

[BSP CIRCULAR NO. 649, S. 2009, March 09, 2009]

GUIDELINES GOVERNING THE ISSUANCE OF ELECTRONIC MONEY (E-MONEY) AND THE OPERATIONS OF ELECTRONIC MONEY ISSUERS (EMI) IN THE PHILIPPINES

The Monetary Board, in its Resolution No. 324 dated 26 February 2009, approved the following guidelines governing the issuance of electronic money (e-money) and the operations of electronic money issuers (EMI) in the Philippines.

SECTION 1. Declaration of Policy - It is the policy of the Bangko Sentral ng Pilipinas (BSP) 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.

SECTION 2. Definition - E-Money shall mean monetary value as represented by a claim on its issuer, that is -

- a. electronically stored in an instrument or device;
- b. issued against receipt of funds of an amount not lesser in value than the monetary value issued;
- c. accepted as a means of payment by persons or entities other than the issuer;
- d. withdrawable in cash or cash equivalent; and
- e. issued in accordance with this Circular.

Electronic money issuer shall be classified as follows:

- a. Banks (hereinafter called EMI-Bank)
- b. Non-bank financial institutions (NBFI) supervised by the BSP (hereinafter called EMI-NBFI); and
- c. Non-bank institutions registered with the BSP as a money transfer agent under Section 4511N of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) (hereinafter called EMI-Others).

For purposes of this Circular:

- 1. Electronic instruments or devices shall mean cash cards, e-wallets, accessible via mobile phones or other access device, stored value cards, and other similar products;

2. E-money issued by banks shall not be considered as deposits.

SECTION 3. Prior BSP Approval - Banks planning to be an EMI-Bank shall apply in accordance with Section X621 of the MORB relating to the guidelines on electronic banking services and with Section X 169 of the MORB on outsourcing of banking functions, when applicable.

NBFIs planning to be an EMI-NBFI shall likewise comply with the requirements of Section X621 of the Manual of Regulations for Banks (MORB) which shall be made applicable to them and with Section 4190Q/S/P/N of the MORNBI, when applicable.

Non-bank institutions planning to be an EMI-Others shall register with the BSP as a money transfer agent in accordance with the provisions of Section 4511N of the MORNBI. To qualify for registration, they have to comply with the requirements detailed in Section 5 of this Circular. In case the non-bank institution is already registered with the BSP as a money transfer agent, it is required to meet the additional requirements mentioned under said section to qualify as EMI-others.

SECTION 4. Provisions for All EMIs - The following provisions are applicable to all EMIs:

A. E-money instrument issued shall be subject to aggregate monthly load limit of P100 thousand unless a higher amount has been approved by BSP. In case an EMI issues several e-money instruments to a person (e-money holder), the total amount loaded in all the e-money instruments shall be consolidated in determining compliance with the aggregate monthly load limit.

B. EMIs shall put in place a system to maintain accurate and complete record of e-money instruments issued, the identity of e-money holders, and the individual and consolidated balances thereof. The system must have the capability to monitor the movement of e-money transactions and link e-money instruments issued to common e-money holders. The susceptibility of a system to intentional or unintentional misreporting of transactions and balances shall be sufficient ground for imposition by the BSP of sanctions, as may be applicable.

C. E-money may only be redeemed at face value. It shall not earn interest nor rewards and other similar incentives convertible to cash, nor be purchased at a discount. E-money is not considered a deposit hence it is not insured with the Philippine Deposit Insurance Corporation.

D. EMIs shall ensure that e-money instruments clearly identify the issuer who is ultimately responsible to the e-money holders. This shall be communicated to the client who shall acknowledge the same in writing.

E. It is the responsibility of EMIs to ensure that their distributors/e-money agents comply with all applicable requirements of the Anti-Money Laundering laws, rules and regulations.

F. EMIs shall provide an acceptable redress mechanism to address the complaints of its customers.