

Mobile Payments – The Philippine Experience

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Mobile Payments Infrastructures in the Philippines



- **GCASH** is an internationally- acclaimed micropayment service which transforms a mobile phone into a virtual wallet for a secure, fast, and convenient money transfers at the speed and cost of a text message.



- **SMART Money** is a reloadable payment card that may either be accessed through a Smart mobile phone or a MasterCard powered card, similar to a debit/cash card. Smart Money enables Smart subscribers to manage their money from their mobile phones wherever they are, whenever they want.



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Various GCash Products

- **GCASH Mobile** is the faster, more affordable, and secure way to send & receive money, buy load, pay bills, and do a lot of money related transactions, anytime, anywhere using your Globe or TM mobile phone.
- **GCASH Click!** is a new payment facility that integrates online payment via SMS with a pick-up and delivery service. A first in the Philippines, GCASH CLICK aims to make online shopping safe, affordable and hassle-free!
- **GCASH Online** is a web-based facility for hip GCASH subscribers who want to send money via GCASH and check their GCASH balances even while online using their computer and an internet connection.
- **GCASH REMIT** is a cash-pick up service that is supported by a wide cash-handling network, including leading local and international remittance companies backed by reputable settlement banks.



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GCash & Government Payments



G-CASH PAYBIR

PAYBIR is a project initiated by Bureau of Internal Revenue (BIR) to support its Tax Collection Drive. Through the PAYBIR service, taxpayers may now pay their tax of P10,000 and below by a simple text message. The **PAYBIR** Project was forged in partnership with Land Bank of the Philippines (LBP) as the Accredited Agent Bank and Globe Telecom acting as taxpayer agent. Globe utilizes its G-Cash facility to make tax payments on behalf of its subscribers.

Types of taxes settled via GCash are:

- Annual Income Taxes
- Registration Fees
- Fines and Penalties
- Regular Documentary Stamp Tax



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GCash & Government Payments

- Department of Trade and Industry - Business Name Registration System
 - **Business Name Registration System** is one of the principal frontline services of the DTI. It aims to maintain a nationwide registry of business names. GCash e-payment online facility is available as an alternative mode of payment for the following transactions/services:

- Business Name Search	- New Applications
- Renewals	- Change Business Information
- Certification Request	- Cancel Business name



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GCash & Government Payments

- **Bureau of Products and Standards - Standards & Conformance (S&C) Portal**
 - The **Standards & Conformance (S&C) Portal** is an online facility that offers an easy access to a wide range of information on standards, regulations and conformity assessment activities in the Philippines and other WTO member countries.
 - S&C PORTAL features the following:
 - Standards and Export Alert Services
 - Web Store
 - Catalogue Online
 - Databases Online
- The *BPS S&C Portal Web Store* is an easy and efficient way for all our portal users to order, purchase, avail and pay Philippine National Standards (PNS) and other collection of standards and related documents, handbooks, and publications online as well as pay BPS services and fees.
- Payment options include **GCash** and **DTI Tellers**.



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GCash & Government Payments

- **Professional Regulation Commission - Licensure Examination and Registration Information System (LERIS)**
 - Provides online services for application of various licensure examinations using the online payment facilities which include via **ATM bank account** or via the **Globe G Cash (electronic wallet)**.
 - It provides facility for Philippine seafarers to renew their licenses even while sailing in the high seas.



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GCash & Government Payments

- **Department of Social Welfare and Development (DSWD) - Conditional Cash Transfer (CCT) Program** via the **Pantawid Pamilyang Pilipino Program (4Ps)**, which is a poverty reduction and social development strategy of the Philippine National Government that provides conditional cash grants to extremely poor households to improve their health, nutrition and education, particularly of children aged 0-14.
- **Media Used for Distribution of Cash Grants:**
 - **Cash Cards** issued by the Land Bank of the Phils (LBP), a govt bank
 - **GCash Remit** - the domestic cash pick-up service of Globe Telecom which brings the monthly CCT cash grants to poor families in far flung areas not serviced by banks, through its wide network of outlets in a safe and secure manner.



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RBAP-MABS Channel Management Project

- *The **Channel Management Project** is implemented by the **Rural Bankers Association of the Philippines (RBAP)** through its **Microenterprise Access to Banking Services (MABS) Program**, which is supported by the United States Agency for International Development (USAID) and the Bill & Melinda Gates Foundation grant through MICRA Philippines. This is under the oversight of the Office of the President through the Mindanao Development Authority (MinDA).*
- In this project, rural banks with mobile money platforms can provide banking services in remote areas even without a branch using the GCASH-powered mobile phone banking services (MPBS). These include [Text-A-Deposit](#) and [Text-A-Withdrawal](#) services, which allows the people in far flung areas save remotely through their mobile phones or withdraw money from their accounts.



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SmartMoney & MFIs



Smart Communications, Inc.

Financial Services, Domestic
Microventures, Inc. and Smart



HAPINOY – Enabling 4,000 Micro-Entrepreneurs

The *Hapinoy project* is an effort to empower store owners by linking them directly to partner product manufacturers, through capacity-building and the community Support generated by the network. As a result, Hapinoy Project store owners are able to get

higher margins on their goods sold, save on new efficiency measures and have the opportunity to get into new businesses such as the electronic financial services offered by SMART



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SMART
MONEY

5299 6712 3456 7890

CLARISSA C. LOPEZ



SmartMoney & MFIs



Smart Communications, Inc.

Financial Services, Domestic
RHUDARDA MPC and Smart



Islands Activation Pilot
From Cash to Mobile Money

The Islands Activation Pilot From Cash to Mobile

Money is a program designed to target Microfinance Institutions in remote areas where access to financial services is limited. These are areas not serviced by Rural Banks or typical financial channels or areas where ATMs are unavailable.

Institution are accredited as a SMART Money-In Money-out Center (SMART MIMO Center), allowing the conversion of electronic cash in SMARTMoney wallets into physical cash, and visa versa



BANGKO SENTRAL NG PILIPINAS



SmartMoney & MFIs



Smart Communications, Inc.

Financial Services, Domestic
NWTF, Inc. and Smart



Mobile-enabled Loan Collection

Negros Women for Tomorrow Foundation (NWTF) is a non-government organization that provides a broad range of financial services such as savings, scholarships, micro-insurance and micro-credit to poor and low-income women in depressed urban and rural communities in the Visayas and Mindanao Regions.

Mobile-enabled Loan Collection use the mobile technology in loan Collections minimizing the cost of manual processes and the security risks attached to it



BANGKO SENTRAL NG PILIPINAS

Challenges to BSP to Regulate M-Payments and other Retail Payment Systems

- *The **New Central Bank Act (RA 7653)**, though it does not contain explicit provisions on retail payments and no specific powers are defined to cover payments systems operators from the non-banking sectors, BSP relies on its power as defined in the Philippine Constitution, that it is a body established as an independent central monetary authority that shall provide policy direction in the areas of money, banking and credit.*



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BSP's Initiatives to Strengthen its Regulatory Powers

- Ratification of ***The Payments and Settlements Systems Act***
 - *This proposed Bill intends to strengthen the powers of the BSP to supervise, oversee and regulate payments system and payments systems operators*
- Amendment of ***The New Central Bank Act (RA 7653)***
 - *This refers the to amendments being proposed by the BSP to the Philippine Congress to provide explicit provisions on the powers of the BSP over payments systems to ensure financial stability.*

While awaiting for the above, BSP issued Various Regulations on Retail Payments Systems



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Guidelines governing issuance of electronic money and the operations of electronic money issuers in the Philippines (*Circular 649, series 2009*)

These guidelines:

- Covers banks, non-bank financial institutions supervised by the BSP and non-bank institutions registered with the BSP as money transfer agents
- require that BSP shall be allowed access to review the e-money systems and database of the entity and such access shall extend to the agents, partners, service providers or outsourced entities in view of their participation in the e-money business.



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Guidelines on Outsourcing of Services by Electronic Money Issuers (EMIs) to Electronic Money Network Service Providers (EMNSP)

- An Electronic Money Network Service Provider (EMNSP) refers to a non-financial institution that provides automated systems, network infrastructure, including a network of accredited agents utilizing the systems, to enable clients of an EMI to perform any or all of the following:
 - Convert cash to E-money and monetize e-money;
 - Transfer funds from one electronic wallet to another;
 - Use E-money as a means of payment for goods and services; and
 - Conduct other similar and/or related e-money activities/transactions.
- The guidelines require the need for an EMI to conduct appropriate due diligence review to assess the capability of an EMNSP in performing the service to be outsourced. Such review will review take into consideration both qualitative and quantitative factors affecting the performance of the outsourced service, such as the financial condition and results of operation for the previous year/s, risk management practices, technical expertise which involve monitoring the velocity of e-money transactions and aggregation of monthly limits, among others, market share, reputation (both the company and its stockholders) and compliance with anti-money laundering requirements and BSP rules and regulations.



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Guidelines on Consumer Protection for Electronic Banking and e-Money (Circular 542, series 2006)

- This circular covers the implementation of e-banking and e-money activities of the banks and other entities for the purpose of compliance with the requirements to safeguard customer information, prevention of money laundering and terrorist financing, reduction of fraud and theft of sensitive customer information, and promotion of legal enforceability of bank's electronic agreements and transactions.



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BSP's Regulatory Approach to M-Payments

Considering that telecommunication services are not under the regulatory ambit of the BSP, Globe and Smart Telecommunications have given the BSP de facto regulatory authority to undertake extensive evaluation process of their systems and products. BSP is allowed to look at the companies' databases and for the Anti-Money Laundering Council of the Philippines to look at the same for suspicious accounts and covered transactions as defined by the Anti Money Laundering Act (AMLA). Comprehensive evaluation aims to verify:

- Fulfillment of the Know Your Client procedures
- Anti Money Laundering Requirements
- Adequate Risk management policies and procedures
- Integrity, Security & Confidentiality of systems and data
- Compliance to transaction cap of Php10,000/transaction, Php40,000/day and Php100,000/month



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Creation of the Core IT Specialist Group (CITSG)

- *The CITSG is a group of experts in bank examination, all of whom are duly Certified Information System Auditors (CISA).*
- *The CITSG conducts regular review and evaluation of all the systems and databases utilized by the payment systems operators including ATM Network operators to ensure that adequate risk management controls are in place in their operations.*
- *Being subjected to BSP's review and evaluation, the payment systems operators have encouraged the users/clients to trust and have confidence in their systems.*



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