Notes on Regulation of Branchless Banking in the Philippines May 2008

The Filipino government's commitment to extending financial services to unbanked low-income populations has made the Philippines a world leader in branchless mobile banking services. At the end of 2007, Globe Telecom ("Globe") and Smart Communications ("Smart"), the country's two largest mobile network operators, had more than 8 million registered users for GCash and Smart Money, two mobile-based services which enable customers to store money electronically and send it as a remittance or as a payment for bills and store purchases. Clients can make deposits to or withdrawals from their bank accounts at more than 5,000 merchants accredited by the central bank.

The central bank, Bangko Sentral ng Pilipinas ("BSP"), has practiced a flexible but hands-on role in the emergence of mobile banking in the Philippines, finding ways to permit innovation within safe, sound and prudent standards. In the past 8 years, BSP has devised two different arrangements for two mobile operators. In one, banks are permitted to outsource a substantial range of activities to the mobile operator (Smart) via a system of pre-paid accounts. In the second, a subsidiary of the mobile operator (Globe) offers virtual stored-value accounts which enable mobile phone customers to make payments and money transfers. Globe's subsidiary is regulated as a remittance agent, permitting a nonbank-based model also using pre-paid accounts. Other regulations permit retail stores, also regulated as remittance agents, to conduct Know Your Customer ("KYC")/Customer Due Diligence ("CDD") procedures on behalf of both.

Arrangements for Smart and Globe have been successful in significant part due to the flexible and creative approach taken by BSP. But by necessity this approach has been ad hoc, largely due to the absence of clear guidelines on e-money issuance, and the lack of a national payment system law that would give BSP explicit authority to regulate the payment space. Passage of a national payment system law would clarify BSP's authority, permitting it to establish a systematic framework for entry and operation, with benefits for clients, providers and the financial system. Rules on certifying merchants to conduct KYC/CDD are also cumbersome. (As a result, fewer than 1% of stores selling Globe or Smart airtime currently act as agents.) This issue, as well as others, such as measures to encourage competition and interoperability and to further protect consumers, merit consideration by the Philippine authorities.

CGAP, BRANCHLESS BANKING AND THIS SERIES OF POLICY DIAGNOSTICS

CGAP is a global resource center for microfinance standards, operational tools, training, and advisory services. Its members – bilateral, multilateral, and private donors – are committed to building more inclusive financial systems for the poor. The CGAP Technology Program is a multi-year learning initiative co-funded by the Bill and Melinda Gates Foundation to find and test promising technology solutions to improve access to finance.

CGAP defines branchless banking as the delivery of financial services outside conventional bank branches using information and communications technologies and retail agents. Because of the potential to reduce radically the cost of delivery and increase convenience for customers, branchless banking can expand coverage to new, previously underserved segments of the population. Technology can help a range of market actors to push the boundaries of access to finance, including not only banks but also microfinance institutions, mobile phone operators and technology companies.

Two models of branchless banking – bank-based and nonbank-based – can be distinguished. Both make use of retail agents such as merchants, supermarkets or post offices to deliver financial services outside traditional bank branches. In the **bank-based model**, every customer has a direct contractual relationship with a prudentially licensed and supervised financial institution - whether account-based or involving a one-off transaction - even though the customer may deal exclusively with a retail agent who is equipped to communicate directly with the bank (typically using either a mobile phone or a point-of-sale (POS) terminal).

In the **nonbank-based model**, customers have no direct contractual relationship with a fully prudentially licensed and supervised financial institution. Instead, the customer exchanges cash at a retail agent (or otherwise transfers, or arranges for the transfer of, funds) in return for an electronic record of value. This virtual account is stored on the server of a nonbank, such as a mobile operator or an issuer of stored-value cards.[1] The balance in the account can be used for making payments, storing funds for future use, transferring funds or converting back to cash at agents. If the system relies on a POS network and plastic cards, customers must visit a participating retail agent to conduct a transaction. If the system is mobile phone-based, customers need to visit a retail agent only to add value or to convert stored value back into cash. A more limited version of the nonbank-based model can be found in payment networks, which involve a technology provider or other nonbank institution offering a network of "payment points" (for example, payment terminals, ATMs or retail agents equipped with POS devices) where a customer can make payments due to third parties or a governmental entity can make payments to beneficiaries.

Highlights

- The central bank has practiced a flexible but hands-on role in the emergence of mobile banking in the Philippines, devising ad-hoc but largely successful arrangements permitting banks to outsource functions to one mobile operator (Smart), registering another as a remittance agent (Globe), and enabling merchants to conduct KYC, an important feature of both business models.
- GCash and Smart Money combined had more than 8 million registered users as of the end of 2007. However, active usage amounts to no more than 2.5 million, and the value of retail financial transactions is still limited, suggesting clients are not yet using the services intensively.
- Passage of a national payment system law would clarify the central bank's authority, permitting it to craft more systematic rules about entry and operation, with benefit for clients, providers and the financial system.
- Requirements for certification to conduct KYC are overly cumbersome. As a result, less than 1% of stores selling Globe or Smart airtime currently act as agents.
- Competition, interoperability and consumer protection in branchless banking also merit consideration by Philippine authorities.

1. Introduction

From April 14 to 23, 2007, CGAP conducted a mission to analyze the policy, legal and regulatory environment for branchless banking in the Philippines[2] This document summarizes CGAP's findings from the diagnostic assessment.[3] It is based on an analysis of existing legislation and regulations relevant to branchless banking approaches, and on the CGAP team's insights from interviews with a range of stakeholders. Interviews were conducted with representatives of BSP, Anti-Money Laundering Council (AMLC), Department of Finance,

[1] The stored-value card, like other stored-value instruments, is often referred to as "e-money." There are various definitions of e-money, including the following from the European Union's Electronic Money Institutions Directive (2000): "monetary value as represented by a claim on the issuer which is: (i) stored on an electronic device; (ii) issued on receipt of funds of an amount not less in value than the monetary value issued; (iii) accepted as a means of payment by undertakings other than the issuer."

[2] The field portion of the diagnostic was conducted by Hennie Bester (Genesis Analytics), Mark Pickens (CGAP) and David Porteous (Bankable Frontiers). Mr. Ramil Bugayong, of the law firm Puyat, Jacinto and Santos, and Gigo Alampay, Esq., provided advice on the interpretation of various laws, regulations and upcoming legislation.

[3] This document summarizes results from a rapid analysis of the regulatory environment for branchless banking in the Philippines conducted in April 2007 with follow-up through December 2007, and is subject to the limitations of such an approach.

Department of Trade and Industry (DTI), National Telecommunications Commission (NTC), mobile network operators (MNOs), commercial banks, payment service providers and other participants in the payments system, lawyers, bank associations, and other knowledgeable parties. The list of persons interviewed is annexed.

The Philippines is one of seven countries in which CGAP has undertaken a branchless banking diagnostic assessment.[4] It was selected for assessment because of its rapid evolution of mobile banking and the commitment of its proactive policy makers and regulators to extend access to financial services.

2. State of play: Government Authorities

Extending formal financial services to the unbanked poor is a high priority for the Filipino government. In addition to a general concern about improving access to finance, BSP is particularly sensitive to the needs and interests of overseas Filipino workers (OFWs). OFWs send home approximately USD 15 billion in remittances annually, accounting for 14.6% of GDP.[5] Many OFWs also come from provinces where access to formal financial infrastructure is limited.

The emergence of the Philippines' status as an early pioneer in branchless banking is underpinned by the strong yet flexible involvement of national authorities. The authorities have established legal and regulatory structures permitting a range of branchless banking models by commercial banks, rural banks and mobile phone companies, under the oversight of BSP. BSP has devised ad hoc arrangements to permit two different mobile-based services - GCash and Smart Money - to operate and to provide BSP with the means to oversee and supervise them. A wholly-owned subsidiary of Globe, G-Xchange, Inc. (GXI), provides the GCash service and is registered as a **remittance agent** under BSP Circular 471.[6] Smart Money involves **substantial outsourcing** of marketing, account opening, transaction processing, record keeping and monitoring by partner banks to Smart Communications. Although BSP prohibits outsourcing of inherent banking functions (defined by BSP Circular 268 to be any servicing of deposit transactions), Smart's arrangements with its bank partners are deemed not to be in violation of the BSP circular as Smart Money balances are classified as accounts payable and not deposits.[7]

Policy makers have also brought the country into compliance with international standards on anti-money laundering and combating financing of terrorism (AML/CFT), while crafting regulatory accommodations that permit KYC/CDD to be conducted by merchants certified as remittance agents (Circular 471).[8] This is a key characteristic of both Smart's and Globe's mobile banking models. They rely on more than 5000 merchants as an important part of their customer acquisition strategies. Finally, BSP has also added capacity to ensure its ability to oversee and supervise branchless banking.

BSP's regulatory authority is exercised by the forward-looking Monetary Board, a seven-member forum endowed with wide powers and headed by BSP's Governor. The approach of the BSP Top Management is one of "following the market" -- facilitating emerging market developments and private sector innovation while managing risk.[9]

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[4] The other countries are Brazil, India, Kenya, Pakistan, Russia and South Africa.
[5] Figure cited for official remittances. The true size of remittances, including unrecorded flows through formal and informal channels, is believed to be larger. World Bank. 2007. "Migration and Remittances Factbook." Washington, DC.
[6] Circular 471 defines remittance agents as "persons or entities that offer to remit, transfer or transmit money on behalf of any person to another person and/or entity. These include money or cash couriers, money transmission agents, remittance companies and the like."
[7] Interviews with BSP staff, April 2007m confirmed by BSP staff in January 2008.
[8] The Philippines has yet to undergo the mutual evaluation process FATF uses to determine the level of compliance with FATF's AML/CFT recommendations.
[9] Interviews with BSP staff, April 2007.

2.1 Proactive Government Engagement: Banking Regulation

In 2000, BSP issued two circulars requiring banks wishing to offer services via electronic channels to seek prior approval from BSP before offering them to the public.[10] Pursuant to the circulars, five commercial banks (each having applied individually) have entered into partnerships with Smart, the largest MNO, to use the Smart Money mobile payments platform for account opening, marketing, data processing and other functions. Meanwhile, rural banks seeking a similar partnership with GCash (the mobile banking service offered by Globe, the second largest MNO in the Philippines) follow a different path: BSP scrutinizes proposals from the Rural Bankers Association of the Philippines and makes approvals on a product-by-product basis for multiple rural banks. BSP viewed this approach as a prudent way to deal with rural banks, which historically are smaller institutions with less well-developed management and information technology infrastructure than commercial banks.

2.2 Proactive Government Engagement: Nonbank Provider

BSP does not have a clear regulatory mandate vis-à-vis non-banks offering payment services, such as mobile network operators (MNOs). BSP's charter gives it a broad mandate to oversee "money, banking and credit" and to supervise the operations of banks, finance companies, non-bank financial institutions, "and institutions performing similar functions."[11] But the lack of a national payment system law has left BSP without explicit authority to more closely regulate payment systems and nonbank actors which may be active in them.

The BSP-GXI relationship has been a model of successful partnership between government and private actors and both parties note that dialogue was critical in forging a workable arrangement. BSP engaged with GXI to understand how the mobile GCash system works, to identify the risks involved and to develop mitigation strategies. As a result, GXI has made several changes to its service. For example, client PINs originally appeared in clear text on the mobile handset screen but this practice ended at BSP's request. The arrangement between BSP and GXI (contained in a series of letters between BSP and GXI between 2004 and 2006)[12] includes:

- (i) BSP annual on-site supervision of GXI's operations,
- (ii) ensuring KYC/CDD procedures comply with the Anti-Money Laundering Act (AMLA),
- (iii) establishing single, per day and monthly transaction limits,
- (iv) giving BSP and AMLC access to GXI's records,
- (v) allowing GXI to open accounts via agents if they are certified as remittance agents by AMLC,
- (vi) requiring BSP approval for any new GXI products,
- (vii) requiring GXI to give BSP advance notice of new advertising campaigns; and
- (viii) requiring biannual GXI reporting to BSP.[13]

Policymakers feel this type of one-off accommodation for GXI has worked well, but are currently considering means to expand competition in the field of mobile payments while minimizing the risks involved. In addition, BSP believes a comprehensive national payment system law is in order to clarify BSP's authority over the payment system and nonbank payment service providers.[14]

2.3 Building Capacity to Regulate Branchless Banking

[10] BSP Circular 240 requires banks to present BSP with information about risk-management procedures in order to secure BSP approval to offer services via a new electronic channel. BSP Circular 269 updates requirements on risk management procedures, and streamlines the application process.
[11] Sections 1 and 3, The New Central Bank Act, Republic Act 7653 of 1993.
[12] Because banks are the responsible parties in the Smart Money model, BSP has not sent any official letters to Smart, and when it has requests, these are addressed to Smart's partner banks.
[13] Interview with Deputy Governor Nestor Espenilla, BSP, April 2007.
[14] Interview with Deputy Governor Nestor Espenilla, BSP, April 2007.

BSP has taken a number of steps in recent years to build its capacity for regulating and supervising branchless banking. BSP's Inclusive Finance Advocacy Staff[15] act as a general "innovation unit", drawing on external learning to ensure the optimal evolution of payment and banking models that can serve low income groups. In addition, BSP created the Core Information Technology Supervisory Group (CITSG) in November 2005 to act as the central group within BSP (i) to address electronic banking issues, including m-payments and m-banking and (ii) to supervise institutions engaged in providing these services. BSP also created a Payment Systems Unit to oversee implementation of the Philippines real time gross settlement (RTGS) system, and contribute to BSP activities with retail payment systems.

3. State of play: Industry

The Philippines had fewer ATMs at the end of 2006 (6,867) [16] than islands constituting the archipelago (approximately 7,100). There are 17 million bank depositors in the country (out of a total population of 88.7 million).[17] With its fragmented geography and the limited reach of the formal banking infrastructure, the Philippines is a prime candidate for the evolution of branchless banking.

Yet, the commercial banking sector has been slow in taking banking beyond traditional bank branches. The three proprietary ATM switches – Bancnet, Megalink and Expressnet – are fully interoperable only in respect to cash withdrawals. The network of approximately 25,000 POS devices is predominantly credit card focused, with a limited number of POS devices accepting debit or prepaid cards.[18] Commercial banks have started to offer internet and mobile phone banking, but primarily as new channels for clients to access their existing accounts.

However, the strong government emphasis on microfinance is starting to change the traditional market focus of commercial banks, creating a strategic imperative to explore branchless banking models. One of the strongest drivers of interest in branchless banking is the large flows of international remittances into the country by OFWs. About 11% of Filipinos live abroad and regularly remit money to their families at home, many of whom live far from metropolitan areas.[19] Finding a cost effective way to distribute these remittances is forcing many banks to explore new business models and new partnerships.

3.1 Mobile Banking

Whereas commercial banks have been slow in their response to branchless banking opportunities, the mobile payment platforms launched by Smart and Globe have the potential to change the payments and banking landscape in the country. By one estimate, a typical banking transaction via a branch costs a bank five times as much as the same transaction via a mobile channel.[20] According to BSP, the average inbound remittance is USD 300 and typically costs the sender USD 7 to USD 15, or between 2.5% and 5% of the value.[21] By contrast, the same remittance routed via GCash or Smart Money would cost less than 2% of the value.[22]

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[15] Formerly the BSP Microfinance Unit
[16] Presentation by BSP's Pia Roman at the Roundtable on Mobile Applications for Poverty Reduction hosted by the Asian Development Bank in Manila on 19 April 2007.
[17] Presentation by Philippine Bureau for Internal Revenue at the Roundtable on Mobile Applications for Poverty Reduction hosted by the Asian Development Bank in Manila on 19 April 2007.
[18] Interview with Rey Marukot, Director of Sales and Marketing, Bancnet, April 18, 2007.
[19] Presentation by Philippine Bureau for Internal Revenue at the Roundtable on Mobile Applications for Poverty Reduction hosted by the Asian Development Bank in Manila on 19 April 2007.
[20] Asian Banker. "Upwardly Mobile." August 13, 2007.
[21] Interview with Pia Roman and Ed Jimenez, BSP, April 2007.
[22] Based on fee information collected during interviews with Smart and GXI staff, April 2007.

Smart Money and GCash emerged from the intense competition between the two parent companies. Smart first introduced Smart Money in 2000, and expanded the system dramatically in 2003 to eliminate physical scratch-off cards[23] in favor of electronic reload of airtime. Globe introduced GCash in 2004 to compete with Smart Money. Because of their high cash value, larger quantities of scratch-cards had to be transported around the country in armored vehicles, just like currency. By contrast, 90 percent of today's prepaid airtime sales are done electronically over the air.[24]

Eliminating the scratch-off cards led to considerable benefits. First, there was no longer the security risk and associated expense of card transport. MNOs passed some of the cost savings to merchants, in the form of bigger commissions for selling airtime. This helped attract even small stores into the network of locations where customers could purchase airtime. Today, there are an estimated 1 million airtime dealers in the Philippines, making mobile phone recharge a truly ubiquitous product, like soft drinks and candy. Finally, airtime could now be sold in denominations as small as PHP 2 (USD .04), making it more attractive to lower-income Filipinos.

At the end of 2007, more than 8 million Filipinos had registered to use either Smart Money or GCash. Clients can use the mobile platforms to send and receive remittances, top up their airtime, pay utility bills, school tuition and taxes, make purchases at merchant locations, store value, and make deposits and withdrawals at thousands of merchant outlets affiliated with one or both of the services, within certain wallet and transaction limits (see table below). The most common transactions are airtime top-up and domestic remittances, particularly parents sending funds to children attending school away from home. Both Globe and Smart have also forged links with commercial banks, ATM switches, and even rural banks, suggesting mobile payments are progressively integrating into the traditional financial system.

However, the large number of registrations is generally not yet matched with intensive usage because not all registered users are converted into active customers. Over 7 million Smart Money SIM cards (out of 25 million Smart subscribers) have been activated, and 1.8 million Smart Money Mastercard debit cards were issued, of which 1 million are pre-paid airtime retailers who use Smart Money primarily to pay for wholesale airtime.[25] At the same time, over 1 million GCash SIM cards (out of a total of 19 million Globe subscribers) have been activated, of which 500,000 are active users.[26] Converting cash into electronic value, and vice versa, is a key feature for clients living in a largely cash-based economy. Yet to date, the network of places where GCash and Smart Money customers can do so has been limited: less than 1% of the 1 million merchants selling airtime are registered to perform this function. Regulation features prominently as a reason, as being registered requires attending a one-day training which is not yet widely available outside Manila, and smaller merchants may not be able to produce some of the required documentation (e.g. audited financial statements). Some customers may also resist becoming "formal", with funds visible in the formal financial sector, possibly under scrutiny by tax authorities. Completing an in-store purchase via a person-to-person GCash or Smart Money transfer tends to be significantly more time-consuming than a card-initiated payment, which may dissuade some customers from using GCash or Smart Money for this purpose.

Clients tend to leave small balances in their mobile payment accounts, and the total value flowing through these mobile banking platforms is still low. In 2006, the turnover of Smart Money amounted to just more than USD1.36 billion (PHP 56 billion); a large portion is likely to be comprised of Smart airtime dealers paying for airtime which they then resell. GCash turnover was USD 19.7 million (PHP 800 million) in 2006.[27]

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[23] These cards could be scratched by the purchaser to reveal a secret code which could then be used to refill airtime.
[24] Interview with Gerardo Ablaza, President & CEO, Globe Telecom, April 2007.
[25] Alex Ibasco, Group Head, New Business Streams, Smart Communications.
[26] Interview with Rizza Maniego-Eala, CEO, G-Xchange (GXI), April 2007.
[27] Presentation by BSP's Pia Roman at the Roundtable on Mobile Applications for Poverty Reduction hosted by the Asian Development Bank in Manila on 19 April 2007.

3.2 Up Close: Smart Money & GCash

Although both function as a mobile payment service, Smart Money and GCash follow different business models and are regulated in substantially different ways.

Smart Money is a "reloadable electronic cash card (Mastercard) that works with Smart mobile phones".[28] Smart's bank partners hold the Smart Money accounts, making it a bank-based model, and Smart's bank partners are responsible for securing approval from and reporting to BSP. Clients can make payments to third parties using either the mobile phone (if the third party also has a Smart Money account) or the Smart Money card, which can be used at any existing POS device that accepts Mastercard. Currently, Smart is partnered with five banks and sees itself as "facilitating the banks' business".[29] Funds can be loaded onto or withdrawn from the card at a Smart-owned store, via a remittance from another Smart Money customer, or at retailers registered as "remittance agents" and which have entered into partnerships with Smart to act as a Smart "fulfillment center". Withdrawals can also be made via ATMs of the three largest ATM networks.

By contrast, **GCash** epitomizes a nonbank-based model of branchless banking. Globe launched GCash in 2005, but not in cooperation with a bank. GCash clients load cash onto electronic "wallets" from which they then make payments to other GCash clients using their Globe mobile phone. Value in GCash accounts, and information about transactions, is held by GXI, a wholly-owned subsidiary of Globe. Customer funds are pooled and deposited by GXI in several commercial bank accounts held in its own name. GXI is registered by BSP as a remittance provider. GXI follows an internal policy of matching the value in GCash accounts on a 1:1 basis with funds deposited in GXI's bank accounts.

	Smart money[30]	**GCash**[31]
Customers	1.8 million Smart Money clients have a personalized Smart Money Mastercard debit cards,(of which 1 million are airtime dealers). An additional 5.3 million customers have registered for Smart Money, but have not applied for a debit card..	500,000 active users, among more than 1 million registered.
Transaction volume	PHP 56.1 billion (USD 1.36 billion) processed through December 2007.	PHP 800 million (USD 19.7 million) processed in 2006.[32]
Account opening	A two-step process: (1) Customer accesses Smart Money menu on her mobile phone, chooses the "activate card" option and selects a PIN. A confirmation SMS informs the client that the PIN is set. In the case of	A two-step process: (1) The client applies by sending GXI a text message with the letters "REG" and her name, address and mother's maiden name. She receives confirmation and a PIN number via

[28] Product definition per Smart website at http://www.smart.com.ph/Corporate/Services/SmartMoney/
[29] It is not clear whether Smart determines for each customer which bank will be the customer's bank.
[30] Interviews with Smart staff during April 2007 diagnostic mission, with follow-up through December 2007, supplemented by information on Smart website , accessed October 5, 2007: http://www.smart.com.ph/Corporate/Services/SmartMoney/ActivateSmartMoney.htm and http://www.smart.com.ph/Corporate/Services/SmartPadala/AboutSmartPadala.htm.
[31] Interviews with GXI staff during April 2007 diagnostic mission, with follow-up through December 2007, supplemented by information on Globe website, accessed October 5, 2007: http://www.myglobe.com.ph/gcash/about.asp
[32] More recent figures for GCash's transaction volume were not available to CGAP.

	an international remittance, the recipient receives two SMSs informing them of the incoming remittance and their 16 digit Smart Money number. They are prompted to visit a Smart Wireless Centre or one of Smart's partners, including more than 1,000 Banco de Oro branches, as well as pawnshops, Video City outlets and other retailers certified as remittance agents under BSP Circular 471. (2) Customer goes to any Smart Wireless Centre or Smart Padala Center, fills out an application form and submits two forms of valid ID. The subscriber then has a choice: either (i) pay PHP 200 (approx. USD 4.50) to obtain a Smart Money Mastercard which is delivered to the subscriber together with a Card PIN by Smart's bank partner or (ii) opt for a cardless Smart Money account.[33]	SMS. (2) The client must present (at one of 1,500 Globe-owned stores or merchants certified as remittance agents under BSP Circular 471) two forms of valid ID and complete a registration form.
Data repository and monitoring	Customer account records are held electronically on Smart servers. Partner banks are provided a real-time look at client data. Smart performs suspicious transaction monitoring for the partner banks.	Customer account records are held electronically by GXI, which has an in-house system for suspicious transaction monitoring and reporting to authorities.
Repository of funds	The five partner banks hold Smart Money accounts. Smart Money balances are treated as accounts payable (not deposits, which would be subject to reserve requirements and benefit from deposit insurance) in the books of the bank, which is liable to each client for the outstanding Smart Money in the client's account.	Value in a GCash account is held by GXI, which also treats it as an accounts payable. GXI is liable to each client for the outstanding GCash in the client's account.
The float	Smart's partner banks can intermediate the float from Smart Money account balances, and thus earn revenue off of it.	The cash received from clients in return for GCash is held in pooled bank accounts (in the name of GXI) with several banks. GXI earns interest on these deposits.
Card linkage	Clients have the option to obtain a Mastercard-branded debit card linked to their Smart Money account, but can also use Smart Money without a card.	No linked debit/ATM card.
Access to payment infrastructure	Smart Money users have access to POS terminals of over 20,000 merchants accepting Mastercard, and 8,000 ATMs through the country's three main ATM networks (Bancnet, Megalink and Expressnet).	GCash users have access to the Bancnet ATM network with 2,400 machines for deposits and withdrawals.
Cash-in and	Smart Money users can do cash-in	GCash users can do cash-in and

[33] Cardless accounts lack access to the ATM network and obviously have no card to use for purchases via POS terminals. But cardless accounts may be attractive with clients who expect to only conduct a limited number of transactions, such as receiving remittances or wages they expect to withdraw all at once. This can be done via a merchant certified as a remittance agent to do cash-out for Smart Money.

cash-out	and cash-out at 95 Smart-owned wireless centers, 8,000 ATMs, and more than 5,000 "fulfillment centers", which includes merchant partners registered as remittance agents under Circular 471.	cash-out at more than 1,500 Globe-owned stores and outlets of GCash partners registered as remittance agents under Circular 471. Cash-in is also available at 2,400 Bancnet ATMs. An additional 4,500 retailers accept GCash for purchases. Clients of Bank of the Philippines Islands (BPI) can transfer funds between their BPI account and their GCash account. A small number of rural banks are also engaged in a pilot with GCash permitting transfers between the rural bank and GCash accounts.
Wallet limits	Daily limit: PHP 50,000 (approx. USD 1,100)	Single transaction limit: PHP 10,000 (approx. USD 220) Daily limit: PHP 40,000 (approx. USD 880) Monthly limit: PHP 100,000 (approx. USD 2,200)

Smart sees itself as "facilitating the banks' business", rather than competing with banks. This has several distinct advantages. Smart is able to access the existing customer base of bank partners, and conduct cross-marketing. For clients, the Smart model is attractive due to its interoperability with 8,000 ATMs and POS terminals located at more than 20,000 merchants that accept Mastercard.

The GCash model, on the other hand, is potentially more potent from a financial access point of view since its reliance on mobile phones to make payments effectively creates a payments infrastructure in rural and other areas where formal bank-led payments infrastructure is limited. A 2004 survey by the Rural Bankers Association of the Philippines (RBAP) found that 93% of rural bank customers had access to a mobile phone, while the rural banks between them had only 73 ATMs.[34] Globe and the RBAP entered into a partnership in 2005. Customers of rural banks registered as remittance agents can send money between their rural bank and GCash accounts, or to other customer's accounts. This makes remote deposits and withdrawals, loan repayments and disbursements, salary payments, and remittances between GCash and rural bank accounts possible. RBAP develops all these products (branded as Text-a-Payment or Text-a-Deposit, for example) and then organizes submission to BSP for approval on a product-by-product basis. By January 2007, 37 out of 742 accredited rural banks were processing approximately 10,000 mobile banking transactions per month and the volume had increased to over USD 1 million per month.[35]

According to multiple sources among both private industry and government authorities, a number of firms – both banks and nonbanks – are developing mobile-based services similar to GCash or Smart. However, unlike Smart and Globe, some of those firms are not backed by deep-pocketed owners or may not act with the same level of care as Globe and Smart. These factors constitute a source of concern for regulators contemplating means to devise a systematic way of regulating and supervising more entrants into the space which has been occupied solely by Smart and Globe to date.

[34] John Owens, Chief of Party, USAID Microenterprise Access to Banking Services (MABS) Project. MABS works in close coordination with the Rural Bankers Association of the Philippines.
[35] Ibid.

4. State of play: Clients

Customer adoption of mobile banking services has a better chance of success in the Philippines than in most other jurisdictions. More than 45 million Filipinos are mobile phone subscribers and many more have access to mobile phones.[36] The Philippines is known as the “texting capital” of the world. In 2005, Filipinos sent an average of 250 million text messages a day according to the country's telecom regulator, NTC.[37] Average text use on Smart's network has grown to almost 1,000 messages per user per month, compared to 17 minutes of voice.[38] This widespread familiarity and comfort with mobile phones and use for more than telephone calls undoubtedly helped underpin the rapid growth in customer sign-up for GCash and Smart Money.

5. Legal Challenges to Branchless Banking and Recommendations

5.1 Use of Agents

The most significant regulatory obstacle to the further growth of branchless banking in the Philippines currently lies in the restrictions placed on both banks and nonbanks to use retail agents for the distribution of their services. The restrictions relating to banks and nonbanks are different in nature, but they have a very similar impact -- largely limiting the distribution of banking services to the formal banking infrastructure and just more than 5,000 outlets registered as remittance agents, or less than one percent of the more than 1 million estimated retail outlets selling airtime across the country.

5.1.1 Agents and AML/CFT

Any transaction whereby cash is converted into electronic money for transmission via electronic channels is subject to anti-money laundering controls, out of due concern for potential anonymity, provision of service by nonbanks (e.g. mobile phone companies), and speed at which large sums of funds may be transferred internationally. In the Philippines, both Globe and Smart’s mobile-based services use merchants to accept and dispense cash for deposit into GCash and Smart Money accounts. As a result, in the Philippines, the use of agents is intimately tied to AML/CFT compliance.

Circular 471 permits KYC/CDD to be conducted by agents. BSP registers a retailer as a “remittance agent”, after which the agent may enter into agency agreements with one or more companies to provide various services, including KYC checks. Remittance agents conduct KYC checks per the requirements in Circular 564, which requires clients to present the original and submit a copy of at least two valid photo-bearing identification documents issued and signed by an official authority (from among a list of 20).[39]

Although primarily aimed at foreign exchange transactions and cross-border money transfers, Circular 471 is phrased in wide enough terms to cover all institutions who act as cash-in and cash-out agents for e-money.

Although both GXI and Smart are registered under Circular 471 as remittance companies, a sub-set of remittance agents, agents who perform cash-in and cash-out on behalf of Smart and Globe must also be registered as remittance agents. Under Circular 471, prospective

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[36] Wireless Intelligence figures for 4th quarter 2007, accessed Jan. 10, 2008 at http://www.wirelessintelligence.com.
[37] “Philippines is SMS Capital of the World” Hindustan Businessline, Oct. 6, 2006. http://www.thehindubusinessline.com/2006/10/06/stories/2006100601361200.htm
[38] “A country with text appeal.” The Guardian, Oct. 26. 2006. http://www.guardian.co.uk/technology/2006/oct/26/insideit.guardianweeklytechnologysection1
[39] Although Circular 564 does not explicitly state that it applies to remittance agents, the BSP has applied the circular to them. Interviews with Ms. Celia Escareal-Sandejas, Chief of Staff of the BSP Governor on Anti-Money Laundering, Bangko Sentral ng Pilipinas (BSP).

remittance agents must (i) apply to the BSP for registration, which entails the submission of various legal documents and the payment of a fee and (ii) send their officers and personnel directly involved in the cash operations to undergo training by the AMLC. All registered remittance agents must (i) for each remittance, complete a KYC/CDD process on the sender, which entails the client completing an application form and presenting a government-issued identity document;[40] (ii) maintain records of all transactions for five years and (iii) report specified and suspicious transactions.

These obligations have proven too onerous for many agents wishing to perform the cash-in and cash-out functions. Two years after promulgation of Circular 471, just more than 5,000 institutions, including bank branches, have been registered under Circular 471.[41] The primary obstacle cited is the fact that most AML trainings are only available in Manila, which is not onerous for large retail chains with headquarters in Manila, but would be prohibitively expensive for the typical neighborhood corner store (known locally as *sari-sari* stores). AMLC staff has traveled to conduct trainings in some regional BSP offices, but (at the time of the diagnostic mission in April 2007) not to the extent where training was widely available to potential remittance agents.

By imposing impediments to ordinary *sari-sari* stores to do cash-in and cash-out for GCash and Smart Money – the same type of stores that are being signed up as banking agents in Brazil and mini-ATM locations in South Africa – Circular 471 acts as a break on the rapid growth of the mobile payments environment in those parts of the Philippines where it is most needed: locations where there are no bank branches or ATMs and where merchants present themselves as potential infrastructure for accessing financial services.

> **Recommendation:** Devise means to deliver AML trainings at a range of locations around the country, on a regular basis, so the avenues towards certification as a remittance agent under Circular 471 are more accessible to smaller retailers outside of Manila. To their credit, AMLC and BSP have already identified this as a barrier, and have begun making more trainings available at BSP regional offices. However, trainings are only delivered by AMLC staff traveling from Manila. Frequency and availability of training could be increased if BSP regional staff were adequately trained to provide it. This could be subject to oversight by AMLC to ensure the quality of training is adequate.

At present, the AMLA implementing regulations[42] require KYC/CDD checks to be conducted face-to-face in order for an employee of a bank or remittance agent to personally see the client's identity documents and verify them against the physically present customer. As a result, GXI, with no retail locations of its own, depends entirely on account opening at merchants. Non-face-to-face account opening could permit growth of mobile banking among low-income clients, particularly those in rural areas where few accredited remittance agents are currently available, and may not be for the immediate future.

> **Recommendation:** Consider permitting non-face-to-face account opening for mobile banking services. To manage the money-laundering risk, this may be implemented as a special category of mobile banking account with suitably low balance and transaction limits. This approach is followed in other countries and is arguably compliant with FATF Recommendation 5 as well as the Interpretive Note to FATF Special Recommendation VII which deals with wire transfers.[43] Under this Interpretive

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[40] Circular 564 issued in April 2007 limits the KYC requirement to first time transactions and requires the client to present at least 2 photo ID documents, a number of which are easily attainable by most Filipinos.

[41] Signed data provided by the AMLC as at 31 March 2007. The total of 5006 includes Forex dealers and money changers.

[42] Rule 9.1.f, Implementing Rules and Regulation to Republic Act 9160 as amended by Republic Act 9194.

[43] The Financial Action Task Force (FATF) sets international AML/CFT standards and oversees compliance monitoring. It calls for national-level regulatory regimes to require that adequate CDD/KYC be undertaken on all new accounts and on once off cash transactions over designated thresholds. FATF Recommendation 5 requires "[i]dentifying the customer and verifying that customer's identity using reliable, independent source documents, data or information". FATF Special Recommendation VII calls for countries to ensure that financial institutions

Note for cross-border transfers of USD 1,000 or less, a financial institution is not required to identity, verify or transmit any originator information with the wire transfer.[44] The current daily transaction limit for GCash is below this limit (USD 870) while the Smart Money wallet limit (USD 1,090) only marginally exceeds this limit. The record-keeping and reporting functions can be fully left with the supervised mobile payments operator. Alternatively, providers could be required to verify the client's data at a later date at an accredited remittance agent or provider-owned location, or by checking data against a reputable third-party database available in the Philippines (voter rolls, for example).

5.1.2 Outsourcing by Banks and Use of Agents

The ability of banks to use retail agents to perform banking transactions is highly restricted. Under BSP Circular 268, banks may not outsource any inherent banking functions, which effectively include all transactions related to deposit-based accounts.[45] It appears that the Smart Money model, with the account classified as a pre-paid account, rather than a deposit, is the beneficiary of BSP flexibility. However, the development of a broad range of branchless banking models using third party merchants for cash handling is unlikely to occur in the Philippines with the current outsourcing rules in effect.

Recommendation: Other countries included in CGAP's regulatory diagnostic work[46] have made major strides in branchless banking by allowing banks to use retail agents to distribute various types of banking services. These vary from a general outsourcing mandate which allows a bank wide discretion to outsource most types of services to non-bank third parties, including receiving deposits on behalf of clients (such as South Africa) to itemizing specific services which can be outsourced (such as Brazil). In all cases, the final accountability for the actions of retail agents remains with the bank. The BSP could consider opening an experimental window for such a regime, permitting transactions to be outsourced by banks to retail agents. To implement this, an amendment to the existing outsourcing circular will be required.

5.2 E-Commerce and prudential regulation of e-money

The emergence of a nonbank led mobile payments platform was facilitated by the specific definition of banking in the General Banking Law. Banks are defined as "entities engaged in the lending of funds obtained in the form of deposits."[47] Since m-payment platforms do not engage in lending, there is no statutory requirement for them to be operated by prudentially supervised banks.[48]

The Philippines adopted an Electronic Commerce Act[49] in 2000 (the "E-Commerce Act'), as a result of a public-private dialogue with the E-Commerce Promotion Council (comprised of industry and government representatives). The motivation behind the E-Commerce Act was an awareness that banking was rapidly shifting from traditional branches toward branchless, high-tech channels.[50] The E-Commerce Act recognizes the validity of electronic transactions

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and other money remitters capture "meaningful originator information" (name, address, and account number) on funds transfers and related messages that are sent and that such information remain attached to the transfer from end to end. The Philippines has not yet undergone the mutual evaluation process FATF uses to determine the level of compliance with FATF's AML/CFT recommendations.

[44] FATF, Revised Interpretive Note to Special Recommendation VII: Wire Transfers

[45] Section 2.1 of BSP Circular 268 of 2000. Banks may not outsource "inherent banking functions", which are defined as "servicing the deposit transactions" of a bank.

[46] Notes documents are available at http://cgap.org/portal/site/Technology/policy/diagnostics/

[47] Section 3.1.

[48] The position, and thus the prospects for nonbank led payment platforms, will be significantly different in countries where deposit-taking is defined as the key characteristic of banking.

[49] Republic Act 8792 of 2000.

[50] Ramon Sales, the head of the Commission on Information and Communications Technology, a presidential body stated: "It was clear to us then that the brick and mortar channel was going to be overtaken by other

and electronic signatures and provides the basis for the prosecution of electronic crime, giving a degree of security to private sector actors concerned about repudiation of transactions, legal standing of electronic records, and standards for prosecution of e-commerce crimes.

The General Banking Law of 2000 gives BSP "full authority to regulate the use of electronic devices, such as computers, and processes for recording, storing and transmitting information and data in connection with the operations of a bank… including the delivery of services and products to customers by such entity."[51] However, the issuance of e-money by nonbanks is currently not formally regulated. When Globe submitted its GCash model to BSP for approval, an integral part of the proposal was that GXI would at all times hold bank deposits equivalent in value to the outstanding GCash in issue. Further, Globe placed all the GCash operations in a separate legal entity (GXI) which does no other trade.

The pooled cash held by GXI in several banks is subject to reserve requirements and deposit insurance, but the latter benefits Globe and not the individual GCash account holders. The cash being held in GCash and Smart Money accounts is treated as accounts payable on the books of GXI and Smart's bank partners, which means that it is not subject to reserve requirements and not protected by deposit insurance.

> **Recommendation:** Whereas these arrangements are satisfactory while the only nonbank institutions issuing e-money are two commercial giants such as Smart and Globe, there is some concern among regulators that a similar approach is too risky for potential new entrants to this market. A circular on electronic money is thus being prepared by the BSP. Issues to be addressed in the circular should include criteria for those entities that issue e-money (including minimum capital and liquidity requirements) and mechanisms for licensing and oversight.

5.3 Payment system regulation

No law regulating the national payment system currently exists. However, two initiatives are afoot to change this: (i) an amendment to the BSP charter is being prepared to firm up the authority of BSP over the payment system and (ii) a draft payment system law is being prepared. The necessity for this law (the absence of which has facilitated the entry of nonbank payment system providers into the national payment platform) is growing as other prospective entrants who do not have the commercial standing of Smart and Globe start to line up to enter this space. At present, BSP believes it lacks a legal basis to sanction GXI or Smart, were that to be necessary, though they are able to influence the banks with which they work (in GXI's case, the banks where GCash funds are pooled, and with Smart, its 5 partner banks which hold the individual customer accounts).[52]

While only Globe and Smart, two reputable and financially sound firms, occupied the mobile payments sphere, BSP felt comfortable monitoring developments based on the current state of legislation. However, since new players are now considering entering the field, the need for formal legislation to regulate the payment systems as well as a comprehensive e-money circular is now felt. Draft legislation and circulars already exist within BSP.

> **Recommendation:** Passage of a national payment system law would clarify BSP's authority with payment systems, permitting it to move from the ad hoc arrangements crafted so far to more systematic rules about entry and operation, with benefit for clients, providers and the financial system.

5.4 Competition and Data Privacy

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channels." Interview with Ramon Sales, Commissioner, Commission on Information and Communications Technology (CICT), April 2007.

[51] Republic Act 8791 of 2000, section 59.

[52] Interview with BSP's Core Information Technology Supervisory Group (CITSG) which is responsible for supervision of institutions engaged in electronic banking schemes.

BSP and other governmental entities place emphasis on consumer protection, and there is a relatively clear division of responsibility. BSP, the Department of Trade and Industry (DTI) and the National Telecommunications Commission (NTC) are agreed on BSP's responsibility for financial services consumer protection. BSP's CITSG prepared a Circular[53] on Consumer Protection for Electronic Banking which was published in September 2006. The following month, BSP established a Consumer Affairs Unit with 40 staff positions[54] to handle consumer complaints emanating from the financial sector. In the first six months of operation, less than 2% of consumer complaints concerned mobile phone-based services. The Bankers Association of the Philippines – in cooperation with the BSP – has formulated a code of conduct for retail banking which has been adopted by its members.

DTI is responsible for the enforcement of The Consumer Protection Act ("CPA") of the Philippines[55] which deals with general consumer protection issues. As far as financial services are concerned, however, CPA deals with consumer credit transactions only.[56] DTI refers all financial sector complaints to the BSP. NTC, the regulator of the telecommunications sector, does not concern itself with the regulation of financial services and mobile operators are free to offer the services they wish (such as mobile banking and payments). However, NTC does have a mandate to protect telecommunication consumers and has conducted public hearings to formulate consumer protection guidelines. But NTC staff are clear that their area of responsibility would not extend to financial services.

The Philippines does not yet have a law on data privacy. Four bills are currently before the Senate to fill this gap. These are (i) the Privacy Protection Act, (ii) the Data Protection Act, (iii) the Consumer Privacy in Commercial Transactions Act, and (iv) the Personal Wireless Numbers Privacy Act.

As compared with consumer protection, competition policy in the Philippines is less well-developed. There is no single competition regulator in the Philippines and matters of competition are regulated on a sectoral basis. In the area of telecommunications, NTC is currently formulating a competition policy framework. The policy will look at the obligations of players with significant market share, unbundling of services, allowing for resale of services, and ex post regulation of pricing. A circular was issued in October 2007 with the purpose of enforcing transparent terms and revenue sharing arrangements between third party value-added service providers and MNOs. In principle, this could open up the major mobile network infrastructure to third party payment system providers.

Of concern though is that there is no communication between NTC and BSP on how regulation of competition may affect the development of e-money products issued by MNOs. BSP was receptive to including NTC in a coordinating forum for these issues.

[53] BSP Circular 542, September 2006.
[54] 17 of these posts were filled as of April 2007.
[55] Republic Act No 7394 of 1992.
[56] Title VI of the Consumer Act.

Annex 1: Summary of Recommendations

Challenges and Obstacles	Recommendations
Registration of remittance agents The network of merchants authorized to act as cash-in and cash-out points is limited due to cumbersome procedures for certification of remittance agents, particularly the limited availability of AML training outside of Manila. As a result, fewer than 1% of the Philippines' 1 million merchants are registered as GCash or Smart Money agents, and most agents are in Manila and other cities.	Continue to expand availability of training at BSP regional offices beyond Manila. The frequency and availability of training could be increased if BSP regional staff were adequately trained to deliver it. This could be subject to oversight by AMLC to ensure the quality of training is adequate.
Non-face-to-face account opening The current guidelines under AMLA require KYC/CDD checks to be conducted face-to-face. However, most agents are still in larger cities. As a result, the value of mobile banking is diminished for customers who would need to travel from smaller towns and rural areas (where arguably mobile banking would be most valuable due to the lack of bank branches and ATMs.)	Consider permitting non-face-to-face account opening for mobile banking services, in compliance with FATF Recommendation 5 as well as the Interpretive Note to FATF Special Recommendation VII. Risks may be managed by instituting reasonably low transaction and balance limits, and possibly requiring that customer data be verified at a later date or against a reputable third-party database.
Outsourcing by banks BSP Circular 268 places strict limits on banks outsourcing "inherent banking functions", including servicing of deposit transactions.	The BSP could consider opening an experimental window for such a regime, permitting transactions to be outsourced by banks to retail agents. An amendment to the existing outsourcing circular will be required.
E-money The issuing of e-money is currently not formally regulated. While one-off arrangements may suffice for Smart and Globe, a more systematic approach is desirable for new entrants to this market to ensure clear rules for entry and safety and soundness of the services.	The circular on e-money under development by BSP should address which entities can issue e-money, their minimum capital and liquidity requirements, and mechanisms for licensing and oversight.
Payments system No law regulating the national payment system currently exists. In its absence, BSP does not possess explicit authority to regulate the payments space, including nonbanks seeking to offer payment services.	Passage of a national payment system law would clarify the central bank's authority with payment systems, permitting it to move from the ad hoc arrangements crafted so far with Globe to more systematic rules about entry and operation, with benefit for clients, providers and the financial system.

Challenges and Obstacles	Recommendations
Coordination Development of an effective enabling environment for branchless banking could be hindered by inadequate coordination among regulatory bodies, particularly where there is overlapping jurisdiction on such topics as competition policy with mobile banking.	Establish a working group or other intra-governmental body to facilitate dialogue between BSP and other organs of state, such as DTI and NTC.

Annex 2: List of Persons Interviewed

- Ablaza, Jerry, Chief Executive Officer, Globe Telecom and G-Xchange (GXI)
- Agabin, Meliza, Deputy Chief of Party, Micro-enterprise Access to Banking Services (MABS)
- Alair, Ricardo, Group Head, Globe Telecom and G-Xchange (GXI)
- Alampay, Jose, Partner, Alampay Gatchalian Mawis & Alampay Law Office
- Alingoog, Roberto, President/Chief Executive Officer, Philippine Rural Banking Corporation
- Almario, Joselito, Director/Deputy Executive Director, Fiscal Policy and Planning Office/National Credit Council, Department of Finance (DOF)
- Babasa, Rec, Senior Manager, Financial Services and New Wave Communication-New Business Streams, Wireless Consumer Division, SMART Communications
- Banico, Reynante, Head, SMART Services Hub, New Business Group, SMART Communications
- Bugayong, Ramil, Associate, Puyat Jacinto & Santos Law Office
- Cabarrios, Edgardo, Director for Common Carriers, National Telecommunications Commission (NTC)
- Chua, Ronald, Professor, Center for Development Management, Asian Institute of Management (AIM)
- Coronel, Leonilo, Executive Director, Bankers Association of the Philippines (BAP)
- dela Cruz, Ferdinand, Head, Consumer Business Group, Globe Telecom and G Xchange
- Dela Cruz, Josaias, Vice-President for Microfinance, Corporate Banking Division, Bank of the Philippine Islands (BPI)
- Dimagiba,Victorio, Director, Bureau of Trade Regulation and Consumer Protection, Bureau of Trade Regulation and Consumer Protection
- Ditching-Lorico, Elvira, Head, Consumer Affairs Unit, Bangko Sentral ng Pilipinas
- Escareal-Sandejas, Celia, Chief of Staff of the BSP Governor on Anti-Money Laundering, Bangko Sentral ng Pilipinas (BSP)
- Espanol, Enrico, Legal Department, SMART Communications
- Espenilla, Jr., Nestor, Deputy Governor, Supervision and Examination Sector, Bangko Sentral ng Pilipinas (BSP)
- Espenilla, Maria Teresita, Project Management Specialist, Office of Economic Development and Governance, United States Agency for International Development (USAID)
- Estioko, Raymond, Acting Manager, Core Information Technology Supervision Unit, Bangko Sentral ng Pilipinas (BSP)
- Flores, Darwin, Public Affairs Manager, Community Partnerships, SMART Communications
- Garcia, Rodell, Chief Information Officer, Globe Telecom and G-Xchange (GXI)
- Gonzales, Jose Ernesto, Bank Officer III, Department of Economic Research, Bangko Sentral ng Pilipinas (BSP)
- Granatin, Grace M., Senior Manager, TBG – Retail Market, Banco De Oro Universal Bank
- Guina, Emmanuel, Executive Director, Rural Bankers Association of the Philippines
- Gusto, Anatoly D.C., Research Associate and Financial Analyst, Micro-enterprise Access to Banking Services (MABS)
- Hla, Thatha, Asian Development Bank (ADB)
- Ibasco, Alex, Group Head, New Business Streams, SMART Communications
- Isberto, Ramon, Head, Public Affairs, SMART Communications
- Jimenez, Eduardo, Consultant, Inclusive Finance Advocacy Staff, Bangko Sentral ng Pilipinas (BSP)
- Lim, Sonny, President/Chief Executive Officer, First Valley Bank
- Mahilum, Nixon, MIS Specialist, Micro-enterprise Access to Banking Services (MABS)
- Maniego-Eala, Rizza, CEO, Globe Telecom and G-Xchange (GXI)
- Marukot, Rey, Director for Sales and Marketing, BancNet

- Mendoza, Tomas Victor "Tovi" A., Senior Assistant Vice President, TBG – Retail Market, Banco De Oro Universal Bank
- Naguiat, Antolin, Senior Finance Officer, Office of the Director General, Private Sector Operations Department, Asian Development Bank (ADB)
- Nieva, Rosalinda, Head, Core Information Technology Supervision Unit, Bangko Sentral ng Pilipinas (BSP)
- Nitura, Imer, Compliance Officer, Corporate Governance Office, SMART Communications
- O'Sullivan, Rita, Counsel, Office of the General Counsel, Asian Development Bank
- Owens, John, Chief of Party, Micro-enterprise Access to Banking Services (MABS)
- Patricia, Abejo, Staff, Commission on Information and Communications Technology
- Peralta, Carmen, Director, Bureau of Documentation Information and Technology Transfer, Intellectual Property Office (IPO)
- Petalcorin, Anthony P., Senior MIS Manager and Davao Office Head, Micro-enterprise Access to Banking Services (MABS)
- Png, Ceong-Ann, Staff Consultant, Office of the General Counsel, Asian Development Bank (ADB)
- Reyes, Albert, Project Manager, Information Technology, Asia United Bank
- Rodriguez Jr., Wilfredo E., Vice President, Information Technology, Asia United Bank
- Roman, Pia Bernadette, Head, Inclusive Finance Advocacy Staff, Bangko Sentral ng Pilipinas
- Sales, Ramon, Commissioner/Secretary, Commission on Information and Communications Technology (CICT)
- Sarmiento, Jorge, Deputy Commissioner, National Telecommunications Commission (NTC)
- Sicat, Iluminada, Director, Department of Economic Statistics, Bangko Sentral ng Pilipinas (BSP)
- Vaillancourt, Luc, Access to Finance Program Manager–PEP Philippines, International Finance Corporation (IFC)
- Vega, Jose, Head, International Business Development and Licensing, Globe Telecom and G-Xchange (GXI)
- Villanueva, Lito, Head, Communities and Services, SMART Communications
- Vitangcol, Andrea, Manager, Core Information Technology Supervision Unit, Bangko Sentral ng Pilipinas (BSP)
- Wuertz, Robert, Chief, Office of Economic Development and Governance, United States Agency for International Development (USAID)
- Wycoco, Patricia, Associate Investment Officer, International Finance Corporation (IFC)
- Yaptinchay, Lourdes, Director, Office of Policy and Research, Department of Trade and Industry (DTI)