

## **WHAT IS A PAYMENT SYSTEM?**

A payment system is a mechanism composed of rules, institutions, people, markets and organizations that make exchanges of payments possible.

It facilitates the transfer of money from a payor to a payee in order to effect a payment transaction.

## **WHAT IS AN RTGS PAYMENT SYSTEM?**

RTGS or Real-time Gross Settlement System is a type of Large-Value Payment System (LVPS) that enables the transfer of funds between banks on a real-time basis. It is a payment system which is now being offered by most commercial and thrift banks to their clients as alternative to check payments.

## **WHAT IS PhilPaSS ALL ABOUT?**

*PhilPaSS* or Philippine Payment and Settlement System is the name of the RTGS payment system in the Philippines. *PhilPaSS* is owned and being operated by the Bangko Sentral ng Pilipinas (BSP). Banks and non-banks with Quasi-banking functions under the BSP supervision are granted access to *PhilPaSS* to facilitate electronic interbank payments among themselves. The name for an RTGS payment system varies from one central bank to the other. Listed below are the names of RTGS payment system of some central banks:

TARGET 2	-	European Central Bank
CHAPS	-	Bank of England
FedWire	-	Federal Reserve (USA)
BOJNet	-	Bank of Japan
CNAPS	-	People's Bank of China
RITS	-	Reserve Bank of Australia
MEPS+	-	Monetary Authority of Singapore
RENTAS	-	Bank Negara Malaysia
BhaTNET	-	Bank of Thailand

*PhilPaSS* is the payment facility used by banks in settling their interbank payment transactions. The payment is

initiated by a paying bank through the transmission of an electronic instruction to transfer funds from their respective demand deposit account (DDA) to the DDA of the payee bank. All banks maintain their DDAs with the Bangko Sentral ng Pilipinas (BSP).

## **WHO MAY USE PhilPaSS?**

Direct users of *PhilPaSS* are as follows:

- Universal Banks (UKBs)
- Commercial Banks (KBs)
- Thrift Banks (TBs)
- Rural Banks (RBs)
- Non-banks with Quasi-banking license (NBQBs)

These institutions are maintaining DDAs with the BSP; they are the ones who are able to directly interface with *PhilPaSS*.

Indirect Users can either be:

- Individuals
- Corporations

These groups may avail of the services of *PhilPaSS* to settle their interbank fund transfers and other large value payments, through their designated depository banks.

The banks, however, have different timelines for accepting *PhilPaSS* payment instructions from their clients. Normally, they only accept RTGS payment instructions from clients in the morning. The case may be different for *preferred clients*.

The BSP charges the banks a transaction fee for every payment instruction sent to *PhilPaSS*. The charges imposed by banks for *PhilPaSS* payment instruction from clients also varies from bank to bank.

## **WHAT ARE THE FINANCIAL TRANSACTIONS ACCEPTED AND SETTLED IN PhilPaSS?**

- Bank to Bank fund transfer

- General bank to bank fund transfer (Interbank lending/borrowing)
- Client initiated fund transfers (customer payments, domestic money transfers)
- Remittance of Revenue Collections to the National Government as collected by authorized agent banks (AABs)
  - Bureau of Internal Revenue taxes
  - Bureau of Customs - Customs Taxes/Import Duties
- Payments for GS Trading Activities (Auction, Secondary Market and Interdealer & Client Trades)
- Peso payment of USD Trading Activities
- Financial Transactions of Banks with BSP
  - E-rediscouting availments
  - Overnight/Term Lending/Borrowing
- Settlement of ATM transactions
- Settlement of check clearing results from Philippine Clearing House Corporation (PCHC)
- OFW Remittances

## **WHAT ARE THE FEATURES OF PhilPaSS?**

- *PhilPaSS* guarantees the real-time settlement of payment instructions transmitted by banks to BSP subject to availability of balances in their respective DDAs.
- Payments through *PhilPaSS* are safe and almost risk-free considering the use of banks' money with the BSP.
- *PhilPaSS* promotes faster and more efficient movement of funds among individuals/corporations/banks.

- *PhilPaSS* accepts and settles payment instructions between 9:00 a.m. and 5:45 p.m. on regular working days.

#### **WHAT ARE THE BENEFITS OF *PhilPaSS* TO THE BANKING INDUSTRY?**

- Elimination of the use of checks.
  - When making deposits to DDAs for compliance to statutory reserves, RBs which are participant in *PhilPaSS* can instruct their depository banks to initiate a fund transfer from their CASA to their respective DDA with the BSP.
- Real-time monitoring of DDA balances. Through *PhilPaSS*, banks can monitor their DDA balances on a real-time basis which allows for better liquidity management.
- Transfer of excess DDA balances. Banks can directly initiate fund transfer instructions from their DDAs in BSP to their CASA in their depository banks should they wish to move excess funds in the DDAs.
- Creating value-added service to clientele.
  - Banks which are *PhilPaSS* participants may offer their clients a safer and faster means to transfer money to and from any branch of *PhilPaSS* participant-bank in the Philippines.
  - Banks may use the *PhilPaSS*-REMIT facility to cater for domestic remittance transactions either as receiving bank or sending bank.
- Potential revenue. Banks may charge their clients a minimal fee for the use of *PhilPaSS*.

- Direct settlement of ATM transactions. Banks, as member of ATM networks, can directly settle their ATM transactions through their DDAs.
- Direct participation in the PCHC check clearing operations. Indirect participants in PCHC may opt to join the PCHC check clearing operations as direct participant once member of *PhilPaSS*.

#### **OUR CONTACT INFORMATION**

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## FREQUENTLY ASKED QUESTIONS

on

# *PhilPaSS*



**BANGKO SENTRAL NG PILIPINAS**