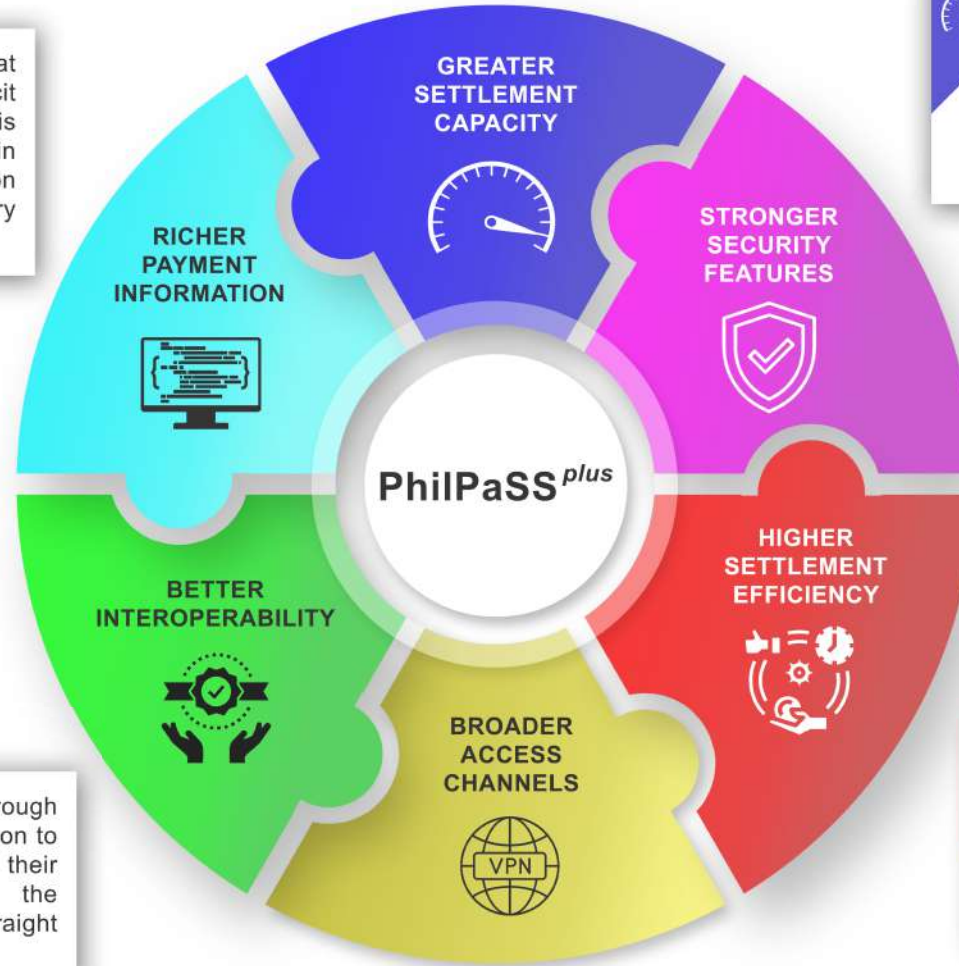
supports the ISO 20022 message format carries much richer and explicit information in payment messages. This new RTGS system is instrumental in making valuable data and information available for business and regulatory purposes.



accepts only payment messages that are compliant with the globally prescribed ISO 20022 payment messaging standard. Adherence to such an international standard will enable the country to integrate not only with onshore but also with offshore settlement platforms. Migrating to ISO 20022 would have an added benefit of improved data quality and enhanced STP and higher automation.



The old RTGS system could be accessed through SWIFT and Participant Browser only. In addition to these channels, participants can now send their transactions or interact via API, thru the PhilPassplus Virtual Private Network - Straight Through Processing (VPN-STP) channel.



The new RTGS can settle significantly higher volumes of payment instructions and has the capacity to cope up with the expanding and changing payment landscape. It has double capacity for settlements of up to 20,000 per day from the previous 10,000 per day.



operates in a more secure environment. Not only that PhilPaSSplus can be accessed thru a virtual private network (VPN) and uses digital signature, it is also designed to adhere to the 6-eye principle - For instance, a transaction now goes through a review process involving 6-eye, or at least 3 persons, instead of only a 4-eye, or 2 persons, before the transaction is transmitted to the core settlement system.



The new system now runs under an integrated seamless solution avoiding the complexity and overhead of managing disparate systems thus significantly enhances system availability and speed of settlement.

Benefits of Being a PhilPaSS plus Participant

1. Online access to bank's Demand Deposit Account (DDA) maintained with BSP
2. Real time settlement of high-value interbank and customer /corporate payments
3. Real time and near real time settlement of retail payments coursed through designated Automated Clearing Houses (ACH)
4. Settlement using central bank money
5. Average speed of settlement per transaction processed in PhilPaSS is 3 to 5 seconds
6. Minimum transaction fee of Php5.00 to a maximum fee of Php400.00 (depending on the amount of the transaction)
7. An alternative payment vs. checks
8. Membership is FREE



PhilPaSS plus Requirements for Participation

Application Letter

Participation Agreement

Certificate of Good Standing from Industry Association

PhilPaSS plus User Registration Form

VPN Connectivity Registration Form

Notarized List of Authorized Officers with Specimen Signatures
Certified by the Board Secretary



PhilPaSS plus Application Procedure

1 Applicant-bank's submission of required documents to BSP – Payments and Settlements Department (PSD)

2 BSP-PSD evaluation of completeness of documents submitted

3 In case of incomplete documents, BSP-PSO will issue a letter addressed to the applicant-bank, notifying the deferment of application processing

4 Transmission to BSP-TDIO of the VPN Connectivity Registration Forms to facilitate VPN configuration and connectivity testing

5 BSP-TDIO will notify the applicant-bank (via phone or e-mail) regarding VPN configuration/testing

6 After completion of VPN testing and PhilPaSS plus user-enrollment, BSP-PSD to conduct Briefing Session for registered users of the system



2022 PhilPaSS plus Information Campaign

Roadshow is targeted on Q3 or Q4 2022 depending on the health and safety situation.



PhilPaSS plus Participants as of 23 May 2022

Participant	
Universal/Commercial Banks	42
Specialized Banks	3
Thrift Banks	35
Rural Banks	100
Non-Bank Quasi Banks	6
Digital Banks	2
BSP Departments	5
Government Agency	1
Financial Market Infrastructure	4
Clearing Switch Operators	2



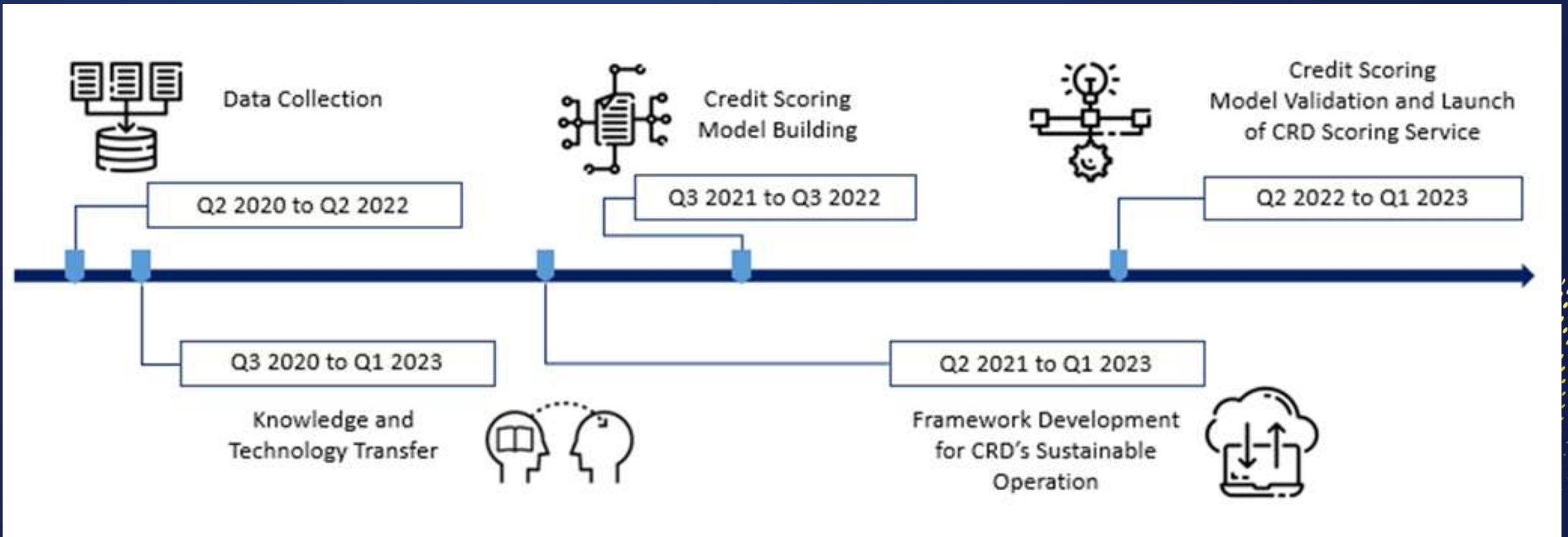
CREDIT RISK DATABASE (CRD)



- joint initiative of the BSP and Japan International Cooperation Agency (JICA) under a Technical Cooperation Program between the Philippines and Japan.
- primarily aims to improve access to credit of small and medium enterprises (SMEs).
- it involves the creation of a large-scale database of anonymized financial, non-financial and default-related data of SMEs and the development of a statistical scoring model to determine the probability of default (PD) of an average SME borrower in a particular group of similar attributes.



CRD TIMELINE



THANK YOU...

