



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. _____ Series of 2024

Subject: Zero Fees on Person-to-Person Electronic Fund Transfer Transactions and Micro-Merchant Payments

The Monetary Board, in its Resolution No. ___ dated _____ 2024, approved the amendments to the Manual of Regulations for Payment Systems (MORPS) to provide for the elimination of fees on electronic fund transfers for personal transactions, up to a specified threshold on the number of transactions, and on payments for micro-merchants, in accordance with Section 6(a) and Section 6(d)(1) of Republic Act (RA) No. 11765 or the "Financial Products and Services Consumer Protection Act," Section 3 of RA No. 7653 as amended by R.A. No. 11211 or "The New Central Bank Act," and Section 6(d)(7) of RA No. 11127 or the "National Payment Systems Act."

Section 1. The terms defined under RA No. 11127 or the National Payment Systems Act (NPSA), the National Retail Payment System (NRPS) Framework, the Payment System Oversight Framework, and other relevant issuances of the Bangko Sentral shall be complemented by the following definitions, which shall be included in the MORPS:

GLOSSARY OF TERMS

- a. Micro-merchant – an end-user that avails of merchant payment acceptance activities under Section 503 of the MORPS that meets the definition of micro-enterprises pursuant to RA No. 9501, otherwise known as the "Magna Carta for Micro, Small and Medium Enterprises," and other related laws and regulations, and whose monthly aggregate gross receipts do not exceed Two hundred fifty thousand pesos (Php250,000.00). This includes end-users who utilize either merchant or personal accounts to facilitate acceptance of electronic fund transfers.
- b. Personal transaction – in terms of payment services, a fund transfer involving persons, which can either be a remittance or lending of funds, done for personal, family, or household purposes and not conducted in the ordinary course of business. An end-user is considered using his account for personal transactions when the number of person-to-person electronic fund transfers from his account does not regularly exceed ten (10) times a week.

Section 2. Section 201 of the MORPS shall be amended to read as follows:

201 NATIONAL RETAIL PAYMENT SYSTEM FRAMEWORK

x x x

201.4 Specific rules applicable to transactions performed under the NRPS framework. The following rules shall apply to retail payment transactions which are cleared and settled in accordance with the NRPS Framework:

- a. x x x
- b. Fees on transactions. The BSFI's board of directors shall adopt a policy on the imposition of any fee on electronic payment transactions. The policy shall include the basis and quantitative support for the setting of fees and rationalization of the fee structure or amount. Imposition of fees for transactions performed by BSFIs that meet the requirements in Item "a" of this Subsection shall be consistent with the following:
 - (1) On consumer pricing –
 - (a) BSFIs shall adopt reasonable and fair market-based pricing models, which do not arise from agreements with other BSFIs to fix the price of product or service delivery. Notwithstanding the foregoing, specific services mentioned in item b(1)(b) of this Subsection shall be provided at no cost to consumers.
 - (b) The service fees for electronic payments are expected to be lower than the fees collected from transactions made manually or over-the-counter (OTC) as electronic payments are considered to provide more efficient and cost-effective means of delivering service. Accordingly, person-to-person electronic fund transfers shall be offered free of charge for personal transactions; provided, that transactions beyond the threshold set in the definition are still allowed subject to fees.
 - (c) The recipient shall not pay for electronic crediting to recipient's account and the recipient shall receive the amount in full. Such account-to-account fund transfers shall not be considered as domestic remittance transactions under Sections X906/49210Q/4660S/4660 of the MORB/MORNBF1.

(2) x x x

x x x

Section 3. Section 503 of the MORPS is hereby amended to read as follows:

503 OPS THAT ENGAGE IN MERCHANT PAYMENT ACCEPTANCE ACTIVITIES

x x x

503.7 Governance for Merchant Acquisition Services. For OPS-MAL, the following provisions shall govern merchant acquisition services:

- a. x x x
- b. x x x

- c. *Pricing Mechanism.* Notwithstanding the consumer pricing rules under the NRPS Framework and subsequent relevant issuances, OPS-MAL shall adopt a pricing mechanism whereby merchant fees may be charged to merchants availing of merchant payment acceptance activities; provided, that such fees shall be waived for those that are classified as micro-merchants. ~~Such~~ The pricing mechanisms for merchants that are not covered by the exemption shall be reasonable, transparent, market-based, and proportional to the cost of the services offered in order to sustain the business operations of the parties involved.

x x x

Section 4. *Transitory Provision.* Payment service providers (PSPs) shall make the necessary changes in their policies, procedures, and systems in order to comply with the above requirements starting 01 April 2025.

Section 5. *Repealing Clause.* The moratorium on increase of fee for InstaPay and PESONet transactions, as outlined in BSP Memorandum No. M-2023-037 dated 15 December 2023, will hereby be rescinded for the PSP upon its implementation of the provisions in this Circular but not later than 01 April 2025 subject to the submission of the PSP to the Bangko Sentral of a proof of full compliance with the provisions of this Circular.

Section 6. *Effectivity.* This Circular shall take effect immediately following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

ELI M. REMOLONA, JR.
Governor

_____ 2024