



BANGKO SENTRAL NG PILIPINAS

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OFFICE OF THE GOVERNOR

CIRCULAR NO. 11XX
Series of 2022

Subject: Amendments to the Regulations on Electronic Money (E-money) and the operations of Electronic Money Issuers (EMI) in the Philippines

The Monetary Board, in its Resolution No. ____ dated _____ 2022, approved the amendments to the regulations governing the issuance of electronic money (E-money) and the operations of electronic money issuers (EMI) in the Philippines under the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI).

Section 1. Section 702 of the MORB on Issuance and Operations of Electronic Money shall be amended to read as follows:

702 ISSUANCE AND OPERATIONS OF ELECTRONIC MONEY

The following guidelines shall govern the issuance of electronic money and the operations of electronic money issuers.

702. Declaration of policy. ~~It is the policy of the Bangko Sentral to foster the development of efficient and convenient retail payment and fund transfer mechanisms in the Philippines. The availability and acceptance of e money as a retail payment medium will be promoted by providing the necessary safeguards and controls to mitigate the risks associated in an e-money business.~~ The Bangko Sentral aims to promote a safe, efficient, and inclusive digital finance ecosystem by espousing an enabling regulatory environment that recognizes the advances in digital technologies and fosters a responsive and effective management of attendant risks. The regulations governing E-money operations and issuers allow banks to adopt risk management systems suited to their size, complexity of operations, and systemic importance. This enables banks to provide financial services attuned to the evolving needs and behavior of consumers and supported by safeguards and controls against various existing and emerging risks such as

46 money laundering, terrorism and proliferation
47 financing, cybersecurity, and fraud, among others.

48 **Scope.** These guidelines shall cover banks that issue
49 E-money and engage in the operations of E-money
50 business in the Philippines. E-money issued under
51 closed loop systems is not covered by this Section.
52

53 **Definition of Terms.** For purposes of this section, the
54 following terms shall have the meanings set forth
55 below:

- 56
- 57 1. ***Electronic money (E-money)*** ~~shall mean monetary value as~~
58 ~~represented by a claim on its issuer, that is~~ shall refer to
59 a monetary value stored in a transaction account
60 that is not a deposit and non-interest-bearing that
61 was issued, created, or accepted by a bank - and
62 is:
- 63 a. **electronically stored in an instrument or device;**
 - 64 ~~b. issued against receipt of funds of an amount not lesser in~~
65 ~~value than the monetary value issued;~~
 - 66 b. **denominated in or pegged to Philippine Peso or**
67 **other foreign currencies;**
 - 68 c. **pre-funded by customers to enable payment**
69 **transactions through the use of a transaction**
70 **account;**
 - 71 ~~d. e. accepted as a means of payment by persons or entities~~
72 ~~other than the issuer by the issuer for its customers or by~~
73 ~~other persons or entities including merchants/sellers;~~
 - 74 e. **issued in accordance with this Section against receipt of**
75 **funds of an amount equal to the monetary value issued;**
76 **and**
 - 77 f. **withdrawable in cash or cash equivalent or**
78 **transferable to other accounts/instruments that**
79 **are withdrawable in cash.**
- 80
- 81 2. ***Electronic instruments or devices*** shall refer to cash cards,
82 prepaid cards, **stored value cards** or any digital wallet
83 **accessible via mobile phones or other access device, and**
84 **other similar products** within the scope of electronic
85 payments and financial services as defined under
86 Subsec. 701.1 of the MORB;
- 87
- 88 3. Transaction account shall be as defined under
89 Bangko Sentral Circular No. 1033 (Subsec. 701.1 of
90 the MORB);
91

92 4. Closed-loop electronic wallet system shall refer to
93 an arrangement wherein the electronic wallet is
94 accepted as a means of payment only by the merchant-
95 issuer and is issued for a limited purpose.
96 Merchants belonging to the same
97 conglomerate/corporate groups shall be considered
98 as one entity for purposes of determining closed-
99 loop electronic wallet systems.

100

101 5. Open-loop electronic wallet system shall refer to
102 an arrangement wherein the electronic wallet is
103 accepted as a means of payment by other persons or
104 entities other than the merchant-issuer, including
105 merchants/sellers outside of the
106 conglomerate/corporate groups.

107

108 6. Merchants are physical or electronic retailers or
109 businesses that accept electronic money as payment
110 and may utilize electronic platforms in selling
111 their goods and services.

112

113 ~~**Electronic money issuer (EMI) shall be classified as follows:**~~

- 114 ~~a. Banks (hereinafter called EMI-Bank);~~
- 115 ~~b. NBFI supervised by the Bangko Sentral (hereinafter called~~
116 ~~EMI-NBFI); and~~
- 117 ~~c. Non-bank institutions registered with the Bangko Sentral~~
118 ~~as a monetary transfer agent under Sec. 4511N of the~~
119 ~~MORNBF (hereinafter called EMI-Others).~~

120

121 ~~For purposes of this Section:~~

- 122 ~~a. Electronic instruments or devices shall mean cash cards, e-~~
123 ~~wallets accessible via mobile phones or other access device;~~
124 ~~stored value cards, and other similar products.~~
- 125 ~~b. E-money issued by banks shall not be considered as deposits.~~

126

127 ~~**Prior Bangko Sentral approval.** Banks planning to be an EMI-~~
128 ~~Bank shall apply in accordance with Sec. 701 relating to the~~
129 ~~guidelines on electronic banking services and with Sec. 112 on~~
130 ~~outsourcing of banking functions, when applicable.~~

131

132 ~~**Application for authority to offer E-money services.**~~
133 ~~Banks may offer E-money services subject to prior~~
134 ~~approval of the Bangko Sentral under Electronic~~

135 Payment and Financial Services (EPFS) Type A license¹
136 and compliance with prudential criteria provided under
137 Section 111 and requirements on licensing of EPFS
138 under Appendix ___ of Section 701 of the MORB.

139
140 ~~The EMI-Bank shall also comply with pertinent~~
141 ~~Bangko Sentral rules and regulations, among others,~~
142 ~~covering the following areas, among others: 30)~~
143 ~~calendar days before any variation to the terms and~~
144 ~~conditions may take effect.~~

145
146 **Governance.** The following guidelines shall govern the
147 issuance and operations of electronic money:
148

149 1. Minimum Systems and Controls. ~~h.~~ **Prior to issuance of E-**
150 **money, EMI-Banks shall ensure that the following are in**
151 **place:**

152
153 a. **Sound and prudent management, administrative and**
154 **accounting procedures and adequate internal control**
155 **mechanisms;**

156 b. **Properly-designed computer systems which are**
157 **thoroughly and independently tested prior to**
158 **implementation;**

159 c. **Appropriate security policies and measures intended to**
160 **safeguard the integrity, authenticity, and confidentiality of**
161 **data and operating processes;**

162 d. **Due diligence and accreditation policy and**
163 **process in selecting E-money agents and**
164 **merchants/business partners;**

165 e. **Fraud risk management system that is commensurate**
166 **to the risks associated with particular EMI types**
167 **or specific EMI activities;**

168 f. **Adequate business continuity and disaster recovery plan;**
169 **and**

170 g. **Effective audit function to provide periodic review of the**
171 **security control environment and critical systems.**

172
173 2. ~~e.~~ **E-money shall only be issued and redeemed at face value.**
174 **It may not be issued at a discount. That is, the**
175 **E-money credited to the customer's account balance**
176 **is higher than the amount of fiat money used to**
177 **purchase it. Moreover, E-money is not considered a**
178 **deposit. It shall not earn interest nor rewards and other**

¹ This applies to BSFIs that can be assessed against the prudential criteria provided in the Policy and Regulations on Licensing. These applicants must have been examined by the Bangko Sentral.

179 ~~similar incentives convertible to cash, nor be purchased at a~~
180 ~~discount. E-money is not considered a deposit, hence, it is not~~
181 ~~insured with the PDIC.~~ that may be construed as earning
182 of interest. Nevertheless, EMI-Banks can offer
183 promotional incentives that are not based on the
184 outstanding balance of the e-wallet to encourage
185 greater usage and attract new users.

186
187 3. Consumer Protection. EMI-Banks shall adopt a
188 financial consumer protection framework in
189 accordance with the requirements of Section 1002
190 "Consumer Protection Standards" of the MORB as
191 amended by BSP Circular No. 1048. EMI-Banks shall
192 adhere to the expectations provided under said
193 Section/Circular covering the following core
194 principles:

- 195
- 196 a. Disclosure and transparency of e-money
 - 197 transactions;
 - 198 b. Protection of client information;
 - 199 c. Fair treatment of e-money customers;
 - 200 d. Effective recourse in place for handling
 - 201 complaints and redress mechanisms; and
 - 202 e. Financial education and awareness of e-money
 - 203 customers.

204

205 4. Interoperability of Systems. EMI-Banks shall make
206 its E-money products/service/platform with fund
207 transfer functionality interoperable by
208 participating in an Automated Clearing House
209 pursuant to the guidelines set under the National
210 Retail Payment Systems (NRPS).

211

212 5. Aggregate Limits. EMI-Banks shall employ a client
213 categorization process in order to enforce
214 pre-defined transaction limits and thresholds based
215 on institutional risk assessment and sound customer
216 due diligence process.

217

218 Government agencies/corporations/
219 instrumentalities shall be exempted from the
220 specified aggregate limits for government to
221 person/merchant transfers.

222

223 For large value pay-outs of more than P500,000
224 or its equivalent in foreign currency, in any single
225 transaction with customers or counterparties,
226 enhanced due diligence shall be conducted and said

227 pay-outs shall be done through banks using check
228 payments or electronic fund transfer facilities.

229

230 6. Liquidity Requirement. EMI-Banks shall have
231 sufficient liquid assets to meet E-money
232 redemptions at all times and protect the interest
233 of the E-money holders. In this respect, EMI-Banks
234 shall maintain liquid assets at least equal to the
235 amount of outstanding E-money issued for each
236 currency in which the E-money obligations are
237 denominated. The liquid assets shall be
238 unencumbered and shall be in the form of:

239

240 a. At least fifty-percent (50%) of outstanding
241 E-money balance shall be maintained in a trust
242 account² on behalf of E-money account-holders for
243 the specific purpose of E-money balance
244 liquidation. The fifty-percent (50%) requirement
245 shall be determined based on the average of
246 outstanding E-money month-end balances for the
247 previous quarter; and

248

249 b. The remaining fifty-percent (50%) of outstanding
250 E-money balance shall be held in:

251

252 1. bank deposits specifically earmarked for
253 liquidity requirements of the E-money
254 balances. This shall be maintained in
255 accounts separate from other deposits of the
256 EMI-Bank;

256

257 2. government securities earmarked and set aside
258 for the purpose; and

258

259 3. such other liquid assets as the Bangko Sentral
260 may allow.

260

261 EMI-Banks shall ensure that their current and
262 prospective creditors understand that liquid assets
263 maintained for safeguarding of outstanding E-money
264 issued shall remain unencumbered and are not
265 subject to attachment. Records pertaining to the
266 above liquid assets shall be made available for
267 inspection by the Bangko Sentral at any time.

268

269 The EMI-Bank shall have in place control
270 mechanisms to ensure prompt accounting and
271 recording of liquidity requirements particularly
272 for multi-currency wallets.

273

² Definition and requirements in accordance with Appendix 86 of the MORB.

274 **Classifications of EMIs.** Electronic money issuers shall be
275 classified as follows:

- 276 1. ~~a) Banks (hereinafter called EMI-Bank)~~ EMI-Banks; and
277 2. ~~b) Non-bank financial institutions (NBFI) supervised by the~~
278 ~~BSP (hereinafter called EMI-NBFI); and~~ EMI-Non-Bank
279 Financial Institutions (NBFI).
280 ~~c) Non-bank institutions registered with the BSP as a money~~
281 ~~transfer agent under Section 4511N of the Manual of~~
282 ~~Regulations for Non-Bank Financial Institutions (MORNBFI)~~
283 ~~(hereinafter called EMI-Others).~~

284
285 **Capital Requirements.** The term capital shall be
286 synonymous to the definition stated in Section 121 of
287 the MORB. The required capital for EMI-Banks shall be
288 the higher of (a) the required minimum capitalization
289 for banks depending on bank category or (b) the
290 required minimum capitalization based on EMI category
291 as follows:
292

EMI Category	Required Capital
Large scale EMI-Bank	PHP 200,000,000
Small scale EMI-Bank	PHP 100,000,000

293
294 An EMI-Bank shall be classified as Large scale
295 if the twelve (12) month average value of aggregated
296 inflow and outflow transactions is equal to or greater
297 than P25.0 billion.

298
299 **Reporting Requirements.** EMI-Banks shall maintain
300 records and submit the following reports to the
301 appropriate department of the Financial Supervision
302 Sector:
303

Nature of Report	Frequency	Due Date
1. Quarterly Report on Total Volume and Value of E-money transacted*	Quarterly	Ten (10) business days from end of reference quarter
2. List of operating offices and websites*	Semestral per MSB C1039	Ten (10) business days from end of reference semester

304 *Duly certified by the Proprietor/Managing Partner/President or
305 any officer of equivalent rank

306

307 EMI-Banks shall ensure that transaction and due
308 diligence records are maintained for a period of at
309 least five (5) years. They shall likewise adhere to
310 other relevant guidelines issued by the Bangko Sentral
311 on record keeping and retention, and digitization of
312 records as well as the manner of submission of
313 required reports.

314
315 All changes and enhancements to the E-money
316 platform shall be reported in accordance with the
317 reportorial requirements of EPFS to the appropriate
318 department of the Bangko Sentral.

319
320 **Sanctions.** Monetary penalties and other sanctions under
321 Section 701 of the MORB shall apply. In addition,
322 sanctions/penalties may also be imposed on the following
323 violations:
324

Nature of Violation/Exception	Sanction/Penalties
1. Issuing E-money without prior Bangko Sentral approval	Applicable penalties under Sections 18 & 19 of R.A. No. 11211; Watchlisting of owners/partners/ principal officers
2. Violation of any of the provisions of R.A. No. 9160, as amended (Anti-Money Laundering Law of 2001) and its implementing rules and regulations	Applicable penalties prescribed under the Act.
3. Violation/s of this Section and other relevant laws and Bangko Sentral rules and regulations	Penalties and sanctions under the abovementioned laws and other Bangko Sentral rules and regulations

325
326 **EMI-Banks without the appropriate approval from the**
327 **Bangko Sentral.** Any entity or person found to be
328 engaging in E-money operations without prior Bangko
329 Sentral approval shall be subject to appropriate
330 enforcement action/s, without prejudice to the pursuit
331 of any legal action against the owners and operators
332 of the entity pursuant to Section 18 of Republic Act
333 No. 7653 (The New Central Bank Act), as amended.

334
335 **Revocation of EMI license.** The authority to engage in
336 E-money business shall be automatically revoked if the

337 Bank does not commence E-money operations within one
338 (1) year after receipt of the notice of approval of
339 its EMI license application.

340

341 **Transitory provision.** Banks authorized to issue E-
342 money or are engaged in E-money operations shall
343 submit the following to the Bangko Sentral not later
344 than three (3) months from effectivity of this
345 Circular:

346

- 347 1. A certification, signed by the President or Officer
348 with equivalent rank and function, that the
349 EMI-Bank is in compliance with all the applicable
350 requirements of this Circular; and
- 351 2. Accomplished gap assessment template attached
352 herewith as Annex A, specifying the plan of actions
353 it will undertake, with the corresponding timelines
354 not exceeding one (1) year, to conform with the
355 provisions it has yet to fully comply with.

356

357 Upon submission of the Certification, EMI-Banks may
358 continue to operate their business unless instructed
359 otherwise. Failure to comply with these requirements
360 within the prescribed timelines shall subject the
361 entity to the appropriate enforcement action provided
362 under Section 002 of the MORB.

363

364 **Section 2. Section 702-Q/402-S/402-N of the MORNBF**
365 **and Operations of Electronic Money is hereby amended to read as**
366 **follows:**

367

368 **702-Q/402-S/402-N ISSUANCE AND OPERATIONS OF**
369 **ELECTRONIC MONEY**

370

371 The following guidelines shall govern the issuance of electronic
372 money (E-money) and the operations of electronic money
373 issuers.

374

375 **702-Q/402-S/402-N. Declaration of policy.** ~~It is the policy of the~~
376 ~~Bangko Sentral to foster the development of efficient and~~
377 ~~convenient retail payment and fund transfer mechanisms in the~~
378 ~~Philippines. The availability and acceptance of e-money as a~~
379 ~~retail payment medium will be promoted by providing the~~
380 ~~necessary safeguards and controls to mitigate the risks~~
381 ~~associated in an e-money business.~~ The Bangko Sentral aims
382 to promote a safe, efficient, and inclusive digital
383 finance ecosystem by espousing an enabling regulatory
384 environment that recognizes the advances in digital

385 technologies and fosters a responsive and effective
386 management of attendant risks. The regulations
387 governing E-money operations and issuers allow non-
388 bank financial institutions (NBFIs) to adopt risk
389 management systems suited to their size, complexity
390 of operations, and systemic importance. This enable
391 NBFIs to provide financial services attuned to the
392 evolving needs and behavior of consumers and supported
393 by safeguards and controls against various existing
394 and emerging risks such as money laundering, terrorism
395 and proliferation financing, cybersecurity, and
396 fraud, among others.

397
398 **Scope.** These guidelines shall cover non-bank financial
399 institutions (NBFIs) that issue E-money and engage in
400 the operations of E-money business in the Philippines.
401 E-money issued under closed loop systems is not
402 covered by this Section.

403
404 **Definition of Terms.** For purposes of this section, the
405 following terms shall have the meanings set forth
406 below:

- 407
408 1. ***Electronic money (E-money)*** shall mean ~~monetary value as~~
409 ~~represented by a claim on its issuer, that is~~ shall refer to a
410 monetary value stored in a transaction account that is not a
411 deposit, and non-interest-bearing that was issued, created, or
412 accepted by a NBFI and is:
- 413 a. electronically stored in an instrument or device;
 - 414 ~~b. issued against receipt of funds of an amount not lesser in~~
415 ~~value than the monetary value issued;~~
 - 416 b. denominated in or pegged to Philippine Peso or
417 other foreign currencies;
 - 418 c. pre-funded by customers to enable payment
419 transactions through the use of a transaction
420 account;
 - 421 ~~d. e. accepted as a means of payment by persons or entities~~
422 ~~other than the issuer by the issuer for its customers or by~~
423 ~~other persons or entities including merchants/sellers;~~
 - 424 e. ~~issued in accordance with this Section.~~ against receipt of
425 funds of an amount equal to the monetary value issued;
426 and
 - 427 f. withdrawable in cash or cash equivalent or
428 transferable to other accounts/instruments that
429 are withdrawable in cash.

430

- 431 2. **Electronic instruments or devices shall refer to cash cards,**
432 prepaid cards, **stored value cards** or any digital wallet
433 **accessible via mobile phones or other access device,** and
434 other similar products within the scope of
435 electronic payments and financial services as
436 defined under Subsec. 702.1-Q/402.1-S/402.1-N of
437 the MORNBFI;
438
- 439 3. Transaction account as previously defined in BSP
440 Circular no. 1033 (Subsec. 702.1 Q/402.1-S/402.1-N
441 of the MORNBFI);
442
- 443 4. Closed loop electronic wallet system shall refer to
444 an arrangement wherein the electronic wallet is
445 accepted as a means of payment only by the merchant-
446 issuer and is issued for a limited purpose.
447 Merchants belonging to the same
448 conglomerate/corporate groups shall be considered
449 as one entity for purposes of determining
450 closed-loop electronic wallet systems.
451
- 452 5. Open loop electronic wallet system shall refer to
453 an arrangement wherein the electronic wallet is
454 accepted as a means of payment by other persons or
455 entities other than the merchant-issuer, including
456 merchants/sellers outside of the
457 conglomerate/corporate groups.
458
- 459 6. Merchants are physical or electronic retailers or
460 businesses that accept electronic money as payments
461 and may utilize electronic platforms in selling
462 their goods and services.
463

464 ***Electronic money issuer (EMI) shall be classified as follows:***

- 465 **a. Banks (hereinafter called EMI Bank);**
466 **b. NBFi supervised by the Bangko Sentral (hereinafter called**
467 **EMI-NBFi); and**
468 **c. Non bank institutions registered with the Bangko Sentral**
469 **as a monetary transfer agent under Sec. 4511N of the**
470 **MORNBFI (hereinafter called EMI-Others);**
471

472 **For purposes of this Section:**

- 473 ***e. Electronic instruments or devices shall mean cash cards, e-***
474 ***wallets accessible via mobile phones or other access device,***
475 ***stored value cards, and other similar products.***
476 ***d. E money issued by banks shall not be considered as deposits.***
477

478 ~~**Prior Bangko Sentral approval.** Banks planning to be an EMI-~~
479 ~~Bank shall apply in accordance with Sec. 701 relating to the~~
480 ~~guidelines on electronic banking services and with Sec. 112 on~~
481 ~~outsourcing of banking functions, when applicable.~~

482
483 **Certificate of Authority.** Non-banks planning to be
484 EMI-NBFIs shall apply in accordance with the
485 guidelines on electronic payment and financial
486 services and outsourcing, when applicable. The
487 procedures for applying for an EMI license as well as
488 licensing requirements are specified in the BSP
489 Citizen's Charter.

490
491 EMI-NBFIs shall also comply with pertinent Bangko
492 Sentral rules and regulations covering the following
493 areas, among others:

- 494 a) Electronic Payment and Financial Services (EPFS);
- 495 b) Liquidity Risk Management;
- 496 c) Operational Risk Management and Internal Control;
- 497 d) IT Risk Management including the area of IT
- 498 Outsourcing/Vendor Management;
- 499 e) Payment Systems;
- 500 f) Anti-Money Laundering and Countering Terrorist and
- 501 Proliferation Financing;
- 502 g) Financial Consumer Protection;
- 503 h) Corporate Governance;
- 504 i) Requirements for beneficial owners as specified in
- 505 Section 111-M of the MORNBFI which shall apply not
- 506 only during license application but whenever there
- 507 is a significant change in ownership; and
- 508 j) Requirements for registration as specified in
- 509 Section 901-N of the MORNBFI.

510
511 EMI-NBFIs that engage in lending activities must secure a quasi-banking
512 license from the Bangko Sentral in accordance with the requirements of the
513 Q-Regulations in the MORNBFI.

514
515 **Common provisions.** ~~The following provisions are applicable to~~
516 ~~all EMIs:~~

- 517
518 ~~a. E money instrument issued shall be subject to aggregate~~
519 ~~monthly load limit of P100,000 unless a higher amount has~~
520 ~~been approved by the Bangko Sentral. In case an EMI issues~~
521 ~~several e money instruments to a person (emoney holder),~~
522 ~~the total amount loaded in all the e money instruments shall~~
523 ~~be consolidated in determining compliance with the~~
524 ~~aggregate monthly load limit;~~

525

- 526 ~~b. EMIs shall put in place a system to maintain accurate and~~
527 ~~complete record of e-money instruments issued, the identity~~
528 ~~of e-money holders, and the individual and consolidated~~
529 ~~balances thereof. The system must have the capability to~~
530 ~~monitor the movement of e-money transactions and link e-~~
531 ~~money instruments issued to common emoney holders. The~~
532 ~~susceptibility of a system to intentional or unintentional~~
533 ~~misreporting of transactions and balances shall be sufficient~~
534 ~~ground for imposition by the Bangko Sentral of sanctions, as~~
535 ~~may be applicable.~~
- 536
- 537 ~~d. EMIs shall ensure that e-money instruments clearly identify~~
538 ~~the issuer who is ultimately responsible to the emoney~~
539 ~~holders. This shall be communicated to the client who shall~~
540 ~~acknowledge the same in writing.~~
- 541
- 542 ~~e. It is the responsibility of EMIs to ensure that their~~
543 ~~distributors/e-money agents comply with all applicable~~
544 ~~requirements of the Anti Money Laundering Law, rules and~~
545 ~~regulations.~~
- 546
- 547 ~~f. EMIs shall provide an acceptable redress mechanism to~~
548 ~~address the complaints of its customers.~~
- 549
- 550 ~~g. EMIs shall disclose in writing and its customers shall signify~~
551 ~~agreement to the information embodied in Item “c” above~~
552 ~~upon their participation in the e-money system. In addition,~~
553 ~~it shall provide clear guidance in English and Filipino on~~
554 ~~consumers’ right of redemption, including conditions and~~
555 ~~fees for redemption, if any. Information on available redress~~
556 ~~procedures for complaints together with the address and~~
557 ~~contact information of the issuer shall also be provided.~~
- 558
- 559 ~~i. EMIs shall provide the appropriate supervising department of~~
560 ~~the Bangko Sentral quarterly statements containing, among~~
561 ~~others, information on investments, volume of transactions,~~
562 ~~total outstanding e-money balances, and liquid assets in such~~
563 ~~forms as may be prescribed later on.~~
- 564
- 565 ~~j. EMIs shall notify the Bangko Sentral in writing of any change~~
566 ~~or enhancement in the e-money facility thirty (30) days prior~~
567 ~~to implementation. If said change or enhancement requires~~
568 ~~prior Bangko Sentral approval, the same shall be evaluated~~
569 ~~accordingly. Any change or enhancement that shall expand~~
570 ~~the scope or change the nature of the e-money instrument~~
571 ~~shall be subject to prior approval of the Deputy Governor of~~

572 the appropriate sector of the ~~Bangko Sentral~~. These changes
573 or enhancements may include the following:
574 (1) ~~Additional capabilities of the e-money instrument/s, like~~
575 ~~access to new channels (e.g. inclusion of internet channel~~
576 ~~in addition to merchant Point of Sale terminals);~~
577 (2) ~~Change in technology service providers and other major~~
578 ~~partners in the e-money business (excluding partner~~
579 ~~merchants), if any; and~~
580 (3) ~~Other changes or enhancements.~~

581
582 **Governance.** The following guidelines shall govern the
583 issuance and operations of electronic money:

- 584
585 1. ~~Minimum Systems and Controls.~~ ~~h.~~ **Prior to issuance of E-**
586 **money, EMI-NBFIs should ensure that the following are in**
587 **place:**
588
589 a. **Sound and prudent management, administrative and**
590 **accounting procedures and adequate internal control**
591 **mechanisms;**
592 b. **Properly-designed computer systems which are**
593 **thoroughly and independently tested prior to**
594 **implementation;**
595 c. **Appropriate security policies and measures intended to**
596 **safeguard the integrity, authenticity, and confidentiality of**
597 **data and operating processes;**
598 d. **Due diligence and accreditation policy and**
599 **process in selecting E-money agents and**
600 **merchant/business partners;**
601 e. **Fraud risk management system that is commensurate**
602 **to the risks associated with particular EMI types**
603 **or specific EMI activities;**
604 f. **Adequate business continuity and disaster recovery plan;**
605 **and**
606 g. **Effective audit function to provide periodic review of the**
607 **security control environment and critical systems.**
608
609 2. ~~e.~~ **E-money may only be issued and redeemed at face value.**
610 **It may not be issued at a discount. That is, the**
611 **E-money credited to the customer's account balance**
612 **is higher than the amount of fiat money used to**
613 **purchase it. Moreover, E-money is not considered a**
614 **deposit. It shall not earn interest nor rewards and other**
615 **similar incentives convertible to cash, nor be purchased at a**
616 **discount. E-money is not considered a deposit, hence, it is not**
617 **insured with the PDIC.** that may be construed as earning

618 of interest. Nevertheless, EMI-NBFIs can offer
619 promotional incentives that are not based on the
620 outstanding balance of the e-wallet to encourage
621 greater usage and attract new users.

622

623 3. Consumer Protection. EMI-NBFIs shall adopt a
624 customer financial consumer protection framework in
625 accordance with the requirements of Section 1002-
626 Q/702-S/702-N "Consumer Protection Standards" of
627 the MORNBFIs as amended by BSP Circular No. 1048.
628 EMI-NBFIs shall adhere to the expectations provided
629 under said Section/Circular covering the following
630 core principles:

631

632 a. Disclosure and transparency of e-money
633 transactions;
634 b. Protection of client information;
635 c. Fair treatment of e-money customers;
636 d. Effective recourse in place for handling
637 complaints and redress mechanisms; and
638 e. Financial education and awareness of e-money
639 customers.

640

641 4. Minimum Disclosure Requirements. EMI-NBFIs shall
642 provide clear terms and conditions for the use of
643 the E-money, which should be made available through
644 various channels, including the EMI-NBFI's website,
645 brochures, and registration form (user's and
646 merchant's copy). EMI-NBFIs must obtain
647 acknowledgement from their users and merchants
648 prior to their availment of E-money services. The
649 details should include, but not limited, to the
650 following:

651

652 a. Clearly identify the issuer of E-money who is
653 ultimately responsible to the E-money holders;
654 b. Type of transactions that can be made with the
655 E-money;
656 c. All applicable fees and charges;
657 d. Availability of user's transaction history
658 and/or statement of account;
659 e. Procedures for reporting lost or stolen E-money
660 and lodging a complaint, including the manner on
661 how the losses and liabilities from security
662 breaches, system failure, or human error will be
663 settled between the EMI-NBFI and its customers;
664 f. Refund policy, including refund conditions,
procedures, turn-around time and cost;

- 665 g. Rights and responsibilities of users and
666 merchants;
667 h. User's and merchant's liability for damaged,
668 lost, malfunctioned, or compromised e-wallet
669 instrument or value, and fraudulent transaction;
670 and
671 i. Customer service contact number(s) as well as
672 details of the Bangko Sentral Consumer Assistance
673 Mechanism.

674
675 Users and merchants shall be notified at least
676 thirty (30) calendar days before any variation to
677 the terms and conditions may take effect.

678
679 5. Interoperability of Systems. EMI-NBFIs shall make
680 their E-money products/service/platform with fund
681 transfer functionality interoperable by
682 participating in an Automated Clearing House
683 pursuant to the guidelines set under the National
684 Retail Payment Systems (NRPS).

685
686 6. Aggregate Limits. EMI-NBFIs shall employ a client
687 categorization process in order to enforce
688 pre-defined transaction limits and thresholds based
689 on institutional risk assessment and sound customer
690 due diligence process.

691
692 Government agencies/corporations/
693 instrumentalities shall be exempted from the
694 specified aggregate limits for government to
695 person/merchant transfers.

696
697 For large value pay-outs of more than P500,000
698 or its equivalent in foreign currency, in any single
699 transaction with customers or counterparties,
700 enhanced due diligence shall be conducted and said
701 pay-outs shall be done through banks using check
702 payments or electronic fund transfer facilities.

703
704 7. Liquidity Requirement. EMI-NBFIs shall have
705 sufficient liquid assets to meet E-money
706 redemptions all times and protect the interest of
707 the E-money holders. In this respect, EMI-NBFIs
708 shall maintain liquid assets at least equal to the
709 amount of outstanding E-money issued for each
710 currency in which the E-money obligations are
711 denominated. The liquid assets shall be
712 unencumbered and shall be in the form of:

- 713 a. At least fifty-percent (50%) of the outstanding
714 E-money balance shall be maintained in a trust
715 account³ on behalf of E-money account-holders for
716 the specific purpose of E-money balance
717 liquidation. The fifty-percent (50%) requirement
718 shall be determined based on the average of
719 outstanding E-money month-end balances for the
720 previous quarter; and
721 b. The remaining fifty-percent (50%) of outstanding
722 E-money balance shall be held in:
723 1. bank deposits specifically earmarked for
724 liquidity requirements of the E-money
725 balances. This shall be maintained in accounts
726 separate from other deposits of the EMI-NBFI;
727 2. government securities earmarked and set aside
728 for the purpose; and
729 3. such other liquid assets as the Bangko Sentral
730 may allow.

731
732 EMI-NBFIs shall ensure that their current and
733 prospective creditors understand that liquid assets
734 maintained for safeguarding of outstanding E-money
735 issued shall remain unencumbered and are not
736 subject to attachment. Records pertaining to the
737 above liquid assets shall be made available for
738 inspection by Bangko Sentral at any time.

739
740 The EMI-NBFI shall have in place control
741 mechanisms to ensure prompt accounting and
742 recording of liquidity requirements particularly
743 for multi-currency wallets.

744

745 **Classifications of EMIs.** Electronic money issuers shall be
746 classified as follows:

- 747 1. ~~a) Banks (hereinafter called EMI-Bank) EMI-Banks; and~~
748 2. ~~b) Non-bank financial institutions (NBFI) supervised by the~~
749 ~~BSP (hereinafter called EMI-NBFI); and~~ EMI-Non-Bank
750 Financial Institutions (NBFI).
751 ~~c) Non-bank institutions registered with the BSP as a money~~
752 ~~transfer agent under Section 4511N of the Manual of~~
753 ~~Regulations for Non-Bank Financial Institutions (MORNBF)~~
754 ~~(hereinafter called EMI-Others).~~

755

756 **Capital Requirements.** The term capital shall be
757 synonymous to the definition stated in Section 121-Q

³ Definition and requirements in accordance with Appendix 86 of the MORB.

758 (combined capital accounts) of the MORNBFIs. The
 759 required capital for EMI-NBFIs shall be the higher of
 760 (a) the required minimum capitalization for NBFIs
 761 depending on NBFIs type or (b) the required minimum
 762 capitalization based on EMI category as follows:
 763

EMI Category	Required Capital
Large scale EMI-NBFIs	PHP 200,000,000
Small scale EMI-NBFIs	PHP 100,000,000

764
 765 An EMI-NBFIs shall be classified as Large scale
 766 if the twelve (12) month average value of aggregated
 767 inflow and outflow transactions is equal to or greater
 768 than P25.0 billion.

769
 770 **Notification and Reporting Requirements.** EMI-NBFIs
 771 shall comply with the notification and reporting
 772 requirements as prescribed under Section 901-N of the
 773 MORNBFIs and the Reporting Governance Section of the
 774 M-Regulations. In addition, EMI-NBFIs shall maintain
 775 records and submit the following reports to the
 776 appropriate department of the Financial Supervision
 777 Sector:
 778

Nature of Report	Frequency	Due Date
1. Audit Financial Statement (AFS) (audited by an external auditor included in the List of Selected External Auditors for NBFIs)	Annually	Not later than 120 calendar days after the close of the reference calendar or fiscal year subject to the provisions under Section 901-N
2. Statement of Financial Condition for Large-scale EMI-NBFIs	Quarterly	Twenty (20) business days from end of reference quarter
3. Quarterly Report on Total Volume and Value of E-money transacted*	Quarterly	Ten (10) business days from end of reference quarter
4. List of operating offices and websites*	Semestral per BSP Circular No. 1039	Ten (10) business days from end of reference semester

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**Duly certified by the Proprietor/Managing Partner/President or any officer of equivalent rank*

EMI-NBFIs shall ensure that transaction and due diligence records are maintained for a period of at least five (5) years. They shall likewise adhere to other relevant guidelines issued by the Bangko Sentral on record keeping and retention, and digitization of records as well as the manner of submission of required reports.

All changes and enhancements to the E-money platform shall be reported in accordance with the reportorial requirements of EPFS to the appropriate department of the Bangko Sentral.

Sanctions. Monetary penalties and other sanctions under Section 002-Q/002-S/001-N of the MORNBFIs shall apply. In addition, sanctions/penalties may also be imposed on the following violations:

Nature of Violation/Exception	Sanction/Penalties
1. Issuing E-money without prior Bangko Sentral approval	Applicable penalties under Sections 18 & 19 of R.A. No.11211; Watchlisting of owners/partners/ principal officers
2. Violation of any of the provisions of R.A. No. 9160, as amended, (Anti-Money Laundering Law of 2001) and its implementing rules and regulations	Applicable penalties prescribed under the Act.
3. Violation/s of this Section and other relevant laws and Bangko Sentral rules and regulations	Penalties and sanctions under the abovementioned laws and other Bangko Sentral rules and regulations

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EMI-NBFIs without the appropriate approval from the Bangko Sentral. Any entity or person found to be engaging in EMI operations without prior approval of the Bangko Sentral shall be subject to appropriate enforcement action/s, without prejudice to the pursuit of any legal action against the owners and operators of the entity pursuant to Section 18 of 7653 (The New Central Bank Act), as amended.

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Voluntary Closure of EMI Business. Any EMI-NBFI who wishes to cease carrying on with the business or activity of issuance of E-money shall comply with the requirements under Section 104-M of the MORNBF1.

Revocation of EMI license. The authority to issue E-money or engage in E-money operations of a NBFI shall be automatically revoked if the applicant does not commence E-money operations within one (1) year after receipt of the notice of approval of its EMI license application.

Transitory provision. NBFIs authorized to issue E-money or are engaged in E-money operations shall submit the following to the Bangko Sentral not later than three (3) months from effectivity of this Circular:

1. A certification, signed by the President or Officer with equivalent rank and function, that the EMI-NBFI is in compliance with all the applicable requirements of this Circular; and
2. Accomplished gap assessment template attached herewith as Annex B, specifying the plan of actions it will undertake, with the corresponding timelines not exceeding one (1) year, to conform with the provisions it has yet to fully comply with. In terms of adequacy of capital, existing EMI-NBFIs shall be given two (2) years to comply with the minimum capital requirements.

Upon submission of the Certification, EMI-NBFIs may continue to operate their business unless instructed otherwise. Failure to comply with these requirements within the prescribed timelines shall subject the entity to the appropriate enforcement action/s provided under Section 002-Q/002-S/001-N of the MORNBF1.

Effectivity Clause. The Circular shall take effect fifteen (15) calendar days following its publication in the Official Gazette or any newspaper of general circulation.

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FOR THE MONETARY BOARD

BENJAMIN E. DIOKNO
Governor

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