



DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
BANGKO SENTRAL NG PILIPINAS

Joint Memorandum Circular No.: 01
Series of 2022

Date: JUN 22 2022

SUBJECT: GUIDELINES TO LGUs ENJOINING PARTICIPATION IN THE PALENG-QR PH PROGRAM

SECTION 1. BACKGROUND

- 1.1. Financial inclusion is defined as having effective access to a wide range of financial products and services by all Filipinos. Financial services, such as savings accounts, payment, credit, and remittances, are tools that can help Filipinos improve their welfare and achieve their goals for their household and enterprises.
- 1.2. Account ownership is considered the gateway to financial inclusion. Through a formal account, one can not only safely save money, but also conveniently send and receive money to and from anyone for transactions such as receiving salary and cash assistance, collecting payment from customers, and paying taxes, purchases and bills.
- 1.3. Payments are basic financial transactions. As demonstrated during the COVID-19 pandemic, the digitalization of payments proved to be effective in facilitating the continuation of business and government transactions amid mobility restrictions. This has enabled the government and private institutions to provide lifelines of support for the vulnerable sectors. To be able to transact digital payments, one needs to have an account.
- 1.4. Over the years, the Bangko Sentral ng Pilipinas (BSP) has established the regulatory foundation to promote account ownership and digital payments in the country. This includes the introduction of the basic deposit account (BDA) and e-money as a no-frills and affordable account designed for the low-income unbanked clients; the cash agent regulation which allows banks to tap third-party retail outlets such as pawnshops and convenience stores to serve as cash-in and cash-out (CICO) points for bank clients; the launch of InstaPay to facilitate real-time electronic fund transfers between accounts held in different participating financial

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institutions; and the launch of QR Ph to promote use of quick response (QR) technology as an expedient and cost-efficient means for digital payment.

- 1.5. Launched in November 2019, QR Ph is the national QR code standard which serves as an instrument for cost-efficient digital payments, whether for person-to-person (P2P) or person-to-merchant (P2M) transactions. With QR Ph, small entrepreneurs need not invest in costly equipment such as point of sale (POS) terminals to accept digital payments from their customers. Instead, merchants only need to print and display the QR code tied to their transaction account, which their customers can scan to pay digitally.
- 1.6. On 28 January 2022, the Financial Inclusion Steering Committee (FISC) launched the National Strategy for Financial Inclusion (NSFI) 2022-2028 as a six-year blueprint to achieve the vision of driving financial inclusion toward broad-based growth and financial resilience. The NSFI aims to harness a coordinated whole-of-government approach to accelerate financial inclusion in support of the country's broader inclusive and sustainable development agenda. The FISC, chaired by the BSP and with 20 agencies as members including the Department of Interior and Local Government (DILG), oversees and drives the implementation of the NSFI.
- 1.7. One of the priority initiatives in the NSFI is the promotion of digital payments in markets and local transport by utilizing QR Ph. Payment for local transportation and purchases from the public market are part of the daily payment pattern of a typical Filipino. By being able to pay market purchases and local transport fares digitally through their accounts, the public will realize the convenience and benefits of using a transaction account and other digital financial services (DFS). Promoting digital payments among market vendors and tricycle drivers is thereby crucial in expanding the country's digital payments ecosystem toward greater financial inclusion.
- 1.8. In view of the above, the DILG and BSP jointly developed the **Paleng-QR Ph Program** to promote digital payment in public markets and tricycle hubs in support of the NSFI.

SECTION 2. PURPOSE

The Joint Memorandum Circular sets the guidelines for the adoption and implementation of Paleng-QR Ph Program by the local government units (LGUs) to promote digital payment among market vendors, sari-sari store owners, tricycle drivers, consumers, and commuters.

SECTION 3. SCOPE/COVERAGE

This Joint Memorandum Circular covers all Cities, Municipalities and Barangays, Market Administrators, Tricycle Operators and Drivers Association (TODA), DILG Regional and Field offices, and participating financial service providers (FSPs).

SECTION 4. DEFINITION OF TERMS

4.1 Digital payment – refers to a monetary payment transaction between two (2) parties through a digital payment instrument in which both the payer and the payee use an electronic channel.

4.2 Electronic fund transfer (EFT) – refers to transfer of funds between two (2) transaction accounts in the same or in different financial institutions supervised by the BSP, which are initiated and received using electronic devices and channels to transmit payment transactions.

4.3 Transaction account – refers to a bank or e-money account held with a BSP-regulated financial service provider (FSP) that can be used to store, send, and receive funds. Examples of transaction accounts are as follows:

4.3.1 Basic Deposit Account (BDA) – refers to interest or non-interest-bearing bank account with an initial minimum deposit of no more than one hundred pesos (Php 100.00), no minimum maintaining balance, no dormancy charges, maximum balance of fifty thousand pesos (Php 50,000.00) and with simplified know-your-customer or KYC requirements. The list of banks authorized by the BSP to offer BDA can be found on the BSP website: <https://bit.ly/BankswithBDAs>

4.3.2 Electronic Money (E-money) - a monetary value as represented by a claim on its issuer, that is:

- a. electronically stored in an instrument or device;
- b. issued against receipt of funds of an amount not lesser in value than the monetary value issued;
- c. accepted as a means of payment by persons or entities other than the issuer;
- d. withdrawable in cash or cash equivalent;
- e. issued in accordance with Section 702 of the BSP's Manual of Regulations for Banks.

The list of e-money issuers (EMI) or entities authorized by the BSP to offer e-money account can be found on the BSP website: <https://bit.ly/BSPSupervisedEMIs>

4.4 InstaPay – an electronic fund transfer facility offered by a participating bank or EMI to its clients to allow them to instantly transfer funds from their account to another held in other participating banks or EMI in the Philippines. The list of institutions participating in InstaPay can be found on the BSP website: <https://bit.ly/InstapayQRPH>

4.5 QR code — short for “Quick Response code,” a QR code is a two-dimensional image-based bar code capable of holding large amounts of information. QR codes store information using patterns of black dots and white spaces, arranged in a square grid. It can be read by a smartphone camera that is equipped with a barcode reader. When personal and financial information are stored in it, a QR code can be used to send and receive money such as payment transactions. A recipient of the funds shows his /her QR code to the payer or sender who will scan the code to initiate the payment transaction.

4.6 QR Ph — QR Ph is the national QR Code standard that allows a quick, low-cost, and safe method to pay, transfer to and receive funds from other bank and e-money accounts in the Philippines. This is aligned with the Europay-Mastercard VISA Co (EMVCo) standard, the global standard for secure payments, which unifies the various domestic cashless payment schemes that make use of the QR code as a form factor. The list of institutions participating in QR Ph can be found on the BSP website: <https://bit.ly/QRPhFAQs>

SECTION 5. POLICY CONTENT AND GUIDELINES

5.1 The Paleng-QR Ph program

5.1.1 Program objective

The Paleng-QR Ph program seeks to promote financial inclusion and cashless transactions in the public markets, community shops, and local transportation. It capitalizes on the QR Ph initiative of the BSP establishing a national standard for QR codes as one of the most expedient means for paying digitally using smartphones and other mobile devices.

By promoting the use of transaction accounts and digital payments through the QR Ph, the program also seeks to increase access of microentrepreneurs to better financing options, as well as minimize public health and safety risks associated with cash transactions.

5.1.2 Core Elements of the Program

5.1.2.1 Acceptance of QR Ph-enabled digital payments in the Paleng-QR Ph participating markets and local transportation terminals

The LGU shall promulgate ordinance(s) on the use of QR Ph-enabled digital payments in public markets and tricycles. Vendors and tricycle operators shall conspicuously display



the QR codes in their stores and vehicles for the convenience of customers who wish to pay digitally.

The covered public markets and local transportation terminals (e.g., TODA) shall carry a standard Paleng-QR Ph banner (**Annex A**) and other collaterals.

5.1.2.2 Assistance in the opening of accounts of covered merchants, tricycle operators, and their clients

The LGU, in coordination with participating financial service providers (FSP), shall provide necessary assistance to the small merchants, tricycle operators and drivers, and their clients in opening a QR Ph-ready transaction account.

Such assistance may include as follows:

- a. Issuing relevant documents (e.g., LGU certification) to support the know-your-customer (KYC) requirements of the FSP;
- b. Holding Paleng-QR Ph "account opening day(s)" during which participating FSPs set up booths in strategic locations to assist target clients in account opening, including the provision of QR code printouts that can be readily displayed in their stores, terminals, and vehicles.

5.1.2.3 Participation of FSPs

All FSPs that are QR Ph-ready shall be invited to participate in the Paleng-QR Ph program. Participating FSPs shall support the onboarding target users to a transaction account and the adoption of digital payments in public markets and local transportation.

Participating FSPs are expected to provide special offers as deemed relevant to drive account opening among the target digital payment users of the Paleng-QR Ph program. Examples of such special offers include free microinsurance coverage for a certain period (e.g., three months); t-shirts and other wearables; and special user rebates for a limited period.



Participation of FSPs in the program shall be non-exclusive. An LGU can partner with as many participating FSPs as deemed appropriate.

5.1.2.4 Information, education and communication campaign (IECC)

The LGUs shall develop its IECC to promote and sustain the objective of the Paleng-QR Ph program. This will cover, among others, a financial literacy program using appropriate channels on key topics such as effective use of digital payments in business; financial services for micro and small enterprises; and financial consumer protection.

A standard branding (**Annex B**) for the Paleng-QR Ph program shall be adopted for any materials and collaterals that the LGUs may develop and use for the IECC.

5.2 Roles and Responsibilities

5.2.1 Department of the Interior and Local Government (DILG)

5.2.1.1 Provide policy direction in the implementation of standards and policies contained in this JMC; and

5.2.1.2 Provide technical assistance to the participating LGUs on account onboarding, digital payments, and financial literacy in coordination with BSP.

5.2.2 Bangko Sentral ng Pilipinas (BSP)

5.2.2.1 Provide technical assistance to the DILG and participating LGUs on account onboarding, digital payments, and financial literacy;

5.2.2.2 Provide list of FSPs that have QR Ph payment facilities; and

5.2.2.3 Provide and prepare information, education and communication campaigns (IECC) for the Program and this JMC to ensure wide adoption among LGUs and participation of FSPs in coordination with DILG.



5.2.3 Local Government Units (LGUs)



Participating LGUs are enjoined to perform the following:

- 5.2.3.1** Adopt necessary policies and ordinances to mandate, or encourage through appropriate incentives, the public market vendors, sari-sari store owners, TODAs, and other local merchants to adopt QR Ph payments under the Paleng-QR program;
- 5.2.3.2** Coordinate with key local stakeholders such as the vendor associations, tricycle operators and driver associations (TODA), and the market superintendents, to ensure effective implementation of the Program;
- 5.2.3.3** Invite FSPs to participate in the program and negotiate for deals/special offers to encourage target participants to open a transaction account and use QR code digital payment;
- 5.2.3.4** Assist target participants (e.g., vendors and tricycle operators) in the opening of accounts by, among others, providing additional relevant documents such as LGU certification as mentioned under item 5.1.2.2 (a) for the KYC requirements of the FSP;
- 5.2.3.5** Organize a special “account opening day(s),” in coordination with participating FSPs, to ensure ease and convenience of account opening by covered users and their clients;
- 5.2.3.6** Facilitate provision of free Wi-Fi connectivity in public and community markets, and TODA terminals;
- 5.2.3.7** Coordinate with the Department of Information and Communications Technology (DICT) in line with the latter’s programs such as the Free Wi-Fi for All (FW4A);
- 5.2.3.8** Provide banners, standees and other Paleng-QR Ph markers in public markets, TODA terminals, and tricycles using the template provided (**Annex A**); incorporate the standard branding of the Paleng-QR Ph (**Annex B**) in the promotional and information materials used for the program’s IECC;
- 5.2.3.9** Organize financial literacy programs for the target participants; the LGU may request assistance of the BSP in the program design; and



5.2.3.10 Disseminate through appropriate channels/methods (e.g., LGU's official social media pages) Paleng-QR Ph, financial inclusion and financial literacy materials developed by the BSP and other stakeholders.

5.2.4 Financial Service Providers (FSPs)

Participating FSPs are enjoined to perform the following:

- 5.2.4.1** Provide personnel, customer assistance booths, and other appropriate resources, including QR code printouts, deemed reasonable to ensure successful conduct of LGUs of Paleng-QR Ph program "account opening day(s)";
- 5.2.4.2** Provide target users with appropriate materials on opening a transaction account, using QR Code payments and other digital financial services;
- 5.2.4.3** Provide resource speakers and contents, as requested, for the LGU's financial literacy program;
- 5.2.4.4** Assign competent contact person(s) to the LGUs for efficient and timely coordination on the program implementation; and
- 5.2.4.5** Provide special offers for accounts opened under the Paleng-QR Ph program such as free microinsurance coverage for a certain period (e.g., three months); t-shirts and other wearables; and special user rebates for a limited period.

5.3 Incentives for LGUs

5.3.1 BSP Stakeholder Awards

Active LGUs shall be honored in the BSP Stakeholder Awards, which recognize outstanding partners that support the BSP's various initiatives and advocacy programs.

SECTION 6. ANNEXES

Annex A: Template campaign materials from BSP — high-resolution materials may be downloaded via the following links: <https://bit.ly/PalengQRmarket> for market banners/standees; <https://bit.ly/PalengQRTODA> for tricycle hub banners/standees

Annex B: Standard branding of the Paleng-QR Ph Program — high-resolution branding materials may be downloaded via the following links:
<https://bit.ly/PalengQRPhbranding1> and <https://bit.ly/PalengQRPHbranding2>

SECTION 7. REFERENCES

- 7.1 Bangko Sentral ng Pilipinas (BSP) National Strategy for Financial Inclusion (NSFI) 2022-2028 — <https://bit.ly/NSFI2022-2028>
- 7.2 Bangko Sentral ng Pilipinas (BSP) Circular No. 1055, Series of 2019 titled “Adoption of a National Quick Response (QR) Code Standard” — <https://bit.ly/QRCodeStandard>
- 7.3 FAQ on QR PH — <https://bit.ly/QRPhFAQs>

SECTION 8. EFFECTIVITY

This Memorandum Circular shall take effect immediately.

SECTION 9. FEEDBACK

For related queries, kindly contact the following:

Bureau of Local Government Development

Tel. No. (02) 8925-0356 or (02) 8927-7852

Email: lfrdd.official@gmail.com

Financial Inclusion Office (FIO), Bangko Sentral ng Pilipinas

Tel. No. +632-7087482 or +632-7087481

financialinclusion@bsp.gov.ph

SECTION 10. FUNDING

The funding requirement for the implementation of this JMC and other relevant activities shall be charged from the allotted appropriations of LGUs.

SECTION 11. SEPARABILITY CLAUSE



If any section or part of this JMC is held unconstitutional or invalid, the other sections or provisions not otherwise affected shall remain in full force and effect.

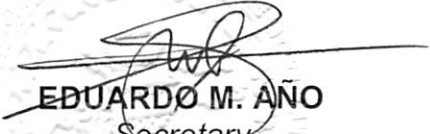
SECTION 12. REPEALING CLAUSE

All rules, regulations, orders and/or Circulars inconsistent or contrary to the provisions of this JMC are hereby repealed or modified accordingly.

SECTION 13. EFFECTIVITY

This JMC shall take effect immediately upon filing of three (3) certified true copies with the Office of the National Administrative Register, University of the Philippines Law Center.

SECTION 14. APPROVING AUTHORITY


EDUARDO M. AÑO
Secretary
Department of the Interior and Local
Government


BENJAMIN E. DIOKNO
Governor
Bangko Sentral ng Pilipinas



TEMPLATE FOR MARKET VENDORS



NAME OF CITY OR MUNICIPALITY HERE
NAME OF PROVINCE HERE



Paleng-QR Ph

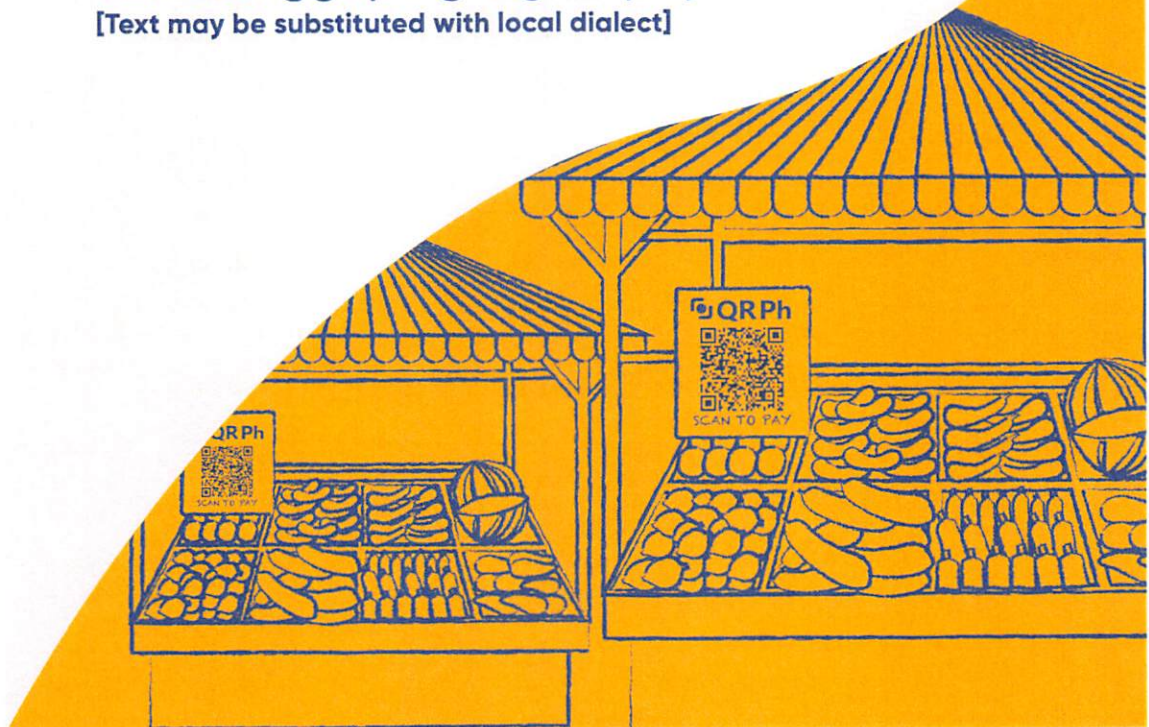
**This market is
Paleng-QR Ph ready.**



[Learn More](#)

Ang palengke na ito ay
tumatanggap ng digital payments.

[Text may be substituted with local dialect]



TEMPLATE FOR TRICYCLE OPERATORS AND DRIVERS



NAME OF CITY OR MUNICIPALITY HERE
NAME OF PROVINCE HERE



Paleng-QR Ph

**This tricycle hub is
Paleng-QR Ph ready.**



[Learn More](#)

Ang TODA na ito ay
tumatanggap ng digital payments.
[Text may be substituted with local dialect]



PALENG-QR PH BRANDING TEMPLATE VERSION 1



PALENG-QR PH BRANDING TEMPLATE VERSION 2

