

What is a payment system?

A payment system consists of a set of instruments, banking procedures and, typically, interbank funds transfer systems that ensure the circulation of money.¹ In simple terms, “money” is regarded as cash (*i.e.*, notes and coins issued by the government or central bank) or claims against credit institutions in the form of deposits. The use of bank deposits to make payments has become an important medium in most developed countries and to make a payment, the payer must issue an instruction in the form of a paper-based instrument (e.g. a check) or an electronic instruction (e.g. using a credit or plastic card).

The effectiveness of payment activities is fully dependent on the arrangements that facilitate fund transfers between members and it is through these arrangements that constitute a “payment system”. Payment Systems consist therefore of networks that link the members with existing rules and procedures for the use of this infrastructure. A Payment System normally requires the following:

- Standard methods of transmitting payment messages between members
- Agreed means of settling claims within the members/participants (normally through the deposits of the members/participants with the central bank)
- Common operating procedures and rules (admission, fees, operating hours)

Payment systems are vital parts of the economic and financial infrastructure. Their efficient functioning, allowing transactions to be completed safely and on time, makes a key contribution to overall economic performance. Payment systems, however, can also involve significant exposures to risks for members. It is for this reason that central banks have always taken into account the design and operation of payment systems additional control features to mitigate these risks.

Why are payment systems important?

- a. Payment systems allow safe and timely completion of transactions. Various payment systems are normally used by companies to buy or sell goods and services; individuals rely on them to receive their salaries and for retail purchases; and the government depends on them to receive taxes and pay benefits.
- b. Payment systems allow the customers of one bank to make payments to other banks thereby minimizing the risks of fraud and erroneous payments to illegitimate creditors

¹ Bank for International Settlements – Committee on Payment and Settlement Systems, [A glossary of terms used in payments and settlement systems](#) (2003), p38

- c. Payment systems are vital to the operation of financial markets as they are used to settle trading of various financial instruments such as government securities, commercial paper, stocks, foreign exchange and derivatives.

What are the risks involved in payment systems?

The various risks in Payment Systems are as follows:

- a. *Credit Risk* – the risk that the counter-party will not meet an obligation for full value, either when due, or at any time thereafter. It includes both the risk of loss of unrealized gains on unsettled contracts with the defaulting party and more importantly, the risk of loss of the whole value of the transaction.
- b. *Liquidity Risk* – the risk that the counter-party will not settle an obligation for full value when due. This could adversely affect the expected liquidity position of the payee and may force the payee to cover its cash flow shortage by funding from other sources to meet its obligations to others.
- c. *Settlement Risk* – the risk that the completion or settlement in a transfer system will not take place as expected. This risk may comprise both credit and liquidity risk.
- d. *Operational Risk* – the risk of human error or a breakdown of some component of the hardware, software, or communications systems that are crucial to settlement.
- e. *Legal risk* – the risk of loss because of the unexpected application of a law or regulation or because a contract cannot be enforced.

What are the major payment instruments in the Philippines?

- a. *Checks*

A written order from one party (the drawer) to another (the drawee, normally a bank) requiring the drawee to pay a specified sum on demand to the drawer or to a third party specified by the drawer. Checks may be used for settling debts and withdrawing money from banks.

In the Philippines, banks exchange checks through the Electronic Check Clearing System (ECCS) of the Philippine Clearing House Corporation (PCHC) for processing and settlement through their demand deposit accounts (DDA) that are maintained with the BSP. Checks are commonly used by consumers for bills and small value payments and for businesses for their regular payments such as purchase of goods and services.

b. Credit Cards

A card indicating that the holder has been granted a line of credit. It enables the holder to make purchases and/or withdraw cash up to a prearranged ceiling; the credit granted can be settled in full by the end of a specified period or can be settled in part, with the balance taken as extended credit. Interest is charged on the amount of any extended credit and the holder is sometimes charged an annual fee.

Credit cards in the Philippines are usually issued by the banks which have formed part of their marketing strategy to increase the number of their customer base and improve income that can be generated from retail and consumer business. Credit card use is no longer limited to the ordinary purchase of goods and services by the cardholders. Banks have expanded its usage for other purposes such as cash advance, easy installment plan for purchases, link-up to savings and checking accounts of cardholders etc. to attract more customers. The most common credit cards being used are the Visa, MasterCard, BanKard, JCB, Diners Card, and American Express Card.

c. Debit Cards

Debit Cards enable the holder to have his purchases directly charged to funds on his account at a deposit-taking institution (may sometimes be combined with another function e.g. that of a cash card or check guarantee card).

The existing ATM networks (BancNet, MegaLink, ExpressNet, Nationlink and Encash) have developed their own Point-of-Sale (POS) System to allow their depositors to pay for their purchases electronically through their ATMs for credit to the retailer's account.

d. Stored Value Cards

Stored Value Cards (also called an electronic purse) are prepaid cards in which the record of funds can be increased as well as decreased.

In the Philippines, these cards are commonly single use instruments and non-reusable. Typical examples of single use cards are those issued by the Light Rail Transit Authority, Metro Rail Transit Authority, and telecommunications companies. A bank pioneered also the use of multi-purpose reloadable e-Cash that can be used for cash withdrawal through the bank's counter or automated teller machines or payment of bills to the accredited establishment of the e-Cash issuer.

e. *Electronic Money*

Electronic Money or e-money is a value stored electronically in a device such as a chip card or a hard drive in a personal computer.

The BSP classifies e-money further as monetary value stored electronically in an instrument or device which can be converted back to cash, and if issued by a bank, shall not be considered as deposit.

Two of the most popular form of e-money in the Philippines are SMART Money and Globe's G-Cash.

What are the major payment, clearing and settlement systems in the Philippines?

a. *Electronic Check Clearing System (ECCS)*

Operated by PCHC, ECCS is the system used to facilitate the exchange of checks issued by banks for processing and settlement through their DDAs with the BSP.

b. *Check Image Clearing System (CICS)*

CICS is the name used by PCHC for the adoption/implementation of check truncation technology in the Philippines. With CICS, original paper check shall no longer be included from the collection or return process. Instead of the paper check, the digital image thereof will be transmitted electronically to the drawee bank for collection of its amount or to the depository or presenting bank in case of dishonor of the check. Thus, eliminating the need to transport paper check for more faster and efficient check processing.

c. *Electronic Peso Clearing and Settlement System (EPCS)*

Operated by PCHC, EPCS is an interbank account-to-account fund transfer system that supports bulk, recurring, non-time sensitive payment and collection transactions. This is considered a cost-efficient means of transacting payments and collections and considered as a robust alternative to check payments.

d. *Philippine Domestic Dollar Transfer System (PDDTS)*

This system allows online, real time settlement of domestic interbank US Dollar transfers/trading. In addition, it provides a facility for online inquiry and settlement of foreign exchange transactions, where the PDDTS participants enter interbank US Dollar and Peso transfer instruction in a single screen. The US Dollar leg is settled via PDDTS using their US Dollar accounts with Citibank as settlement bank. The peso leg is transmitted via the PDS Settlement Highway (PSH) to the Philippine Payments and Settlements System (*PhilPaSS*) for

settlement through the banks' DDAs maintained with Bangko Sentral ng Pilipinas.

e. *Registry of Scripless Securities (RoSS)*

RoSS is the official *Registry* of absolute ownership, legal or beneficial titles or interest in Government Securities (GS) (Treasury Bills and Treasury Bonds). Upon award of GS to a GSEDs at the auction, the *securities* award are electronically downloaded to the RoSS system.

f. *PDS Clear*

Processes and clears interbank and public market GS trades.

g. *PDS Settle*

Processes and clears the USD/Peso trades between banks; peso-leg transmitted to BSP for settlement.

h. *Automated Teller Machine (ATM)*

ATM is an electronic telecommunications device that enables the customers of a Financial Institution to perform financial transactions, particularly cash withdrawal, without the need for a human cashier or bank teller. The system that connects the ATM consortia now enables cashless payments for purchases made by ATM cardholders. What the system does is it debits the ATM cardholder's account with his bank for every purchase made using his ATM card thus, making transactions safer and more efficient.

i. *Philippine Payments and Settlements System (PhilPaSS)*

The Philippine Payments and Settlements System or *PhilPaSS* is the RTGS system of the country where both processing and final settlement of fund transfer instructions can take place continuously (*i.e.* in real time). As a gross settlement system, it enables individual settlement of payment instructions, that is, without netting debits against credits. The system effects final settlement continuously rather than periodically at pre-specified times provided that a sending banks have sufficient balances in their demand deposit accounts (DDA) maintained with the BSP.

What is a Real Time Gross Settlement (RTGS) System?

RTGS is an automated facility, normally run by a country's central bank that effect the online, real-time settlement of high-value payment instructions between banks through the deposit accounts of the banks that are maintained with the central bank.

Global RTGS System are normally being operated by their respective central banks and have their own unique system name. BSP's RTGS System is called the Philippine Payments and Settlements System or "*PhilPaSS*".

What are the benefits of an RTGS System?

An RTGS system can provide the following benefits:

- a. Real time and immediate settlement of payments
- b. Mitigation of settlement, credit and liquidity risks
- c. Payments are irrevocable and final

Who owns and operates PhilPaSS?

The BSP, through the Payments and Settlements Office, owns and operates *PhilPaSS*; specifically performing the following functions:

A. Technical

1. Provide, maintain and upgrade the system including system hardware and software.
2. Ensure uninterrupted operations between the system and the network providers.
3. Ensure that adequate back-up files are available for continuous and efficient operation of the system.
4. Ensure adequate Continuity of Business (COB) plans are in place in case when the telecommunication services are down (i.e. SWIFT net, PLDT, Globe)

B. Business

1. Maintain Participant's *PhilPaSS* account wherein all *PhilPaSS* transactions and other bank transactions shall be posted during the *PhilPaSS* business day.
2. Receive and authenticate electronic fund transfer instructions from the participants.
3. Check if the paying bank has sufficient balances and posting the debit entry in its DDA and credit entry in the beneficiary bank's DDA.
4. Provide feedback to the participants regarding their *PhilPaSS* transactions, balances and queries.

What system was in place prior to the implementation of PhilPaSS in December 2002?

The PCHC's Multi-transaction Interbank Payment System (MIPS2) was responsible for the clearing and processing of interbank transactions. The participating banks input their transactions through the MIPS terminal

provided by PCHC. PCHC in turn, verifies and authenticates the transactions prior to electronic transmission to BSP for settlement. The status of the transactions of the banks/financial institutions was being secured by the participants through the reports from MIPS2 while the balances of their demand deposits were being advised through an hourly electronic broadcast by the BSP/Comptrollership Department. Clearing and settlement of transactions were settled online; however, were either settled on deferred or near real-time basis until the end of business day.

Who are the participants in PhilPaSS?

The settlement operations of *PhilPaSS* involve the participation of BSP departments/offices/units, banks and non-bank financial institutions as follows:

- A. BSP
 - 1. Cash Department
 - 2. Department of Loans and Credit
 - 3. Financial Accounting Department
 - 4. International Operations Department
 - 5. Provident Fund Office
 - 6. Regional Offices/Units
 - 7. SES-CASG
 - 8. Security Plant Complex
 - 9. Treasury Department

- B. Banks
 - 1. Universal and Commercial Banks
 - 2. Specialized Government Banks
 - 3. Thrift and Savings Banks
 - 4. Rural and Cooperative Banks
 - 5. Non-banks with quasi-banking functions

- C. Non-Bank Financial Institutions
 - 1. Bureau of the Treasury
 - 2. BancNet
 - 3. Philippine Clearing House Corporation
 - 4. Philippine Dealing System Group

What are the transactions settled in PhilPaSS?

The following transactions are transmitted to *PhilPaSS* for processing and settlement:

- a. High-value funds transfer among banks, non-bank financial intermediaries performing quasi-banking functions (NBQBs)

- b. Results of BSP Open Market Operations (ODF, TDF, RRP, RP)

- c. Peso leg of foreign currency (USD) transactions via the Payment vs. Payment (PvP) mechanism.
- d. Results of GS trading via the Delivery vs. Payment (DvP) mechanism.
- e. Results of payments for the public market trading of GS and inter-dealer repo transactions via the DvP mechanism.
- f. Customer payment instructions
- g. Interbank settlement of ATM transactions.
- h. Cash Deposits/Withdrawals with BSP-Cash Department/Regional Cash Units.
- i. (Net) Results of PCHC Check Clearing operations.
- j. Revenue Collections (BIR and BOC taxes/duties) of Authorized Agent Banks (AABs).
- k. e-Rediscounting deals with BSP-Department of Loans and Credit
- l. Annual Supervisory Fees
- m. Withdrawal of Excess Reserves with BSP
- n. OFW remittances for credit to other banks
- o. Processing fees for the financial institutions application for foreign loans and foreign currency depository unit (FCDU) loans with BSP-International Operations Department
- p. Payment/Redemption of Coupon/GS maturities

Future dated interbank transactions – payment instructions with value dates greater than the current value date [up to four (4) calendar days] of the system, are accepted but are warehoused and processed only on the settlement date indicated.

Transactions with past value dates (value dates are less than the *PhilPaSS* system date) are rejected for processing. Only transactions with current value dates or future dated interbank transactions as defined above are accepted for processing and settlement by *PhilPaSS*.

What are the system components of *PhilPaSS*?

1. *LOGICA Clearing and Settlement System/Central Accounting System (LCSS/CAS)*

The LCSS/CAS is the main application system of *PhilPaSS*. Its basic function is to process incoming settlement instructions from participants and prompt the accounting and recording of these transactions to the participants' DDA with BSP.

2. Messaging Facility

a. *PhilPaSS Participant Browser (PPB)*

A system developed by Logica, Plc., the same provider of the Central Accounting System (CAS) of *PhilPaSS*, the PPB is a web-based facility which enables *PhilPaSS* participant-banks to efficiently manage their respective demand deposit accounts (DDA) maintained with the Bangko Sentral ng Pilipinas by (1) allowing the banks' designated users to check and verify the status and details of all incoming and outgoing transactions, (2) allowing designated users to re-prioritize or cancel queued payments, (3) allowing users to generate reports on-demand in various file formats (4) enabling banks to transmit their financial transactions to their counterparties through the BSP's LCSS/CAS.

b. *SWIFT Network*

SWIFT stands for Society for Worldwide Interbank Financial Telecommunication. It is a secure, dedicated, global communication network that supports a range of financial messaging services including FIN, its core store-and-forward message processing service.

The existing global communication network of SWIFT is a component of the system that enables the participants to transmit their financial transactions to their counterparties electronically. The participants are required to enroll to SWIFT FIN Copy Service to allow them to transmit directly their *PhilPaSS* transactions to BSP's LCSS/CAS for processing and settlement.

3. Third Party Payment Systems Providers

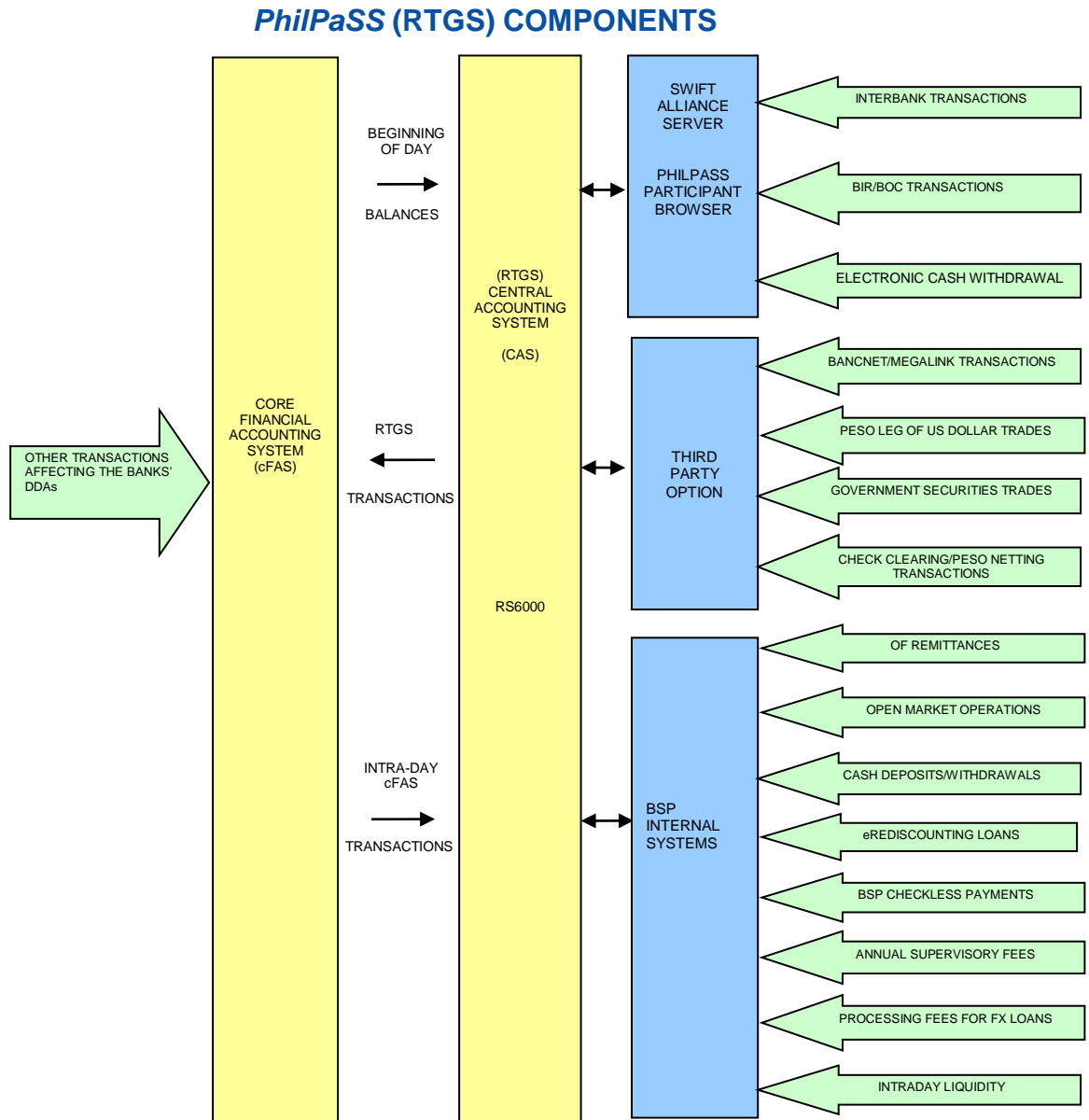
3.1 BancNet is an interbank network connecting the Automated Teller Machine Consortium (ATM) networks of more than eighty (80) local banks. As a multi-channel payment gateway, BancNet enables its customers to transact at any ATM terminals anywhere, anytime, at point-of-sale (POS), the Internet or through mobile phones.

- 3.2 The Bureau of the Treasury (BTr) acts as principal custodian of the financial assets of the national government and has taken the function of booking government securities through the Registry of Scripless Securities (RoSS).
- 3.3 Philippine Dealing System (PDS) Group through its subsidiaries, provides financial market infrastructure to operate trading platforms, manage a sound settlement highway, and render essential securities services in the Philippines. The company offers trading, listing and enrollment, data, clearing and settlement, as well as payment and transfer products and services. It also provides depository services, including secure settlement, core safekeeping, and corporate action activities for community members; electronic and real-time access for members to keep track of balances under guardianship, and tax services for equities and fixed income markets. In addition, the company offers market data on government securities, corporate securities, inter-professional repurchase, depository safekeeping, foreign exchange summary, registry recordkeeping, and payment and transfers.
- 3.4 The Philippine Clearing House Corporation (PCHC) a private corporation co-equally owned by all commercial banks enlisted as members of the Bankers Association of the Philippines (BAP). PCHC provides check clearing services covering sixty-nine (69) geographical regions; processing a daily average of 704,000 clearing items from more than 5,600 participating bank branches nationwide. It operates several electronic-based payment system services for the banking community such as the EPCS System, PDDTS and the Project Abstract Secure (PAS) System.
- 3.5 BSP Internal Systems
- 3.5.1 *PhilPaSS* REMIT is a payments facility developed by the BSP in order to allow the use of *PhilPaSS* as a settlement arm for Overseas Filipino (OF) remittances as well as ensure the safe, immediate transfer and posting of remittance funds into beneficiary accounts maintained with other banks. Implemented on 04 May 2010, the REMIT system interfaces with *PhilPaSS* to facilitate the electronic settlement of Overseas Filipino (OF) remittances received by the participating commercial banks, government-owned banks, and thrift banks from overseas branches or correspondent banks and partner remittance agencies abroad.
- 3.5.2 Foreign Loan Approval and Registration System (FLAReS) is a BSP web-based system used by financial institutions for the transmission of processing fees covering application for foreign loans and foreign currency depository unit (FCDU) loans.

3.5.3 BSP Accounting System (a.k.a Core Financial Accounting System or cFAS)

3.5.4 Other BSP Internal Systems that interface with *PhilPaSS* for the settlement of other DDA related transactions

The following diagram shows the basic system components of *PhilPaSS*:



What are the standard message instructions transmitted to PhilPaSS?

The following are the standard message instructions transmitted to *PhilPaSS*:

- a. Single Customer Credit Transfer Messages
- b. General Financial Transfer Messages
- c. Account Inquiry Requests
- d. Free Format Messages

What are the roles of the member-banks/non-bank financial institutions in PhilPaSS?

Participants shall be responsible for the following:

- a. Electronic submission of payments instructions and monitoring of settlement in bank's DDA maintained with BSP.
- b. Upgrading, testing and maintenance of their respective computer-based terminals as well as testing their back-up systems.

What are the requirements for admission of new participants to PhilPaSS?

- a. An applicant bank or non-bank with quasi-banking function shall have a Demand Deposit Account (DDA) maintained with BSP.
- b. An applicant bank shall secure/submit the following documents to BSP Payments and Settlements Office:
 - b.1 Application for Participation in *PhilPaSS*.
 - b.2 Certification of good membership standing from the association where the institution is affiliated with such as BAP, CTB, RBAP, IHAP and PFA, as applicable.
 - b.3 Other membership documentary requirements posted in the BSP website.

Are there admission or membership fees for participation in PhilPaSS?

There is no membership fee for participation in *PhilPaSS*. Participant banks, however, pay transaction fees for each payment instruction that settles in the system.

What are the applicable fees collected in PhilPaSS?

Effective 01 February 2008, the revised fees for *PhilPaSS* transactions are as follows:

A. Transaction Type	Transaction Fees MBR No. 47		Implementation Date
	Transaction value	Fee per Transaction	
1. Interbank	1.00 - 100.00 101.00 - 500,000.00 500,001.00 - 1,000,000.00 1,000,001.00 - 39,999,999.99 40,000,000 and Above	FREE of Charge	February 1, 2008
2. US Dollar Trades		Php 5.00	
3. Government Securities Trades		10.00	
4. Check Clearing/Peso Netting Transactions		Ad Valorem Fee = Trans. Value x .00001 (Round to nearest Peso)	
5. ATM Transactions			
6. Customer payments/transfers		400.00	
7. Manual processing of inter-bank transactions: RTGS	P1,000.00 + Ad Valorem Fee (TV x .00001) OR P5,000.00, whichever is LOWER		February 1, 2008
B. Administrative Fees	MBR No. 1851(2003)		
1. Registration/renewal of users in PPB	FREE		
2. Issuance of Smart Cards	Php 1,200.00 per smart card/user (valid for 3 years)		
3. (Online) Transaction Inquiries	Via SWIFT - P100.00 per inquiry Via <i>PhilPaSS</i> Participant Browser (PPB) - FREE		March 2004 February 2012
4. SOA Request (Printout)	Via SWIFT - P100.00 per inquiry Via <i>PhilPaSS</i> Participant Browser (PPB) - FREE		March 2004 February 2012

What are the system rules and regulations governing PhilPaSS?

The Agreement for the Philippine Payments System as well as the corresponding *PhilPaSS* Rules and Regulations govern the use and operations of the system.

Is there a limit on the amount of transactions that can be entered in PhilPaSS?

There is no limit on the amount of transactions that the banks can settle in *PhilPaSS*, however, settlement shall be subject to the banks' available DDA balance.

What are the features of PhilPaSS?

Following are the main features of *PhilPaSS*:

a. Transaction Validation

All payment instructions transmitted by participants are subject to validation in the system to check for possible duplication. The following fields are normally validated prior to final settlement in *PhilPaSS*.

- a.1*** Transaction reference number (TRN) based on Standard Coding System (SCS)
- a.2*** Message Type
- a.3*** Value Date
- a.4*** Sender's bank identifier code (BIC)

b. Audit Trail

The system maintains sufficient information to resolve disputes regarding the processing it had performed on behalf of the participants and the BSP. Its audit records contain the time and date of events and identity of the participant-bank who initiated and approved the transaction.

c. Transaction Status Validation

Participants are able to verify the settlement status of their payment instructions requests by initiating the applicable SWIFT or PPB payment inquiry request. The transactions of the participants may have any of the following status:

- c.1 Ready*** – payment had been on payment queue and settlement status for the payment is still in abeyance.
- c.2 Warehoused*** – when the payment is received and the value date is greater than the current value date. The System allows warehousing of payments of up to four (4) calendar days.
- c.3 Rejected*** – transactions that are invalid (i.e. back-valued transactions, duplicate payment instruction, incomplete BIC of counterparty, invalid payment instruction format).
- c.4 Settled*** – transactions that were fully accepted, processed and settled by the system.

d. *System Inquiries*

Participants may issue the following requests/inquiries and secure/generate various reports through the system using SWIFT or PPB:

- d.1 Cancellation of unsettled/queued payment instruction
- d.2 Account inquiry message (account balance, account movements details)
- d.3 Payment inquiry request (details of debit or credit entries to the account)
- d.4 Request to relay message to counterparties

e. *System Reports*

Participants may generate the following reports:

- e.1 Statement of Account (SOA)
- e.2 *PhilPaSS* Billing Statement
- e.3 Report on Creditable Withholding Tax (CWT)

f. *Payment Queuing Prioritization*

Debit instructions that cannot be settled due to insufficient funds in the DDA of the participants will be held on queue until adequate funds are received by the DDA to allow settlement. Pending debit instructions that are on queue will be settled based on business priority in the order of arrival or in First-In-First-Out basis. Participants may initiate the change in business priorities of their other critical and urgent transactions to allow their settlement if there is sufficient balance in their DDA.

g. *Gridlock Resolution*

The system has the capability to initiate gridlock resolution through its algorithm method every thirty minutes whenever two (2) or more payment instructions of participants remain unsettled. Payment queues that are not settled in the initial gridlock resolution will be considered in the next processing of unsettled payments which will be initiated by the System every thirty (30) minutes to settle payments on queue during the *PhilPaSS* business day.

What are the BSP liquidity windows available to member banks in case of insufficient DDA balance?

The BSP, as a lender of last resort, provides the following liquidity tools to *PhilPaSS* participants:

- a. Intraday Liquidity Facility (ILF) – a fully collateralized facility established to maintain the smooth and efficient operation of the payments system in order to avoid interbank payments gridlock in the settlement process within *PhilPaSS* business hours.
- b. Overdraft Credit Line (OCL) – another collateralized facility which aims to assist bank experiencing unexpected or higher than usual volume of inward check transactions. The governing policies and procedures are provided under BSP Circular 681 in order to provide additional liquidity for banks encountering liquidity problems due to check clearing losses as well as protect the BSP against settlement exposures.
- c. Emergency Loan (EL) - a credit facility that is intended to assist a bank experiencing serious liquidity problems arising from causes not attributable to, or beyond the control of, the bank management. The grant of such facility is discretionary upon the Monetary Board and is intended only as a temporary remedial measure to help a solvent bank overcome serious liquidity problems
- d. Overnight Repo - a repurchase (RP) transaction in which BSP buys government securities (GS) from a bank with a commitment to sell them back at a specified future date at a predetermined rate.

What are the operating hours of PhilPaSS?

The timelines observed in *PhilPaSS* are as follows:

TIMELINES		ACTIVITY
		Back Value Window
7:30 AM – 8:00 AM		Posting/Settlement of PCHC AM Returns
8:01 AM – 8:45 AM		BSP/Interbank window for Losses in AM Returns
Cut-off Time	Settlement Time	Current Day's Window
09:00 AM	9:00 AM – 5:45 PM	Start of <i>PhilPaSS</i> business hours
12:00 NN		BSP-Electronic Cash Withdrawal System (ECWS)
04:00 PM		ATM Transactions BTr - GS Trades PDS – GS Public Market Trades
05:00 PM		PCHC Check Clearing/Peso Netting PDS US Dollar Trades BSP Repo (RP)/Overnight Deposit Facility (ODF), Term Deposit Facility (TDF)
05:45 PM		Bank inquiries on <i>PhilPaSS</i> accounts Interbank payments/borrowing/lending
5:46 PM - 6:00 PM		<i>PhilPaSS</i> window for manual settlements, if any
6:00 PM		<i>PhilPaSS</i> Close of Business

What is the BSP's contingency policy during days when work in government offices is suspended?

The BSP Memorandum No. M-2008-025 dated 13 August 2008 as amended by Memorandum No. M-2012-050, provides the rules and procedures to be followed by BSP and *PhilPaSS* participants on specific scenarios.

Can a participant request the reversal of its settled transaction in case an omission or error was committed in the transmission of its payment instruction (i.e., incorrect counter-party, overstated amount)?

All transactions settled in *PhilPaSS* are considered final and irrevocable. Participants are allowed to request the return of funds with its counter party via SWIFT or PPB; which may be transmitted and settled within the business day.

In the event that PhilPaSS is inoperable, how are the participants informed on the operational status of PhilPaSS?

PhilPaSS has two (2) back-up systems, the local back-up facility within the BSP Complex and the off-site location that can be made operational immediately in the event that the primary site is inoperable. In case the two back-up systems are also inoperable due to extraordinary circumstances, the BSP will issue an electronic notification/advisory to inform participants on events that may impact the operations of *PhilPaSS* (e.g. revised timelines, switchover operation schedules, etc.)

How can a participant transmit its payment instruction to PhilPaSS in case its SWIFT/PPB computer based terminals encounter connectivity problem with PhilPaSS?

The participants may resort to manual settlement by accomplishing the *PhilPaSS COB Manual Settlement Form* and transmit the same (via fax) to BSP-PSO for processing and settlement. After processing and settlement, i.e. signature-verification, encoding and authorization, the BSP-PSO shall return (via fax) the processed *PhilPaSS COB Manual Settlement Form* to the sending participant-bank indicating that the requested manual instruction settlement has been effected.

How and where can PhilPaSS participants ask assistance on matter related to PhilPaSS?

The banks/financial institutions may contact the *PhilPaSS* Help Desk through the following contact details:

- a. Email address – PhilPaSS_Helpdesk@bsp.gov.ph
- b. Telephone numbers: 02-400-7071
02-400-7073
02-400-7022
02-400-7024
02-400-7062

REFERENCES

SWIFT, *SWIFT FIN Copy Service Description*. March 2000

SWIFT, *SWIFTNet Messaging Service* – *SWIFTNet RMA Service*. March 2008

Bank of England, *Oversight of Payment Systems*. November 2000

Bank of England, *Settlement Accounts*. November 2002

Lamberte, Mario, *The Philippine Payment System: Efficiency and Implications for the Conduct of Monetary Policy*. (Discussion paper Series No. 2001-20)

