



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM NO. M-2018-012

To : **ALL BSP-SUPERVISED FINANCIAL INSTITUTIONS (BSFIs)**

Subject : **Guidelines on the National Retail Payment System (NRPS) Key Principles and Specific Rules Applicable thereto**

Pursuant to Circular No. 980 dated 06 November 2017 on the Adoption of the NRPS Framework, the following shall be observed:

1. Bilateral clearing arrangements

BSP Circular No. 980 provides that “all clearing shall be done within the NRPS governance structure, wherein exclusive bilateral clearing arrangements are not allowed.” For this purpose, bilateral clearing arrangements refer to payment arrangements that facilitate inter-institutional payments or fund transfers without going through the Clearing Switch Operator (CSO).

Bilateral clearing arrangements are no longer allowed to be offered as it adversely impacts, if not substantially diminishes, free and fair competition, reduces interoperability and system-wide efficiency, as well as the positive network effects of the NRPS. Likewise, such arrangements are contrary to the objectives of NRPS to promote efficiency, create common standards, and form a single connection to the clearing system to enable the streamlined, more cost-effective and efficient exchange of payment instructions with other participants.

For this purpose, corporate cash management arrangements or its equivalent arrangements are allowed provided there are no exclusivity clauses wherein it is restricted, difficult or costly for the beneficiaries or recipients to initiate off-us transactions. BSFIs are expected to adequately disclose the availability of other solutions that may be more effective and cost-efficient in meeting their needs to all parties in the arrangement, such as the corporate client and the ultimate beneficiaries or recipients.

2. “Sender only pays”

For transactions performed under the NRPS framework, the receiving institution is precluded from charging the sending institution or the sender consistent with the provision in BSP Circular No. 980 that “the recipient shall not pay for electronic crediting to recipient’s account and the recipient shall receive the amount in full.”

3. Immediate credit by the ACH participant to the account of its client (payee)

BSP Circular No. 980 requires immediate credit to the account of the client (payee) after receipt of the clearing advice from the CSO. The timeframe of

immediate credit to the payee's account for near real-time transactions is within 2 to 3 seconds from receipt of clearing advice by the receiving institution (RI). For batched transactions, turnaround time for credit to the payee's account shall be agreed amongst the participants but not exceeding two (2) hours from receipt of the clearing advice or not later than the next settlement cycle for multiple settlement cycles. The turnaround time for batched transactions shall be agreed within thirty (30) calendar days from issuance of this Memorandum and implemented sixty (60) calendar days from the said agreement.

4. Availability of electronic payment service in all delivery channels

The regulatory requirement is that electronic payment facilities, such as those enabled via the BSFI's participation in ACHs, shall be available to the clients. As stated in BSP Circular No. 980, "BSFIs shall make electronic payments available in all its delivery channels whenever applicable." For this purpose, payment is defined as "the payer's transfer of a monetary claim on a party acceptable to the payee. Typically, claims take the form of cash or account balances held at a financial institution or at a central bank."¹ Thus, this provision is not limited to bills payment but also covers movement of funds or fund transfers. Moreover, the inclusion of the clause "whenever applicable" is to accommodate exceptional instances where the channel is not a viable means to make electronic payments, such as phone banking wherein availability of security measures is quite limited. For this purpose, non-availability of electronic payment in a delivery channel requires written justification from the BSFI addressed to their respective offsite units, copy furnished the NRPS Core Team.

For BSFIs that already offer electronic financial and payment services, such as electronic banking, to its clients, the regulatory requirement is that they are able to offer both sending and receiving of funds to its clients. The provision in BSP Circular No. 980, which states that "BSFIs shall xxx, at a minimum, receive funds", is in recognition that there may be BSFIs that are not yet prepared, both from technology and/or operations aspects, to offer sending services to its clients. Prospectively, the BSFIs are expected to develop the capability to move funds to/from accounts with other BSFIs as it will promote greater interoperability and will bring business to the BSFI as well.

For guidance and strict compliance.


CHUCHI G. FONACIER
Deputy Governor

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¹ "A glossary of terms used in payments and settlement systems". (Committee on Payment and Settlement Systems, Bank for International Settlements)