

Frequently Asked Questions (FAQs)
on Registration of Operators of Payment Systems *

RA No. 11127 (The NPSA) and BSP Circular No. 1049

What is the National Payment Systems Act (NPSA)?

The NPSA is a landmark legislation that supports the performance by the Bangko Sentral of its mandate relating to the third pillar of central banking – the maintenance of a safe, efficient, and reliable payment and settlement systems.¹

What are the objectives of the NPSA?

As the first comprehensive legal and regulatory framework governing payment systems in the Philippines, the NPSA supports the twin objectives of maintaining safe, secure, efficient and reliable operations of payment systems that is necessary to control systemic risk and of providing an environment conducive to the sustainable growth of the economy.

What is BSP Circular No. 1049 about? What is its objective in relation to the first phase of implementation of the NPSA?

Circular No. 1049 provides the rules and regulations on the registration of operators of payment systems (OPS). It is the first phase of the phased-in implementation of the NPSA that prioritizes the creation of a baseline inventory of all OPS. This is required under Section 10 of the NPSA which provides that all OPS shall register with the Bangko Sentral. The inventory will be used as inputs for the crafting of specific criteria in designating payment systems, as well as for the oversight rules to be applied to such systems and its participants.

Circular No. 1049 provides descriptive examples, albeit not exhaustive, of activities to sufficiently guide the stakeholders in determining which persons are required to register with the Bangko Sentral as an OPS under the NPSA.²

In keeping with the thrust of the Bangko Sentral to promote efficiency and ease of doing business, Circular No. 1049 contains a simplified registration process and streamlined documentary requirements.³

¹ <https://www.bsp.gov.ph/PaymentAndSettlement/RA11127.pdf>

² <https://www.bsp.gov.ph/Regulations/Issuances/2019/c1049.pdf>

³ <https://www.bsp.gov.ph/Regulations/Issuances/2019/m023.pdf>

Operators of Payment Systems

Who are operators of payment systems (OPS)?

Section 4 (1) of RA 11127 defines operator as any person who provides clearing or settlement services in a payment system, or defines, prescribes, designs, controls or maintains the operational framework for the system. Under Circular No. 1049, an OPS performs any of the following functions:

- (a) Maintains the platform that enables payments or fund transfers, regardless of whether the source and destination of accounts are maintained within the same or different institutions;
- (b) Operates the systems or network that enables payments or fund transfers to be made through the use of payment instrument;
- (c) Provides a system that processes payments on behalf of any person or the government; and
- (d) Performs such other similar activities, as may be determined by the Monetary Board.

What does Circular No. 1049 refer to when it uses the word “person”?

The term “person” as used in Circular No. 1049 covers both natural and juridical persons, and therefor covers all types of business organizations (e.g., single proprietorship, partnership, cooperative, corporation).

Is it the intention of BSP to cover all institutions that perform functions relative to a payment system including cooperatives which operate their own payment systems but not supervised by BSP? Will third party providers such as Independent ATM Deployers (IADs), Bayad Centers/bill payment aggregators, online merchants/billers, payment gateways be part of the scope?

The NPSA grants the BSP oversight authority over all payment systems in the Philippines and authorizes it to exercise supervisory and regulatory powers for the purpose of ensuring the stability and effectiveness of the monetary and financial system.⁴ Thus, the BSP in the exercise of its powers will cover all institutions that perform operator functions relative to a payment system which may include institutions not currently supervised by the BSP. Independent ATM Deployers, Bayad Centers/bill payment aggregators, online merchants/billers, and payment gateways may be part of the scope if they perform operator functions relative to a payment system.

Do the registration requirements extend to entities engaged by the BSFI and perform OPS type functions (e.g., payment facilitators, payment gateways)? If yes, what is the role of and expectation from the BSFI in terms of compliance of entities performing OPS type functions?

⁴ New Central Bank Act, as amended by Republic Act No. 11211

Such entities are required to register if they are performing OPS activities under Circular No. 1049. BSFIs are expected to engage OPS that are compliant with BSP regulations.

Are banks with existing banking license still under the scope of the registration requirement?

A bank performing OPS activities needs to comply with the requirements of Circular No. 1049 albeit with further streamlined documentary requirements.

Is there a need to register as an OPS for companies with existing Super-Agent License Agreement granted by the BSP and confirmed by BSP through a Certificate of Registration as Remittance and Transfer Company?

If any of the functions of these companies falls under those that are enumerated in Circular No. 1049 then they have to register as an OPS and shall be subject to applicable rules.

Will OPS registration requirement cover third party service providers operating outside the Philippines and without domestic office?

Circular No. 1049 does not limit the registration requirement to Philippine companies or Philippine-based companies. Thus, a third party service provider operating outside of the Philippines and even without a domestic office, if providing services or performing activities as an OPS within the scope of Circular No. 1049, and such services or activities are performed in the Philippines or for customers in the Philippines, then such third party service provider should register with the BSP as an OPS.

Can an OPS maintain its head office in another jurisdiction?

Yes. However, the BSP expects that the OPS shall comply with all relevant laws and regulations of appropriate regulatory bodies in the Philippines in relation to the OPS' conduct of business in the Philippines.

Can existing foreign OPS continue to operate under its existing corporate structure?

The particulars of this matter will be covered in subsequent regulations implementing the NPSA.

Are there any foreign ownership restrictions for companies operating or owning a payments systems business in the Philippines?

For purposes of registration as OPS, there is no restriction on foreign ownership. More specific rules and regulations for registered OPS and other payment participants, including on organization, capital, foreign ownership and corporate governance will be provided in subsequent regulations.

Are proprietary platforms considered under Circular No. 1049? What does the application for registration contain and what will their registration as OPS accomplish given that institutions were already registered/licensed?

Proprietary platforms are considered. The information in the application will aid in the evaluation of whether the applicant performs OPS activities for which registration with the BSP is required pursuant to the NPSA.

Is the definition of OPS in Circular No. 1049 the same as the definition of service provider in NPSA?

No. Service provider, as defined in the NPSA, refers to an entity that supplies process arrangements, technology, and/or infrastructure to operators of the payment systems. A service provider, however, can also be an OPS under Circular No. 1049 if such service provider performs OPS activities in its own name and not merely as an incident of the services that it provides to an OPS.

Registration Process

What are the necessary requirements to obtain a Certificate of Registration (COR) from the BSP to operate as an OPS? Apart from the COR, what other licenses and permits would an OPS business require?

BSP Circular No. 1049 and Memorandum No. 2019-023 provide the requirements and process for registration. One of the requirements for registration is the copy of the business registration/permit indicating the line of business of the OPS from the city or municipality that has territorial jurisdiction over the principal place of business of the OPS. For foreign-based OPS, we require the submission of equivalent documents issued by the jurisdiction of their principal place of business such as the registration and incorporation documents with certificate of translation, as necessary.

Under Circular No. 1049, the BSP, in the course of evaluation of the application for registration, may request for submission of additional documents and information.

We acknowledge that performance of OPS business is at times linked with activities such as those performed by electronic money issuers and money service businesses and with respect to those, the relevant license and registration would have to be obtained.

Will BSP provide a complete list of OPS prior to registration or will the re-registration of existing OPS serve as the basis of BSP to identify which entities need to register with the BSP?

No. Circular No. 1049, in relation to Memorandum No. M-2019-023 (Guidelines on the Registration and Notification Requirements of OPS), requires concerned entities to conduct a self-assessment to determine whether they are operators of payment systems that are required to register with the BSP.

When should an OPS that have yet to commence operations register with the BSP? From which event should it be reckoned from, issuance by the Securities and Exchange Commission (SEC) of the Certificate of Registration, issuance by the LGU of a business permit, or date of actual conduct of business operations?

Under Circular No. 1049, all OPS that have not commenced operations shall register with the BSP within one (1) month from the start of their operations except in the following instances where registration is required prior to commencement of operation:

1. A regulator or government agency requires appropriate action from the BSP prior to the start of the OPS business;
2. The OPS offers remittance services as well as other similar activities performed by money service businesses; and
3. Such other circumstances as may be determined by the Monetary Board.

The one (1)-month period will be reckoned from the date of actual commencement of the OPS activity of the entity's business operations.

Can a favorable endorsement from the BSP for the incorporation of an OPS be considered as compliance with the registration requirement?

No, a mere favorable endorsement issued by the BSP for purposes of compliance with the submission requirements of the SEC for incorporation is not the OPS registration contemplated under the NPSA or BSP Circular No. 1049. It should be noted, moreover, that the requirement for BSP endorsement, specifically a certificate of authority to register, shall apply only to operators of designated payment systems.

How long does the evaluation process for OPS registration take?

Upon successful online registration, a Provisional Certificate of Registration (PCOR) is automatically issued to the applicant (for banks and EMIs, the PCOR shall be issued no later than three days from successful online registration). Such PCOR shall be valid for the period stated therein unless otherwise provided in the list of entities with PCORs published in the BSP website. Generally, the PCOR has a validity period of three months from the date of issuance. On or before the expiration of the validity period of the PCOR, the applicant shall be advised on the disposition of its application for OPS registration.

Does the BSP conduct a review of an OPS's system or network infrastructure as part of the approval process for the COR?

No. However, we are not precluded from doing so in relation to the BSP's oversight authority over all payment systems in the Philippines.

What is the time frame for submitting the additional documents and information relative to its application as OPS?

Additional documents must be submitted within the period stated in the email/letter requesting the submission of additional documents/information.

Will an OPS COR be sufficient whether a company is a payment gateway, payment processor or payment aggregator? Are there other requirements specific for each type of payment system?

We currently do not have differing requirements for applicants registering as OPS. As such, a COR will be issued to an applicant if it performs OPS activities whether it identifies itself as a payment gateway, payment processor or payment aggregator.

As mentioned, the BSP may, in the course of evaluation, request for the submission of additional documents and information from the applicant to be apprised of the extent of its OPS activities. In addition, more specific rules and regulations on certain payment systems and its participants will be issued in the near term.

Is there a transitory period before an OPS can re-submit an application for registration to the BSP?

Circular No. 1049 does not provide for such a period. It should be noted that disposition of the application will depend on BSP's evaluation that an entity is an OPS under Circular No. 1049 that is required to register with the BSP. Thus, it is the activity performed by an entity and not the lapse of time that will determine whether it should file an application with the BSP for registration as an OPS.

Will the registration fee be collected upon submission of the application of registration?

No fee will be collected upon the submission of the application for registration. Only entities that are found to be OPS under Circular No. 1049 and issued a Certificate of Registration (COR) are required to pay a registration fee Php20,000.00. Further, as mentioned in Memorandum No. M-2019-023, banks and EMLs that are also OPS and are issued COR are exempt from paying the registration fee.

Validity Period of the PCOR/COR

What is the validity period of the PCOR?

The PCOR shall be valid for the period stated therein unless indicated otherwise in the list of PCORs to be published in the Bangko Sentral website.

What is meant by "it shall be valid for the period stated therein unless indicated otherwise in the List of Provisional Registrations published at the BSP website". Will the extension of the validity period of the provisional COR be indicated in BSP's website?

The website will list the entities to whom PCOR and COR have been issued. Generally, the period of validity of the PCOR will be as indicated in the PCOR. However, such period may be shortened or, when warranted, extended to allow for compliance with additional requirements. In all cases, the periods will be published in the BSP website.

What is the validity period of the COR?

The COR shall continue to be valid unless revoked by the BSP.

Operating a Payment System without Registration

What are the sanctions for operating a payment system without registration?

Under Circular No. 1049, the Monetary Board may issue a directive to an OPS to:

- (a) comply with the registration requirements under the Circular; and
- (b) stop from operating a payment system without registration from BSP and to take immediate action to register.

If the OPS continues to operate without registering despite the foregoing directives, BSP may coordinate with other government agencies to inform them that said OPS is operating without registration pursuant to Section 9 of Rep. Act No. 11127. In addition, the BSP may impose other penalties and sanctions provided for in Section 20 of Rep. Act No. 11127 and the pertinent portion of Section 37 of Rep. Act No. 7653, as amended by Rep. Act No. 11211.

Designation of Payment Systems

What are the factors that BSP takes into consideration in designating an OPS? And what are the processes involving for such designation?

The BSP has yet to designate payment systems and the criteria for designation will be subject to the conditions set in BSP Circular 1089, s. 2020.⁵ Please note that the subject of the designation is the payment system and not the operator of a payment system.

What are the implications of such designation by BSP?

Designation by the BSP of payments systems will subject the participants and operators of such payments system to the specific provisions of the NPSA on designated payment systems as well as to the corresponding BSP issuances for operators and participants of designated payment systems.

⁵ <https://www.bsp.gov.ph/Regulations/Issuances/2020/c1089.pdf>

Is there any difference on registration of OPS of a non-BSP Designated Payment Systems (DPS) from those BSP DPS?

There is no difference on registration. However, operators of designated systems will be subjected to rules and regulations to be issued on DPS and its participants.

What are the consequences for payment systems that are not designated by the BSP?

Payment participants and operators of non-designated payment systems will not be subject to the specific rules applicable to designated payments systems. This notwithstanding, payment participants and operators of non-designated payment systems must comply with laws, rules, and regulations pertaining to all payments systems and payment system participants.

Related Matters

What is the difference between Circular No. 1049 and Circular No. 1033?

Circular No. 1033 provides for the requirements and procedures for issuance of an Electronic Payment and Financial Services (EPFS) license for BSP supervised financial institutions (BSFIs). Meanwhile, Circular No. 1049 provides the rules and regulation on the registration of operators of payment systems as defined under the NPSA and which may include non-financial institutions.

Are OPS subject to minimum capital requirements and appropriate governance and risk management system?

Under the NPSA, only OPS of designated payment systems are subject to minimum capital requirements, and appropriate governance and risk management system. The BSP, however, is not precluded from issuing rules and regulations on the foregoing that would be applicable to all payment systems and their participants to ensure the safety, efficiency and reliability of payment systems.

Are OPS covered by AML Rules?

The extent of applicability of AML rules will be discussed with the AMLCS.

If a company will be providing its users with the ability to store peso funds on a digital wallet what licenses would be required?

We suggest a self-assessment based on the definition and scope of OPS under Circular No. 1049 and determination if it is an OPS that is required to register with the BSP. Kindly also refer to BSP Circular No. 649 (Guidelines governing the issuance of electronic money and the operations of electronic money issuers in the Philippines) for guidance on whether the company's intended product and service is subject of this Circular. Under Circular No. 649, a non-bank institution applying for e-money issuer (EMI) license is also required to register with the BSP as a Remittance Transfer Company (RTC) and will be classified as EMI-Others.

Are the licensing requirements different if a company allows its users to store other currencies digitally including cryptocurrencies?

We refer you to BSP Circular No. 1108 (Guidelines for Virtual Asset Service Providers) for determination of applicability of the requirement for VASPs to secure a Certificate of Authority to operate as a money service business.

*For further clarification, you may send an e-mail to the Payment System Oversight Department at this address: psod@bsp.gov.ph***

* as of 06 May 2021

** renamed as Payments Supervision and Licensing Department with address at psld@bsp.gov.ph