

1. What is a QR Code?

A QR code (short for “Quick Response 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 bar-code reader.



Figure 1: Digital illustration of a QR Code

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.

The QR technology has emerged as one of the most expedient means of making payments since it only entails the use of smartphones or tablets to scan QR codes to make payments in a fast, simple, convenient, and safe way than using cash or coins or even ATM or credit cards

2. What is QR Ph?

The use of QR codes for payments has been gaining traction as an alternative to cash or the traditional debit and credit card payments. In November 2019, the payment industry participants led by the Philippine Payments Management, Inc. (PPMI), under the guidance of the Bangko Sentral ng Pilipinas (BSP), launched the “QR Ph”, as the National QR Code standard.

Under BSP Circular No. 1055, the BSP requires all participating payment service providers, including banks and non-bank electronic money issuers (EMIs), to adopt QR Ph. The primary rationale for the adoption of a national standard is to foster payment system efficiency by transforming the fragmented QR-driven payment services in the country into interoperable payment solutions. This approach is expected to substantially minimize the need for merchants and customers to maintain their accounts with the same payment service providers and for billers to display numerous QR codes to accept payments from customers who may be using other banks or EMIs.

Aligned with the Europay-Mastercard VISA Co (EMVCo) standard, the global standard for secure payments, QR Ph unifies the various domestic cashless payment schemes that make use of the QR code as a form factor. QR Ph thus 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.

3. What are the main payment use cases where QR Ph can be used?

QR Ph was developed for the adoption of an interoperable common QR code which may be scanned and interpreted by any participating bank or non-bank EMI to facilitate customers' requests for fund transfers and payments. Given such feature, QR Ph can be used for digital person-to-person (P2P) transfers and person-to-merchant (P2M) payments through the InstaPay rail.

The first use case of QR Ph in the country is the QR Ph P2P facility. This was launched in November 2019 to enable digital fund transfers between peers or individual end-users. As of end-August 2021, there are 23 InstaPay participants that offer QR Ph P2P payment services to their clients.

4. What does interoperability mean in the context of QR Ph?

Interoperability is a key principle espoused by the BSP and the payment services industry in the establishment of the National Retail Payment System (NRPS) framework. It is a critical enabler for the sustained adoption and enhanced efficiency of digital payments in the country.

Interoperability is defined as a state in which end-users can transfer funds from their own account to any transaction account of a BSP-supervised financial institution using any device. This means that an end-user, which may be an individual or an institution, need only maintain a single bank or electronic money account to be able to conveniently transact with other individuals or institutions whose accounts are maintained with other payment service providers.

Interoperability is the key feature of QR Ph with which it can provide value-added digital payment service to end-users and businesses. QR Ph's interoperable payment solution was made possible with its utilization of the InstaPay rail, the country's 24/7 fast payment system which facilitates safe and efficient transfer of funds across different participating payment service providers.

For example, Juan needs to send money to his friend, Maria, to reimburse her for their common expenses. Juan does not need to maintain a transaction account with the payment service provider (i.e., a bank or electronic money issuer/EMI) where Maria maintains her transaction account. Juan just needs to ensure that both their banks/EMIs are InstaPay participants and use the interoperable QR Ph P2P service. To initiate his transfer, Juan can just simply request Maria to send him a screenshot or image of the QR code generated by her payment service provider. Upon receipt of the QR code, Juan can use the mobile application of his bank or EMI where he can scan or upload the QR code sent by Maria and input the amount of funds he wants to send her. Upon the successful transfer, Juan will receive a confirmation from his payment service provider that he was able to execute such payment. This illustrates the use case for the QR Ph P2P.

The process is essentially the same for a QR Ph P2M except that, in this case, the recipient is a merchant or a business. The end-user only needs to scan the QR

code provided by the merchant in his/her business establishment or online platform. For instance, if Juan wants to buy general merchandise from Henry, a merchant, then Juan may simply use QR Ph to pay for his purchase even if Juan and Henry use different banks or EMIs. Thus, the interoperable QR Ph P2M facility clearly enhances the safety, affordability and convenience of handling payments for both customers and businesses.

5. Does QR Ph have its own mobile application?

No. QR Ph does not have a stand-alone mobile application. Customers need to use the mobile application provided by their bank or EMI.

6. What is the QR Ph P2M facility?

Drawing on the successful launch and adoption of the QR Ph P2P facility, the QR Ph P2M stream extends the payment use case of QR Ph to enable digital payments between customers and merchants.

Using QR technology, small entrepreneurs need not invest in costly equipment such as point of sale (POS) terminals to capture electronic data. Instead, merchants only need to print the QR code that their respective payment service providers will generate for them, display those codes, and obtain payments by simply asking their customers to scan the codes.

7. What is the main rationale for launching the QR Ph P2M facility?

The launch of the QR Ph P2M facility is a major undertaking to expand the adoption of digital payments in the country by bringing the benefits of digital payments to businesses, including micro, small and medium enterprises (MSMEs) or even informal businesses, and to consumers in a simple, convenient, low-cost and safe way. It is a key digital payment stream that can further propagate the use of digital payments in the country. It also supports the BSP and the payment services industry in working towards the achievement of the strategic goal in the BSP's Digital Payments Transformation Roadmap 2020-2023 to transform 50 percent of the volume of total retail payments into digital form by 2023.

According to the latest report of the BSP on the status of digital payments in the Philippines for the year 2020, over 70 percent of retail payments in the Philippines are those made to merchants, majority of whom are micro, small and medium enterprises (MSMEs). However, only a quarter of these payments are in digital form. Thus, onboarding more merchants to accept digital modes of payment through the QR Ph P2M facility will significantly increase the share of digital payments and encourage more consumers to enjoy the benefits of using digital payments.

8. How will the QR Ph P2M benefit the different stakeholder groups in the national payment system?

For customers and end-users

QR Ph P2M offers customers more affordable, convenient, safe and reliable means to pay for their purchases from merchants. Through this facility, customers need only to use their mobile phones to scan the merchants' QR Ph and make payments. Customers that use QR Ph to pay for the purchase of goods and services shall not pay any fees for the use of this convenient online payment facility.

For businesses and merchants

The QR Ph P2M initiative is expected to bring wide-ranging benefits to all types of businesses, including the small unbanked vendors such as tricycle drivers, market vendors, and sari-sari store owners. In receiving payments from their clients, these parties may find the facility as a viable alternative to coins since it caters to low-value and high-volume transactions which are akin to their day-to-day businesses. Likewise, it obviates the need for merchants to prepare change funds in coins and bills and to hold substantial amount of small denominated cash on hand for this purpose.

The ease of receiving digital payments is made more convenient with the interoperable feature of QR Ph P2M. Unlike before, merchants can also receive payments from customers even if they maintain accounts in different payment service providers.

In receiving payments from customers, merchants need not share their account numbers with the latter. By simply scanning the merchants' QR code generated by its payment service provider, both merchants and customers can be assured that such payment is sent to the correct account number of the merchant. This process also substantially reduces the errors arising from the manual encoding of account information details.

For payment service providers

By participating in the QR Ph P2M facility, banks and non-bank EMIs can potentially widen their customer base, deepen their business relationships with their accredited merchants, and enhance their financial product offerings that cater to both retail customers and businesses. Given the information on the recurring digital payment transactions of both their retail individual and business customers, these financial institutions can build financial profiles of their target client base through which they can design customer-centric financial services that are tailored to their specific needs and circumstances.

9. How are customers' payments settled in QR Ph P2M facility?

Customers' payments are settled through the InstaPay facility. The following are the pre-requisites for a customer to be able to settle their payments through the QR Ph P2M facility:

- Both the customer making the payment and the merchant receiving the same should have a transaction account with an InstaPay participating bank or non-bank EMI;
- The customer has a camera in his/her mobile phone, a downloaded mobile application of his/her bank or non-bank EMI with which he/she maintains an account, and an internet connection; and
- The merchant has an internet connection and has been provided by his/her payment service provider with a QR code which the customer can scan for initiating payments.

10. How is the QR Ph P2M facility different from the QR Ph P2P facility?

QR Ph P2P caters to person-to-person transfers and may be used for remittances, splitting bills or payables among friends, and in making any type of payments to individuals.

Meanwhile, the QR Ph P2M facility shall take the services provided under the QR Ph P2P to a broader scope as it can empower businesses, including micro, small, or even informal merchants, to open transaction accounts with banks and non-bank EMIs which they can use for their businesses and have them eventually onboarded into the formal financial system to access other financial services they need such as low-cost credits.

Through the QR Ph P2M facility, individual customers can digitally make their payments to a wider set of merchants and businesses from large supermarkets, department stores, pharmacies, restaurants to sari-sari stores, wet markets (“*palengke*”) or tricycles. Later on, QR Ph for P2M may also be used for paying bills.

11. Who can use QR Ph P2M?

QR Ph can be used by customers of participating banks and non-bank EMIs through their mobile applications.

12. How can customers use QR Ph P2M?

If a customer wants to use QR Ph to pay for purchases from a merchant, he/she simply needs to follow these steps:

1. Open the preferred banking or non-bank EMI mobile application and choose *Transfer money or pay via QR*.
2. Scan the merchant-recipient’s QR Ph code and if prompted by the application, type the amount to be sent.
3. Check the details and approve the transaction. The customer will receive a message confirming a successful transaction.

13. How can merchants avail of QR Ph P2M services?

Merchants interested to offer the QR Ph P2M facility to their customers as a payment option may inquire from their respective banks or non-bank EMIs.

14. How much does it cost to pay via the QR Ph P2M facility?

With the full launch of QR Ph P2M, a customer that uses QR Ph to pay for the purchase of goods and services shall no longer pay any fees for the use of this convenient online payment facility. Banks or EMIs may or may not charge reasonable fees to the merchants for the service and benefits brought by QR Ph P2M, such as faster payment transactions and simpler, safer, more convenient and more efficient cash management. Since the customers pay the exact amount for the goods and services, merchants need not give them any change.

15. When was the pilot run and full implementation of the QR Ph P2M facility launched?

The pilot run of the QR Ph P2M facility was launched on 30 April 2021 while the full launch was held on 12 October 2021.

16. Why is there a need to conduct a pilot launch on QR Ph P2M facility prior to its full launch?

The pilot run:

- Shall promote public awareness among consumers on how to use QR Ph for the purchase of goods and service, whether made through e-commerce/online platforms or otherwise; and
- Shall be an opportunity to test the market and the robustness of the system. An assessment of the pilot run would help the industry to determine further refinements that may be needed prior to the full launch of QR Ph P2M.

Under the pilot run, the QR Ph P2M will only be available to a limited number of InstaPay participants, though the pilot participants will be comprised of both banks and a non-bank EMI. Likewise, only selected merchants would be participating in the pilot run. This approach will aid a smooth transition of QR-enabled payment services into the QR Ph P2M facility in preparation for the full launch.

17. Who are the QR Ph P2M Pilot Launch Participants?

For the pilot launch, only select merchants from the formal business sector shall participate. Customers with accounts in the following financial institutions may begin using QR Ph to pay for goods purchased from participating merchants:

- AllBank (A Thrift Bank), Inc
- Asia United Bank (AUB)
- China Banking Corporation (Chinabank)
- Rizal Commercial Banking Corporation (RCBC)
- Robinsons Bank
- Union Bank of the Philippines (Unionbank)

Meanwhile, the select merchants for whom payments may be made using QR Ph shall be the participating merchants who maintain accounts with the following InstaPay pilot participants:

- AllBank (A Thrift Bank), Inc.
- Asia United Bank (AUB)
- PayMaya Philippines, Inc. (PayMaya)
- Robinsons Bank
- Union Bank of the Philippines (Unionbank)

18. Who are the additional QR Ph P2M participants that joined the full launch on 12 October 2021?

In addition to the pilot participants, QR Ph P2M is now offered by Banco de Oro Unibank, Inc. (BDO), Cebuana Lhuillier Rural Bank, Land Bank of the Philippines (Landbank), Metropolitan Bank and Trust Company (Metrobank), Starpay Corp. (Starpay), and USSC Money Services Inc. (UMSI).

Upon the full launch, customers with accounts in the following banks and non-bank EMIs can now pay to more than 20,000 participating merchants in over 30,000 locations for their purchases via QR Ph P2M:

- AllBank (A Thrift Bank), Inc.
- Asia United Bank (AUB)
- Cebuana Lhuillier Rural Bank, Inc.
- China Banking Corporation (Chinabank)
- Land Bank of the Philippines (Landbank)
- Rizal Commercial Banking Corporation (RCBC)
- Starpay Corp. (Starpay)
- Union Bank of the Philippines (Unionbank)
- USSC Money Services Inc. (UMSI)

While merchants with accounts in the following banks and non-bank EMIs can receive payments from its customers via QR Ph P2M:

- AllBank (A Thrift Bank), Inc.
- Asia United Bank (AUB)
- Banco de Oro Unibank, Inc. (BDO)
- Cebuana Lhuillier Rural Bank
- Metropolitan Bank and Trust Company (Metrobank)
- PayMaya Philippines, Inc. (PayMaya)
- Rizal Commercial Banking Corporation (RCBC)
- Starpay Corp. (Starpay)
- Union Bank of the Philippines (Unionbank)
- USSC Money Services Inc. (UMSI)

Below is the complete list of QR Ph P2M Participants as of 12 October 2021:

InstaPay Participating Bank/Non-Bank EMI	To Pay	To Receive
AllBank (A Thrift Bank), Inc. (AllBank)	Yes	Yes
Asia United Bank (AUB)	Yes	Yes
Banco de Oro Unibank, Inc. (BDO);	-	Yes
Cebuana Lhuillier Rural Bank, Inc.	Yes	Yes
China Banking Corporation (Chinabank)	Yes	-
Land Bank of the Philippines (LandBank)	Yes	-
Metropolitan Bank and Trust Company (MetroBank)	-	Yes
PayMaya Philippines, Inc. (PayMaya)	-	Yes
Rizal Commercial Banking Corporation (RCBC)	Yes	Yes
Starpay Corp. (Starpay)	Yes	Yes
Union Bank of the Philippines, Inc. (UnionBank)	Yes	Yes
USSC Money Services Inc. (UMSI)	Yes	Yes