



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1099

Series of 2020

Subject: Cash Service Alliance General Guidelines

The Monetary Board, in its Resolution No. 1153 dated 10 September 2020, approved the amendments to the Manual of Regulations for Banks (MORB) for the adoption of the Cash Service Alliance (CSA) general guidelines.

Section 1. Section 1113 of the MORB is hereby added to read, as follows:

1113 CASH SERVICE ALLIANCE

The Cash Service Alliance (CSA) is a currency circulation mechanism that aims to enable all Authorized Agent Banks (banks) to enter into a mutually beneficial agreement to service requirements for fit Philippine currency of other banks from their available currency holdings.

The CSA aims to:

- a. Promote and facilitate efficient circulation of fit Philippine currency to support economic transactions;
- b. Provide a clear reference to accountability, roles and responsibilities of stakeholders;
- c. Ensure that proper and secured procedures are observed in the conduct of CSA transactions; and
- d. Strengthen cooperation among banks and enable their proactive role in currency circulation management.

The CSA general guidelines are provided in *Appendix 145*.

Enforcement Actions. Consistent with Sec. 002, the Bangko Sentral may deploy enforcement actions to promote adherence to the requirements set forth in this Section and bring about timely corrective actions. The Bangko Sentral may issue directives or impose sanctions on the bank, for violation of the provisions of this Section, which may include, among others, restrictions or prohibitions from certain authorities/activities. Sanctions may likewise be

imposed on bank directors, officers and employees concerned.

Section 2. Appendix 145 on the CSA general guidelines is hereby added on the MORB as shown in Annex A of this Circular.

Section 3. This Circular shall take effect fifteen (15) calendar days following its publication in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:



BENJAMIN E. DIOKNO
Governor

06 October 2020

CASH SERVICE ALLIANCE (CSA) GENERAL GUIDELINES
(Appendix to Sec. 1113)

The CSA General Guidelines is issued to formalize the direct exchange of fit currency among banks, and to serve as a general reference guide that participating banks shall adopt in drafting their bilateral agreements.

CSA transactions shall cover fit currency. These are legal tender Philippine banknotes and coins of good quality such that genuineness is obvious. Specifically, to be considered fit for circulation, banknotes and coins should not exhibit the characteristics of unfit, mutilated and counterfeit currency as stipulated in Sec. 1111.

I. Stakeholders

Primary stakeholders associated in this CSA:

- a. *Source bank* - supplier of fit currency from their available currency holdings;
- b. *Client bank* - requesting party and recipient of fit currency; and
- c. *Bangko Sentral ng Pilipinas Cash Department (Bangko Sentral CD)* - the unit that manages the CSA System and coordinates CSA transactions of banks servicing the Greater Manila Area.

Secondary stakeholder:

- d. *Cash-in-Transit (CiT) companies* - third-party service providers hired by banks to transport/deliver fit currency. Banks shall ensure compliance with Sec. 112.

II. Order and Acknowledgment Protocol

Banks with intention to deposit fit currency or withdraw from the Bangko Sentral CD shall utilize the CSA System to provide information on their available fit currency or to place fit currency orders. The CSA transaction will take precedence over direct deposit to or withdrawal from the Bangko Sentral CD.

All *Source banks* and *Client banks* shall comply with the provisions enumerated below:

- a. From 8:00 am to 10:00 am, Mondays to Fridays, except holidays, *Source bank* and *Client bank* shall submit the following information to the Bangko Sentral CD through the CSA System:

Source Bank	Client Bank
Available fit currency holdings (per denomination, number of pieces/ bundles/bags, and amount)	Fit currency requirements (per denomination, number of pieces/ bundles/bags, and amount)

Source bank shall also provide information on reasonable service fee for the CSA transaction.

- b. Bangko Sentral CD shall have CSA Account Managers (AMs) who will monitor and manage information provided by *Source bank* and *Client bank*. CSA AMs shall match fit currency requirements with available fit currency holdings from 10:00 am to 12:00 nn, Mondays to Fridays, except holidays;
- c. The CSA AMs shall inform *Client bank* through email or phone call of the available fit currency from the *Source bank* between 10:00 am to 01:30 pm, Mondays to Fridays, except holidays;
- d. Both the *Source bank* and *Client bank* shall confirm approval of the matched CSA transactions via e-mail to csa@bsp.gov.ph and/or through the CSA System, once functionality is available. The CSA AM shall acknowledge confirmation from both parties;
- e. Upon receipt of confirmation from the CSA AM, the *Source bank* shall directly communicate with *Client bank* for the facilitation and completion of payment not later than the following banking day;
- f. No cancellation of order after confirmation shall be accommodated; and
- g. Should there be no available CSA match:
- (1) The *Source bank* may:
 - (a) deposit its available fit currency with the Bangko Sentral CD as regular deposit until 03:00 PM of the same day or next banking day, if so desired; or

- (b) update its available fit currency for CSA transaction the following day within prescribed time.

(2) The *Client bank* may:

- (a) proceed with regular currency withdrawal transaction with the Bangko Sentral the following banking day, if so desired; or
- (b) update its fit currency requirements for CSA transaction the following day within prescribed time.

III. Currency Quality and Packaging

CSA transactions shall cover fit currency and banks shall comply with provisions of Secs. 1111 and 1112. Currency that will be serviced under the CSA shall conform with the following standards:

- a. Must not include unfit, mutilated and counterfeit currency;
- b. Must be free from pins, clips, staple wires, and stickers/adhesive residue;
- c. Banks shall abide with fitness level set by the Bangko Sentral, properly shrink-wrapped per bundle,¹ sorted by denomination and properly labelled;
- d. Coins shall be sorted by series, and in accordance with standard quantity per denomination; and
- e. In transporting fit currency, banks must use clear plastic or duffle bag for banknotes, and canvass bag for coins.

Source bank shall issue a certification that it is complying with the above standards for every CSA transaction.

IV. Settlement Options

Upon confirmation by both *Source bank* and *Client bank* of their transaction, they have the following settlement options to choose from:

- a. Bangko Sentral Philippine Payment and Settlement System (PhilPaSS)

Client bank shall issue payment instruction through the Real Time Gross Settlement (RTGS) or PhilPaSS of

¹ Each bundle of banknotes consists of 1,000 pieces, or 10 wrappers of 100 pieces of banknotes of same denomination of wrapper.

Banko Sentral to debit its Demand Deposit Account (DDA) and credit the DDA of *Source bank*.

b. Direct debit to a maintained deposit account

The *Client bank* may agree to open/maintain a deposit account with the *Source bank* to facilitate automatic debit to settle CSA transactions.

c. Issuance of Managers Check (MC)

Client bank shall issue an MC which can be presented directly to the *Source bank*.

The Bangko Sentral urges banks to settle CSA transactions mainly through PhilPaSS (Option "a"). Settlement Option "b" (opening of account with the *Source bank*) and Option "c" (MC) shall be considered only if the same are more convenient and cost effective to both parties.

V. Delivery and Completion of CSA Transaction

- a. Transport of fit currency under the CSA shall be arranged and coordinated between the *Source bank* and *Client bank*, e.g., thru CiT services or bank's own armored vehicle service. Banks shall abide with Sec. 275 in defining and setting operational standards for CiT companies.
- b. Upon settlement confirmation, the *Source bank* shall deliver/the *Client bank* shall pick-up (whichever is applicable) the requested fit currency at the designated delivery/pick up point. The place of delivery/pick up, as well as the period within which to deliver/pick up the requested fit currency shall be agreed upon by the *Source bank* and *Client bank*.
- c. Upon delivery of *Source bank* of its fit currency holdings and receipt of *Client bank* of its fit currency requirement, both *Source bank* and *Client bank* shall inform via e-mail to csa@bsp.gov.ph and/or thru CSA System, once functionality is available, Bangko Sentral CD on the day of the transaction to tag it as "completed". Information to be provided are time of delivery receipt, amount and denomination/s delivered/received.
- d. The obligation and responsibilities of the *Source bank* and *Client bank* in case of any delay in the

delivery and completion of the CSA transactions shall be governed by their contractual agreements.

VI. Dispute Management

Both *Source bank* and *Client bank* shall take all precautionary measures to safeguard the integrity and accuracy of the transactions. They shall be responsible in providing, agreeing, and complying with a dispute resolution mechanism, which shall be included in their contractual agreements. They shall exert earnest efforts to settle any currency discrepancy dispute. The following shall serve as guide in resolving disputes relating to CSA transactions:

- a. Closed Circuit Televisions (CCTVs), which should be regularly checked and maintained, must be strategically positioned in the areas where currency bags are to be unloaded and opened;
- b. Both *Source bank* and *Client bank* are required to designate their authorized representatives to witness the opening and inspection of currency bags;
- c. Reporting of any currency shortage or overage by the *Client bank* to the *Source bank* shall be made upon discovery during delivery date or within two (2) banking days from date of delivery; if not done within the prescribed period, *Source bank* or *Client bank* is deemed to have waived its right to seek remedy. The *Client bank* shall inform *Source bank* through email of the alleged discrepancy and details of the transaction (i.e., amount, denomination, number of pieces, name of Authorized Representative or Witness) copy furnished the Bangko Sentral CD. *Source bank* needs to confirm receipt of report on discrepancy within two (2) banking days and discuss course/s of action to resolve the issue.
- d. The *Client bank* or *Source bank* may request viewing of CCTV footages and/or recount of delivered currency within the prescribed period, or as may still be deemed practical under the circumstances, and with witnesses from both parties;
- e. Restitution of the shortage or return of the overage shall be made based on the validation results from CCTV footage and religious compliance with quality and standard packaging; and

f. *Source bank* shall provide the Bangko Sentral CD with information on the resolution of the case (e.g., shortage replaced; overage returned) within two banking days after resolution.

Upon receipt of complaint from *Client bank* of the *Source bank's* non-adherence with the prescribed banknote quality, the Bangko Sentral CD shall look into the matter and endorse to the appropriate supervising department of the Bangko Sentral to ascertain if enforcement actions may be deployed for non-compliance with provisions of Secs. 1111 and 1112, and other pertinent Bangko Sentral regulations.

**VII. Directory of Banks' Authorized Representatives/
Witnesses and CiT Companies**

All banks shall submit to the Bangko Sentral CD the names of their authorized representatives/witnesses and hired CiT Company, together with contact information, company ID and endorsement from Senior Officer of cash operations, before the implementation of this CSA Guidelines and every first banking day of the year or whenever there are replacements. It shall be the responsibility of both *Source bank* and *Client bank* representatives to validate the authenticity of documents presented to establish the identity of their counterparts.

This Directory shall be updated by the Bangko Sentral CD each time banks submit the names of their authorized representatives/witnesses and CiT Companies.

VIII. Amendment and Separability Clause

The CSA general guidelines may be amended or modified by the Bangko Sentral upon consultation with *Source banks* and *Client banks*. Each provision of this CSA Guidelines shall be considered separable. If, for any reason, any provisions hereof are determined to be invalid, unenforceable or contrary to any existing or future Bangko Sentral regulations or law, such invalidity shall not impair the operation of or affect those portions of the guidelines that are valid.