



BSP champions fair treatment of financial consumers

The Bangko Sentral ng Pilipinas (BSP) has enjoined banks and other financial institutions under its supervision to consistently uphold “fair treatment” of financial consumers.

With the accelerated growth in digital transactions, financial institutions are also expected to observe a high degree of diligence in managing risks in cyber security and other threats to their operations.

The BSP’s directives on fair treatment of consumers are set forth in Memorandum No. 2021-069, which was issued last December 2021. Fair treatment of consumers is a core principle of the BSP’s Financial Consumer Protection (FCP) Framework.

“Under the FCP Framework, financial institutions must treat clients fairly, honestly, and professionally at all stages of their relationship, and provide positive customer experiences,” said BSP Governor Benjamin E. Diokno.

“Practices that discriminate or take advantage of clients, including vulnerable groups like low-income earners or persons with disability, are contrary to this standard,” the Governor explained.

On 2 February 2022, Congress ratified the BSP-backed Financial Consumer Protection bill. Once enacted, the legislation will grant the BSP quasi-judicial power to decide on complaints lodged by financial consumers. This will strengthen the BSP’s consumer protection endeavors.

Standards of Conduct under the Financial Consumer Protection Framework

(Circular 1048, September 2019)



Transparency and Disclosure

BSFIs must be transparent and disclose all information relevant to the products and services offered to clients.



Protection of Client Information

In line with data privacy laws, BSFIs must protect clients’ accounts and personal information and employ robust systems and procedures to mitigate risks that affect clients across all phases of their relationship.



Fair Treatment

BSFIs must treat clients fairly, honestly, and professionally at all stages of their relationship. These include vulnerable groups such as low-income earners or persons with disability.



Financial Education and Awareness

BSFIs should provide consumer education, distinct from the information shared about their products and services.



Effective Recourse Mechanism

BSFIs are required to have an accessible, fair, and timely avenue for resolving clients’ concerns or complaints. This is the primary responsibility of BSFIs to their clients, who have entrusted their deposits and financial transactions with them.

E-safety is everyone's responsibility



Do not share personal data, account information, and one-time passwords via random emails, links, texts, or calls.



Use strong passwords and change them regularly.



Activate multi-factor authentication and alerts.



Closely monitor your accounts and transactions.



Immediately report suspicious activities to your financial institution.



Hi! I'm BOB
Your BSP Online Buddy

Chat BOB in the BSP website if your financial institution has no action.

E-payment guidelines bode well for the payment system

The Bangko Sentral ng Pilipinas (BSP) has issued guidelines that concerned banks, other financial institutions, and automated clearinghouses must observe when settling electronic financial transactions of the public.

Automated clearinghouses—namely Instapay and PESONet—provide the facility for the settlement of financial transactions that are done electronically.

Instapay is the clearinghouse for digital financial transactions worth ₱50,000 or less and allows real-time settlement, while PESONet covers higher-value transactions.

Under Circular No. 1135 that the BSP issued on 21 January 2022, banks and other financial institutions participating in Instapay and PESONet must maintain separate demand deposit accounts (DDA) with each automated clearinghouse.

The circular also requires “clearing switch operators”—the operators of the automated clearinghouses—to provide participating banks and other financial

institutions with access to timely data. This allows participating financial institutions to efficiently monitor their account balances against their net clearing obligations.

“The timely monitoring of DDA balances enables participants to place additional funds if the need arises, thereby mitigating settlement as well as reputational risks,” BSP Governor Benjamin E. Diokno said.

“This is a key policy initiative toward encouraging the wider use of e-payment channels while ensuring that retail payment systems in the country operate in a safe, efficient, and reliable manner,” the Governor added.

The new guidelines support the implementation of the PESONet multiple batch settlement (MBS) that was launched on 24 January 2022.

The MBS increases the PESONet’s daily batch settlement from one to two cycles—one in the morning and another at the end of the banking day. This enables users to receive funds at an earlier time than the usual end of the banking day.

PESONet multiple batch settlement (MBS) is another milestone in BSP's payment system development agenda that provides positive changes such as:



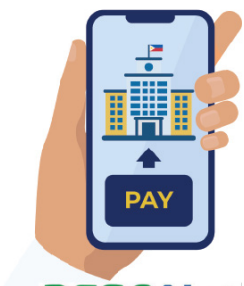
- Allowing better risk management for participating banks and e-money issuers, as settlement of transactions are spread into two cycles in a banking day;



- Enhancing the user experience for individuals, as it facilitates faster crediting of funds to the recipient's account;



- Addressing the demand of the business community for shorter clearing intervals and enabling businesses to better manage their cashflow;



- Providing benefits for the government since the EGov Pay facility runs through PESONet; and
- Improving person-to-government payments via EGov Pay.

PESONet

Meantime, the BSP is working on other initiatives that encourage ease and convenience in making e-payments while ensuring that retail payment systems are safe, efficient, and reliable.

The settlement guidelines in BSP Circular No. 1135 **support the implementation** of the PESONet Multiple Batch Settlement (MBS)

BSP Circular No. 1135

- ✓ Responsibilities and minimum requirements for CSOs and ACHs participants
- ✓ Maintenance of DDA for e-payments under NRPS
- ✓ Monitoring of DDA balance sufficiency by ACH participants
- ✓ Eligibility of DDAs as reserves of banks/QBs



PESONet MBS Multiple Batch Settlement



Increases the frequency of batch settlement
Once a day → Twice a day (10AM and 4PM)

BY THE NUMBERS

Growth of PESONet transactions



* With the Multiple Batch Settlement PESONet transaction volume can increase by more than a third in the next 24 months.

Central banking made easy

E-payments made easier through interoperability

Interoperability means that a customer can transfer funds from his account in one financial institution to an account of another person or entity that is lodged in a different financial institution, using any device. A customer only needs a single account, either in a bank or an e-money account, to be able to transact with anyone in the system.

An example of this is the recently launched QR PH, which is an interoperable payment solution through InstaPay. QR PH facilitates the safe and efficient transfer of funds, 24/7, and in real-time across different participating payment service providers.

Interoperable bills payment is among the BSP's payment digitalization initiatives. It will enable billers to collect from customers via digital means, even if the payment service providers of the billers are different from those of the customers.

With a faster, safer, and more convenient e-payment system, one can easily send money to another person or entity, and pay bills using an InstaPay-participating bank or electronic money account anytime, anywhere.





Ask Gov Ben

Q: Of the total number of complaints filed with the BSP, how many were resolved in favor of the consumers?

A: In 2020, 56% of the 23,275 complaints received by the BSP through its Consumer Assistance Mechanism (CAM) and BSP Online Buddy (BOB) were resolved in favor of consumers. Favorable resolutions include reversal of disputed transactions back to consumer accounts, and assent/agreement of BSFIs to consumer requests.

Our assessment of the resolution status of the 19,181 new complaints we received in 2021 is ongoing.

The complaints resolution process is constrained by the BSP's limited legal authority to adjudicate. Once enacted, the Financial Consumer Protection Act will address this by ensuring that the BSP has the legal authority to conduct summary hearings on claims for payments or, if warranted, require reimbursements to aggrieved consumers.

The BSP, together with fellow regulators from the Securities and Exchange Commission, Insurance Commission and Cooperative Development Authority have shepherded the FCP Bill through both houses of Congress. In the evening of 02 February 2021, the Bill was certified by the President as an urgent legislative measure; and was approved on 3rd Reading by the Senate. We are confident that the Bill will be signed into law this 18th Congress, for the benefit of every Filipino consumer.