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USAID/E-PESO ACTIVITY

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ACRONYMS

ACH	Automated Clearing House
AFCS	Automated Fare Collection System
AML	Anti Money Laundering
ATM	Automated Teller Machine
BAP	Bankers Association of the Philippines
BIR	Bureau of Internal Revenue
BSFI	BSP Supervised Financial Institutions
BSP	<i>Bangko Sentral ng Pilipinas</i>
BTCA	Better Than Cash Alliance
BTMS	Budget and Treasury Management System
CAS	Computerized Accounting System
CDA	Cooperative Development Authority
CDI	Cities Development Initiative
CEODBG	Competitiveness and Ease of Doing Business Group (DTI)
COA	Commission on Audit
DBM	Department of Budget and Management
DBP	Development Bank of the Philippines
DICT	Department of Information and Communications Technology
DILG	Department of Interior and Local Government
DOF	Department of Finance
DOTr	Department of Transportation
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
EBPLS	Electronic Business Permitting and Licensing System
EFT	Electronic Fund Transfer
EIU	Economist Intelligence Unit
EMI	Electronic Money Issuer
EPB	Electronic bills payment
ERC	Energy Regulatory Commission
ETRACS	Enhanced Tax Revenue Assessment and Collection System
G2P	Government to Person
GPH	Government of the Philippines
HDMF	Home Development Mutual Fund

IFAO	Inclusive Finance Advocacy Office
LBP	Land Bank of the Philippines
LGU	Local Government Unit
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MSME	Micro, Small, and Medium Enterprises
NATCCO	National Confederation of Cooperatives
NBSFI	National Baseline Study on Financial Inclusion
NGA	National Government Agency
NMIS	National Meat Inspection Service
NRPS	National Retail Payment System
P2G	Person to Government
PCHC	Philippine Clearing House Corporation
PFG	Partnership for Growth
POS	Point-of-Sale Device
PPMI	Philippine Payments Management Inc.
PPP	Public Private Partnership
PRC	Philippine Regulation Commission
PSA	Philippine Statistics Authority
PSMB	Payments System Management Body
QR Code	Quick Response Code
RBAP	Rural Bankers Association of the Philippines
SGM	Settlement Guarantee Mechanism
TSP	Tax Service Provider
TWG	Technical Working Group
USAID	United States Agency for International Development

I. PROGRAM OVERVIEW AND INTRODUCTION

Program Name:	USAID/E-PESO Activity
Activity Start Date and End Date:	March 18, 2015-March 17, 2020
Name of Prime Implementing Partner:	Chemonics International Inc.
[Contract/Agreement] Number:	AID-492-C-15-00001
Name of Subcontractors:	Leonine Initiatives Lagui and Associates Mode Devi Publishing, Inc. CAI-STA Philippines Inc.
Major Counterpart Organizations	Bangko Sentral ng Pilipinas Department of Budget and Management Department of the Interior and Local Government Department of Social Welfare and Development Bureau of Internal Revenue Philippine Payments Management, Inc.
Geographic Coverage (cities and or countries)	Philippines
Reporting Period:	October 1, 2017 – September 30, 2018

The USAID/E-PESO Activity is a USAID/Philippines program supporting the objectives of the U.S.-Philippines Partnership for Growth (PFG), which focuses on addressing binding constraints to achieve sustained, more inclusive economic growth. USAID/E-PESO also contributes to USAID/Philippines' goals in democracy, rights and governance as the expansion of digital finance systems contribute to greater accountability, reduced corruption and exclusion of the poor, and better opportunities for good governance, particularly at the local level.

With 98% of payment transactions in the Philippines taking place through cash, promoting a shift to electronic payments (e-payments) represents unrealized potential to promote inclusive economic growth and good governance. USAID/E-PESO partners with the Government of the Philippines (GPH) and private sector actors to achieve a rapid, widespread increase in e-payment adoption and usage, increased financial transparency and accountability, and more efficient and more equitable governance. Through program activities, USAID/E-PESO's goal is for e-payments to account for 10% of retail transactions by the year 2020.

To shift from a cash-based economy to an electronic-based economy, USAID/E-PESO supports the development of a lasting, inclusive economic environment and sets the stage for new financial products to enter the market that explicitly meet the needs of those striving to improve their lives. Enabling access to electronic transaction accounts will provide the backbone needed to ensure that a majority of Filipinos can use e-payments, which provide a secure and cost-effective means to access a full range of payment and financial services and a system for transparent and traceable financial transactions. This broader range of financial services can help Filipinos build assets, better withstand economic shocks, and participate more broadly in the formal economy and increase the engagement of a wider Filipino citizenry. e-Payments offer an improved ability to track financial flows in line with GPH's thrust towards greater transparency and accountability in financial transactions, and USAID's objectives to increase participation and reduce corruption.

USAID/E-PESO builds on the GPH leadership in promoting e-payments as a vehicle for expanding financial inclusion. Recognized in 2014 by the Economist Intelligence Unit (EIU) as one of the global

leaders in promoting financial inclusion, the Philippines' successful track record in deepening financial inclusion mirrors worldwide trends: countries that institute national financial inclusion strategies tackle poverty at a higher rate than those that do not. Leading the charge, the *Bangko Sentral ng Pilipinas* (BSP)'s National Strategy for Financial Inclusion capitalizes on global trends and focuses heavily on ensuring that most Filipinos can have access to electronic transaction accounts.

Over the life of the project, Filipinos will benefit from new, more affordable and innovative e-payment products, an increased number of outlets through which to spend electronic money (e-money), improved transparency and accountability in their transactions with government services, and a stronger regulatory environment that protects consumers. The exponential growth in e-payments will stimulate private sector investment and ensure that Filipinos have access to critical financial services that set the stage for a more inclusive society.

To fulfill PFG goals and USAID/E-PESO objectives, the activity focuses on four components:

- **Component 1: Rapid Adoption of E-payments in Financial Systems.** Incentivizing adoption of e-payments, the activity supports digitization of large-scale payment streams in both the private and public sectors. USAID/E-PESO will provide technical assistance to GPH agencies in improving their services by expanding the use of e-money and e-payments in government-to-person (G2P), person-to-government (P2G), government-to-business (G2B), and business-to-government (B2G) payments. USAID/E-PESO also works to bring the benefits of digital payments to targeted businesses that have national reach or local impact, including businesses such as those from the fast-moving consumer goods industry that have large retail payment flows.
- **Component 2: Infrastructure for E-payments Expanded.** To increase the value proposition to customers using e-payment instruments, USAID/E-PESO promotes interoperability among the various digital finance products, services, and players (e.g. mobile devices, ATMs, debit/credit and stored value cards, electronic fund transfers (EFT), banks, e-money issuers, payment service providers, e-money agent networks, and other financial service providers). USAID/E-PESO also supports the complex array of front-end and back-end providers, backstopping them to connect users as well as reduce transaction and search costs.
- **Component 3: Enabling Environment for E-payments Improved.** Building trust, convenience, and security in e-payments, USAID/E-PESO supports the BSP in its initiative to establish a National Retail Payment System (NRPS), intended to transform the fragmented payments system into an interoperable and interconnected one. USAID/E-PESO provides technical assistance as the BSP oversees the implementation of the NRPS. The activity likewise provides technical assistance and training to support the BSP in promoting digital security, consumer protection, e-payments confidence, financial inclusion, and e-payment stability within the broader payment system.
- **Component 4 (cross-cutting): E-payment Ecosystem Developed in Key Cities Identified under USAID's Cities Development Initiative (CDI).** Promoting global knowledge sharing of emerging trends, USAID/E-PESO identifies and addresses supply and demand constraints inhibiting broader e-payment usage, including addressing policy and regulatory gaps. USAID/E-PESO also supports the expansion of e-payment ecosystems with focus on key cities identified under USAID's CDI.

2. ACTIVITY IMPLEMENTATION PROGRESS

Implementation Status

With adequate e-payments policy reforms supported by USAID/E-PESO now in place, the weight of the Activity's work has shifted to Components 1 and 2. While USAID/E-PESO is collaborating with the BSP and payments industry in setting up two additional e-payments infrastructure (e.g. interoperable bills payment and cash in/out agent network), the Activity is also working to line up the national government agencies and businesses that will use these new infrastructures. Additionally, USAID/E-PESO continues to work on Component 4 and has activated e-payments for Puerto Princesa City LGU, leaving General Santos City as the last LGU to be activated. Even with the reduced funding and uncertainty, E-PESO staff continued to work diligently towards the program goals, as described in the programmatic updates below.

SUB-PURPOSE I: RAPID ADOPTION OF E-PAYMENTS IN FINANCIAL SYSTEMS

Task I.1: Facilitate Adoption of e-Payment Services in Government Agencies

The Better-than-Cash Alliance (BTCA) has identified three shifts on the journey towards “cash lite” societies, namely, the bulk payer shift, the shift to electronic bill payment, and the shift for purchases. In the Philippine setting, the government is the largest bulk payer institution through activities such as disbursing social subsidies and pension to persons (G2P) and paying suppliers and vendors (G2B), as well as the largest payment recipient institution through taxes, fees and licenses, and mandatory payroll benefits collected from both persons (P2G) and businesses (B2G). USAID/E-PESO continues to provide technical assistance to government institutions that are key aggregation points for payments such as the Department of Budget and Management (DBM), the Department of Social Welfare and Development (DSWD), and the Home Development Mutual Fund (HDMF) to maximize the effect of interventions in achieving wholesale adoption of e-payments. By adopting e-payments, these government institutions improve transparency, minimize corruption, increase operational efficiency, and improve the delivery of services to their customers. As key aggregation points, these government institutions have influence over a large customer or constituency-base and can serve as catalyst in scaling adoption of electronic payments in the country.

Sub-task I.1.1: Support DBM in Rolling-Out the BTMS (revised)

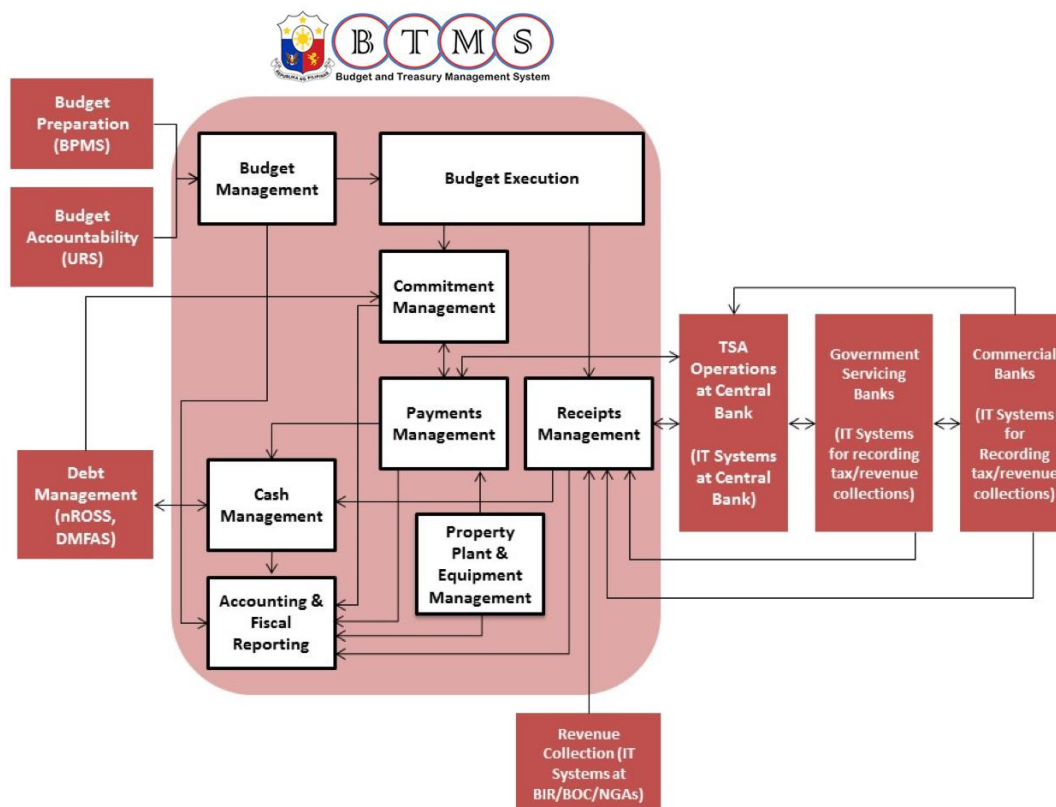
USAID/E-PESO is assisting DBM roll out the Budget and Treasury Management System (BTMS), a government resource planning system that will be used across national government agencies (NGAs) to manage and report on budget, commitments, procurements, payments (including salaries), receipts, cash, and accounting. USAID/E-PESO's assistance covers the deployment of a Learning Management System (LMS)-based interactive e-learning courses which can be accessed by learners anywhere and anytime. The e-learning project will facilitate the rollout of the BTMS to all NGAs nationwide which supports GPH initiatives of improving public service, increasing integrity and accountability and managing resources more effectively and efficiently. With the e-learning facility, the total effort and rollout period will be reduced. This will allow the GPH to realize its public financial management reform objectives sooner rather than later. Also, DBM will have significant cost savings as they can now focus their resources on training key users per NGA (rather than all users) and updating / improving the e-learning modules to suit the learning needs of BTMS users.

Through the BTMS, electronic financial transactions among government, suppliers, and contractors will be facilitated. BTMS will be integrated later with PESONet service of government servicing banks

¹ A society where consumers use cash less frequently than electronic payments for their overall transactions.

(GSBs), a new electronic fund transfer service launched under the NRPS framework, as one of the two disbursements modes supported by the system.

Figure 1: Functions Supported by BTMS and Interfaces with Other Systems



As of March 31, 2019, the LMS and over 70% of the e-learning modules have been delivered, tested, accepted and deployed to production. As of said date, the e-Learning System is already 'live', accessible and currently being used by the DBM, the Procurement Service, and select NGAs. A new version of the BTMS was released in February 2019 by Free Balance, the BTMS software vendor, which had significant impact on the work flow of Purchase Request (PR), Purchase Order (PO), and Disbursement Voucher (DV) processes. Revisions on the e-learning modules were prioritized vis-à-vis the remaining modules that are put on hold pending resolution of technical issues with BTMS.

In January 2019, an enhancement to the LMS was implemented to incorporate a learning session tracker that will calculate, record and report the time spent by each learner in the LMS. The feature will allow DBM to monitor training hours spent per learner and on an aggregate level (e.g., agency, department, total NGAs). It will help DBM effectively manage the deployment of its very limited trainers by pushing or mandating minimum level of training hours per learner via e-learning. The new feature was tested and accepted by DBM and deployed to production in February 2019.

On December 17, 2018, USAID/E-PESO and its sub-contractor, MoodLearning, Inc. conducted a one-day systems administrators training and workshop on the LMS. The objective of the activity was to familiarize the DBM e-Learning Team on the different functions and features of the e-learning platform such as creating learner accounts, monitoring their progress, integrating learning assessments such as quizzes, and other functions.

The e-Learning System will be handed over by USAID to DBM on May 10, 2019 in a turnover ceremony to be held at the Diamond Hotel in Manila. Training of the DBM e-Learning team on

activities such as e-learning course authoring, deployment to the LMS, as well as the turnover of the remaining e-learning modules will be completed on or before May 31, 2019.

Figure 2: BTMS E-Learning Landing Page

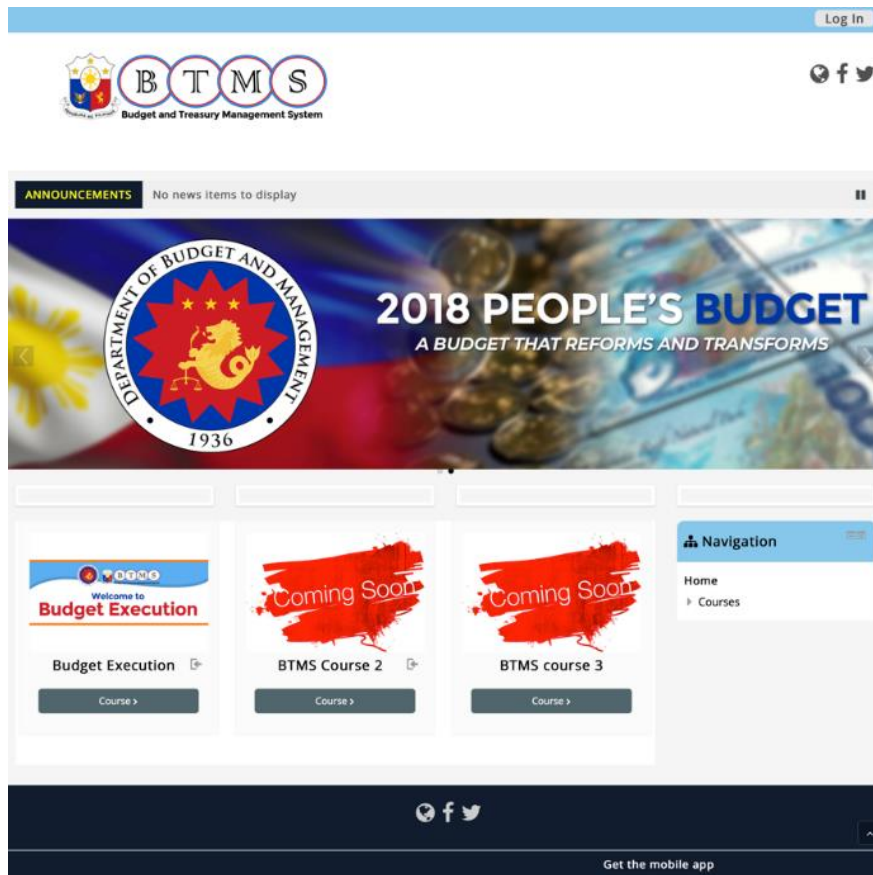


Figure 3: Sample Content—Basic Solution Functionalities

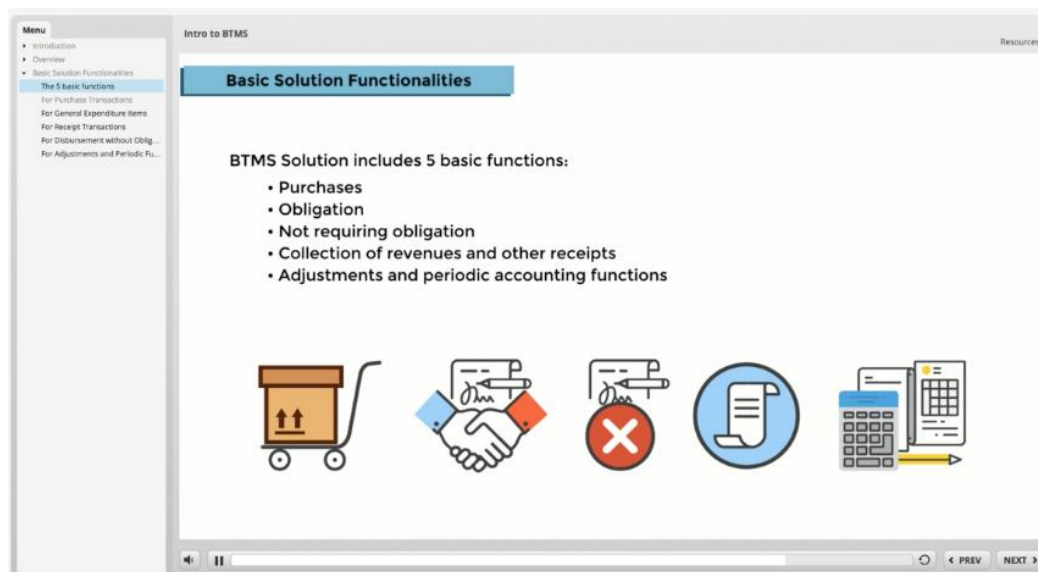
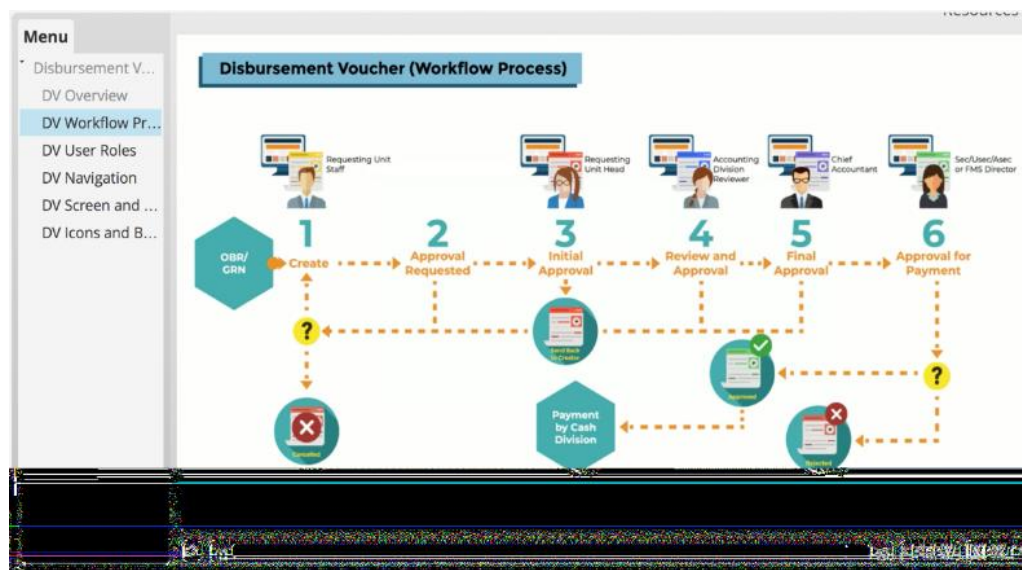


Figure 4: Sample Content—Disbursement Voucher Workflow



Sub-task 1.1.2: Support a GPH Agency with Influence Over a Large Base – Pag-Ibig (HDMF) or SSS

The HDMF, more popularly known as the Pag-Ibig Fund, is a Philippine government-owned and controlled corporation under the Housing and Urban Development Coordinating Council. It is responsible for the administration of the national savings program and affordable shelter financing for Filipinos employed by local and foreign-based employers. In 2016, Pag-Ibig Fund had 17.27 million members, of which 12.51 million were employed in the country while 4.76 million were working abroad.² In the same year, it approved home loans amounting to Php72.46 billion to finance 93,383 homes and disbursed short-term or multi-purpose loans amounting to Php45.8 billion to over 2.15 million members.³

USAID/E-PESO is working with Pag-Ibig Fund for the use of e-payments for its disbursement and collection functions. For its disbursement function, Pag-Ibig Fund disbursed loan proceeds to members for home construction and short-term loans, pays real estate developers for properties acquired under its home loan programs, and pays government for applicable taxes to transfer home ownership to borrowers. Pag-Ibig collects its fund contributions from employers and voluntary employees, and loan payments from borrowers.

HDMF will be the pilot for the Tax Software Provider (TSP) Project to significantly improve the filing and payment of one-time tax transactions (ONETT) such as capital gains tax and documentary stamp tax which are required to transfer ownership of real properties under HDMF's home lending program. HDMF will also participate as one of the pilot government institution in the Interoperable Digital Bills Payment Project to give their members a convenient, secure and efficient way to pay HDMF. HDMF collects employer and employee fund contributions and home mortgage loan amortizations. HDMF also agreed to explore using PESONet for home construction loans, payment to developers and supplier payments to eliminate check payments.

USAID/E-PESO met with the Development Bank of the Philippines (DBP), Pilipinas Micro-Matrix Technology, Inc. (PMTI), and the Bureau of Internal Revenue on January 17, 2019 to kick-off the discussion on the pilot implementation of BIR's eTSPCert System with HDMF as pilot taxpayer. As

² Annual Report, Home Development Mutual Fund, 2016

³ Annual Report, Home Development Mutual Fund, 2016

of March 31, 2019, PMTI has successfully enrolled in the eTSPCert System as a TSP and has secured the TSP tool from BIR. The pilot was originally planned to go live on March 1, 2019 but has incurred delays on the part of PMTI, particularly on the development and testing of one-time tax transaction (ONETT) forms. With the delays, the pilot is now projected to go live in May 2019.

Meanwhile, USAID/E-PESO is drafting a joint letter of engagement to formalize the partnership which will cover implementation of TSP Project for tax payments to BIR; interoperable digital bills payment service for collection of housing loan amortization, multi-purpose loan repayments, and monthly contributions; and PESONet for disbursement to developers, vendors and suppliers.

Sub-task 1.1.5: Support a GPH Agency with Influence Over a Large Base – Department of Social Welfare and Development (DSWD)

The DSWD is the government agency under the executive branch responsible for the protection of the social welfare rights of Filipinos and promotion of social development. DSWD is the GPH's implementing arm for its social subsidy programs such as the conditional cash transfer and unconditional cash transfer programs.

GPH's conditional cash transfer program, more popularly known as Pantawid Pamilyang Pilipino Program (4Ps), is a human development program that invests in the health and education of poor households. It provides cash grants to beneficiaries if they comply with the set of conditions required by the program. There are currently over 4.8 million registered households under the program with nearly 4.3 million active household⁴. In 2018, DSWD aimed to serve 4.4 million households⁵ with a budget of Php82 billion for cash grants⁶.

DSWD is also implementing unconditional cash transfer program of GPH, also known as the tax subsidy program under the recently passed Package 1 of the Tax Reform for Acceleration and Inclusion (TRAIN) Law or R.A. No. 10963 which seeks to provide cash subsidies to 10 million indigent Filipino families or individuals, including indigent senior citizens, to cushion the effect of the adjustments in the excise tax of petroleum products and sweetened beverages.⁷ Each beneficiary will receive Php200 per month for the first year of implementation and Php300 per month for each succeeding year and has a budget in 2018 of Php24.5 billion for cash grants⁸. By end of July 2018, 5.6 million beneficiaries have already received their Php2,400 cash grant for the whole year⁹.

In February 2019, DSWD met with Bangko Sentral ng Pilipinas (BSP) and Department of Finance (DOF) and agreed to shift its disbursements under its social subsidy programs from cash cards to basic deposit accounts (BDA) as store of value. The shift to BDA will address the current issue with COA of remaining unwithdrawn cash grants as well as dormant accounts. With BDA, government's obligation under the social programs is deemed 'paid' once amount is credited to the account of the beneficiary. On March 11, 2019 USAID/E-PESO met with DSWD to propose a technical assistance to implement the shift from cash cards to basic BDA and to transition to full digital payment in disbursing cash grants under 4Ps and UCT programs. The technical assistance was earlier aligned by USAID/E-PESO with the BSP in a meeting on March 8, 2019 to ensure initiatives to support the DSWD transition its social subsidy programs to digital payments are well coordinated.

USAID/E-PESO's proposal to provide technical assistance to DSWD included the 1) conduct a policy review to identify policy gaps and address said gaps through new policies or amendment to existing

⁴ Pantawid Pamilyang Pilipino Program, Program Implementation Status Report, Department of Social Welfare and Development, 2nd Quarter 2018

⁵ Pantawid Pamilyang Pilipino Program, Program Implementation Status Report, Department of Social Welfare and Development, 2nd Quarter 2018

⁶ General Appropriations Act 2018, Department of Budget of Management, 2018

⁷ Over 5.6M poor Pinoys receive tax aid under TRAIN law, Department of Social Welfare and Development, 2018

⁸ Memorandum Circular No. 03 Series of 2018, Department of Social Welfare and Development, 2018

⁹ Over 5.6M poor Pinoys receive tax aid under TRAIN law, Department of Social Welfare and Development, 2018

policies to enable the shift to BDA as store of value and transition to full digital payment; 2) pilot program design which will include working with Landbank and DSWD to develop a product prototype, draft implementation processes, develop success metrics and information system to monitor metrics, and identify pilot areas; and 3) pilot implementation which will include collaboration with the industry in implement deploying an interoperable cash-in/cash-out merchant network to support the pilot program. E-PESO will draft a joint letter of engagement with DSWD to document the arrangement. USAID/E-PESO expects to start the work with DSWD in May 2019 once the joint letter is accepted and signed.



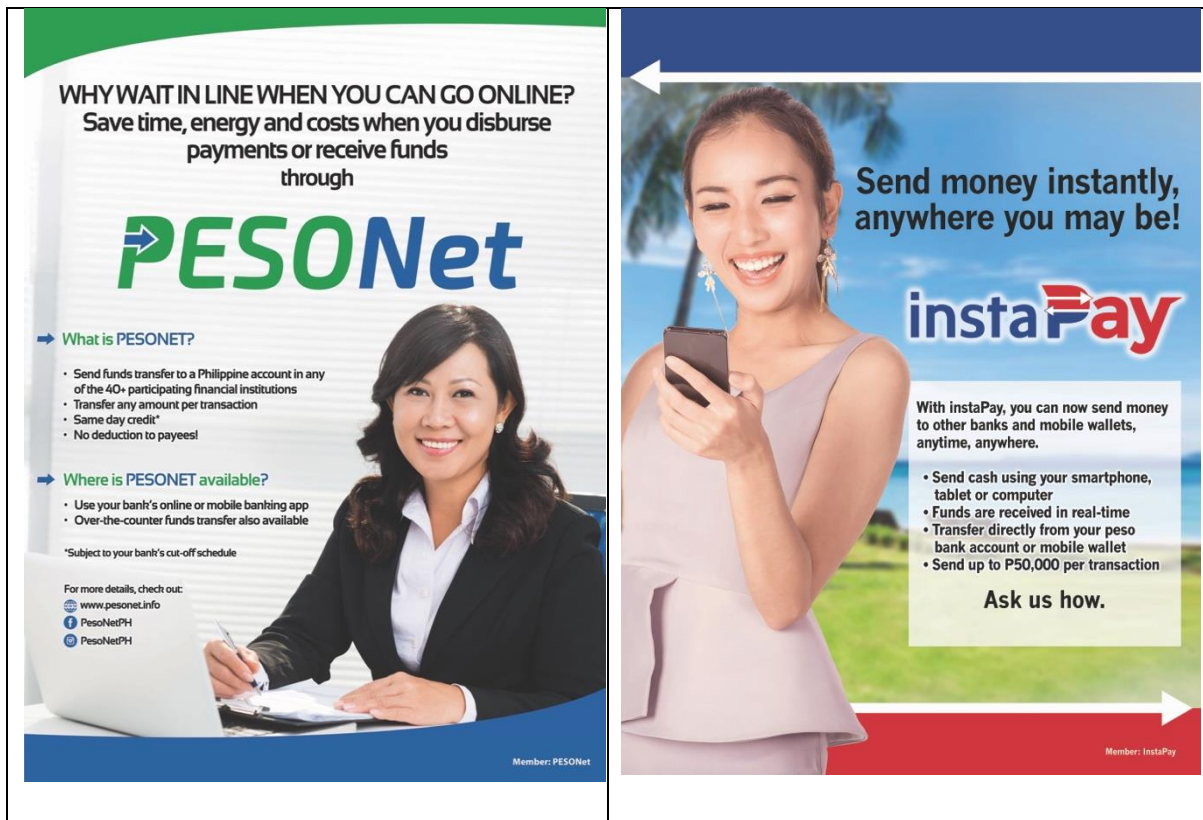
USAID/E-PESO met with DSWD

Task 1.2: Increase Private Sector Adoption of e-Payments

Sub-task 1.2.1: PESONet Marketing Communications Awareness Campaign

USAID/E-PESO developed the creatives for PESONet and InstaPay automated clearing houses (ACHs). These were turned over to the payments industry through the Philippine Payments Management Inc. (PPMI). The clearing switch operators (CSO) shouldered the cost of printing of the posters and standees. Please see Figure 5 below on the PESONet and InstaPay creatives:

Figure 5: PESONet and InstaPay Creatives



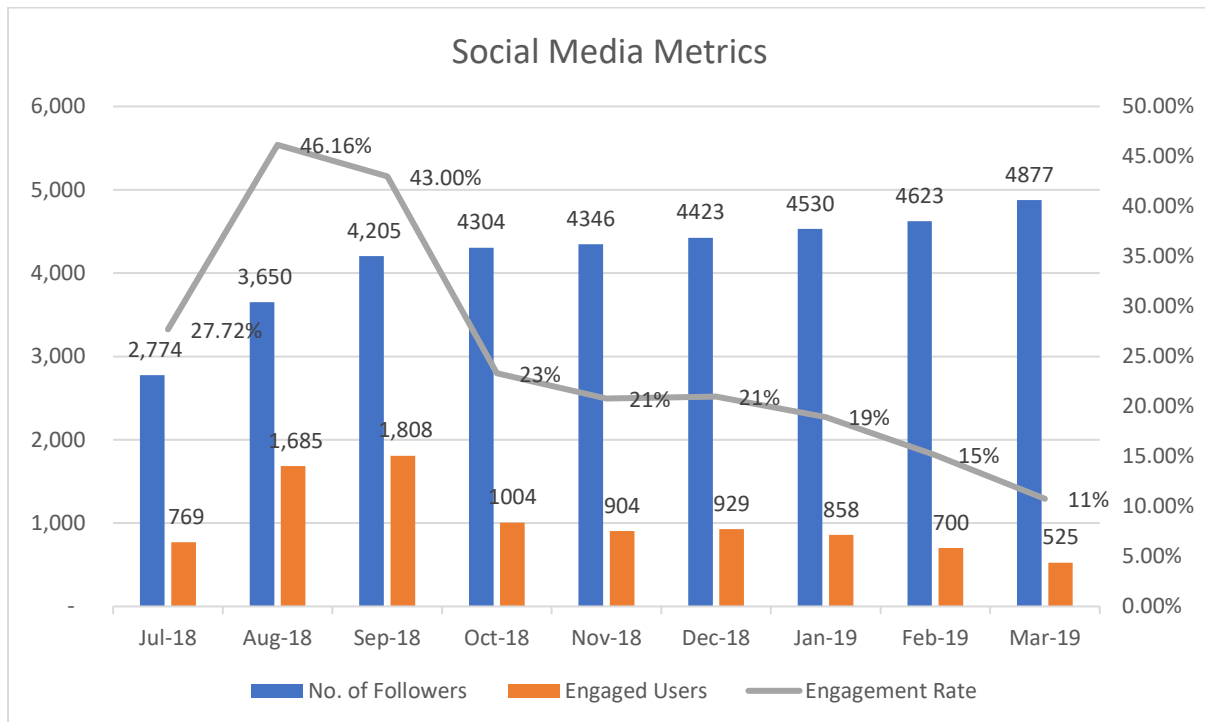
Please see samples below of marketing materials displayed at some bank branches:





USAID/E-PESO continued to maintain the PESONet landing page (www.pesonet.info) and the Facebook and Instagram accounts (@PESONetPH) from January to March 2019. Please see Figure 6 below on the social media metrics from July 2018 to March 2019. There was a steady increase in the number of followers since July 2018. Although engagement has decreased, it is still above the global benchmark of 7%. It is recommended that the payments industry release more news articles and stories for pick-ups as well as internal efforts by participating institutions to create awareness.

Figure 6: PESONet Social Media Metrics



Sub-task 1.2.2: Integration of Tax Software with e-Payments Functionality for Businesses to File and Pay Taxes

Bureau of Internal Revenue (BIR)/ Tax Software Provider (TSP) Certification Program

The eTSPCert System project team addressed technical issues stemming from the full deployment of the eTSPCert System during the Quarter. In addition, the policy outlining the policies and procedures on the use of the system - Revenue Memorandum Order 8-2019 – Policies and Guidelines in the Certification of Electronic Tax Return Filing and/or Payment Solutions – was enacted and internal users were trained.

When the eTSPCert System was deployed in December 2018, the system was accessible publicly via the official BIR website, with the registrations and log-ins from external e-mail addresses (non-BIR addresses) functions working. On December 15, 2018, BIR Taxpayer Service Systems Division (TSSD) testers observed that the system became inaccessible. When tested on the user acceptance test (UAT) environment, it was observed that confirmation e-mails could not be sent to applications registered using non-BIR e-mail addresses.

The system remains inaccessible except for several hours on December 27, 2018. TSSD, Network Management and Technical Support Division (NMTSD) and the Data Warehousing and Systems Operations Division (DWSOD) laid out potential solutions to address the accessibility of the eTSPCert System, mapped out corresponding technical configurations to the proposed solutions, and conducted tests.

The design of eTSPCert System App structure varies from other BIR eServices web applications deployed in production. The web services of existing BIR eServices have separate internet protocol (IP) addresses pointing to BIR simple mail transfer protocol (SMTP). The eTSPCert System's web application and services reference reside in a single IP address, which cannot be controlled by external network configuration unless adjustments be made in the application coding/architecture. Two potential solutions were identified: 1) Use a different SMTP – the cloud-based smtp1.bir.gov.ph and 2) Activate additional Network Interface Controller (NIC) and assign a different IP. The new IP (private) will communicate to BIR SMTP. Sub-contractor CAI-STA implemented the first solution by adjusting the system's coding/architecture, separating the mail service and assigning a different IP address.

After deploying the solution on January 24, conducting tests, and monitoring the system, the teams were able to successfully address the network configuration and accessibility issues of the system. The eTSPCert System can now be accessed remotely via <https://etspcert.bir.gov.ph/#/login>

While the teams were investigating and deploying solutions to fix access to the eTSPCert System's, tax software providers TenEleven, Taxumo, and Philippine Micro-Matrix Inc.'s (PMTI) were allowed to enroll on-site and download the TSP tools and files needed to develop their tax filing and payment software. The applications of all three TSPs were approved. The TSPs also downloaded the TSP tools, files, and documentation needed to develop their tax filing and payment software.

One TSP, TenEleven, was able to successfully submit two forms, which TSSD evaluated at the backend. BIR TSSD was able to receive the XML files submitted using the TSP tool via the secure file transfer protocol (SFTP) server, download and extract the files from the SFTP, decrypt, and validate. Batch processing and uploading to the interactive forms database is currently being tested.

Electronic Tax Software Provider Certification (eTSPCert) System sub-contractor CAI-STA Philippines Inc conducted a series of sessions to explain the details of the system design and software architecture to technical team members of the BIR TSSD. The handover session aimed to familiarize

the TSSD team with the eTSPCert System and equip them with the information needed to maintain and conduct simple troubleshooting. In another session, CAI-STA conducted a step-by-step demonstration of the eTSPCert System to familiarize administrative staff of TSSD with the system. As they work on the frontlines, the administrative team also needs to understand how the system works so that they can handle inquiries from the public and tax software providers who intend to apply for certification.

SUB-PURPOSE 2: INFRASTRUCTURE FOR E-PAYMENTS EXPANDED

Task 2.2: Strengthen Back-End e-Payment Infrastructure

Sub-task 2.2.1: Support Government Agencies in Participating in TradeNet

Developing an Interoperable Digital Bills Payment Service

USAID/E-PESO is working with the BSP, the Philippine Payments Management, Inc. (PPMI) and the industry for the establishment of an interoperable digital bills payment service that can be utilized by government institutions to collect revenue (fees and taxes) from individuals and private institutions. The initiative promotes trade and investment, supports the anti-red tape good governance policy of GHP, and enhances ease of doing business. It also promotes government operational efficiency and public service quality. Moreover, it will encourage more billers from the private sector to adopt e-payment to collect revenues from their customers.

Earlier, USAID/E-PESO submitted a concept note to BSP which outlined the conditions of the very low adoption of e-payments for revenue collection, the underlying issues that limits adoption, and a recommendation to implement an interoperable digital bills payment service utilizing PESONet and InstaPay ACHs and/or creating a new ACH for the said purpose. This triggered a series of consultation meetings with BSP which led to the workshop with BSP-regulated financial institutions (BSFIs) on November 23, 2018 on government payments. A technical working group (TWG) was formed to identify and evaluate options and develop a roadmap for an interoperable digital bills payment service.

USAID/E-PESO met with Landbank on January 21, 2019 to obtain updates on the interoperable digital bills payment service being developed by the industry through the PPMI. Landbank presented its Linkbiz portal which acts as an online payment aggregator offering customers convenient way to pay their bills. Currently, portal allows payer to pay any biller acquired by Landbank from a Landbank account, a GCash account, a Bancnet ATM/debit card, and Visa and Mastercard credit card. Per Landbank, the facility will also enable its customers to make payments from an account in any PESONet participating financial institution which is being developed with Philippine Clearing House Corporation (PCHC), the clearing switch operator (CSO) of the PESONet ACH. Through the Linkbiz portal, the payer can provide the bill or invoice details of any biller listed in the portal, select PESONet and the name of the financial institution where his/her account is maintained, and the facility will send a 'request-to-pay' (RTP) message to the payer's bank via PCHC. The payer's bank requests authorization from the payer through its available transaction authorization methods. Once authorized, a credit instruction is pushed by the payer's bank to Landbank through PESONet ACH. It was also learned from Landbank that most of the PPMI-member banks decided to prioritize the system development for PESONet and decided to put on hold similar development for InstaPay given limited resources (e.g. budget for systems development for the year are locked already to specific projects) and the tight timetable given by BSP and PPMI to launch the service.

In a meeting on February 12, 2019 with the Payment System Oversight Department (PSOD) of the BSP, an update that the discussions by PPMI TWG on digital bills payment project is on-going as reflected in the ACH meetings. However, the TWG still has to present to PPMI and to BSP the digital

bills payment roadmap as agreed during the November 2018 workshop in BSP. On March 13, 2019, after conducting a high-level review on the proposed PCHC-led digital bills payment solution as contained in the presentation made by PCHC during the November 23, 2018 workshop in BSP and corroborated by discussions with Landbank on January 19, 2019, USAID/E-PESO submitted its comments to the BSP anchored on certain inconsistencies with NRPS principles, notably the risk of limiting competition in the choice of RTP switching provider and in backsliding to pre-NRPS period when a switch can set switching and participation rules. USAID/E-PESO also provided recommendations on measures that can be taken to align the PCHC proposal with NRPS principles, namely:

1. Multilateral arrangements for RTP switching among the participating financial institutions which puts the rules and standards setting clearly in the hands of the participants and not in the switch operator.
2. Ensure that there is clear understanding of the roles and corresponding responsibilities being performed by each of the parties involved in the bills payment transaction. These roles should be formally documented and covered by appropriate agreements and rules for transparency and efficiency.
3. Set the fee and charging rules in the arrangements (e.g. biller's bank charges biller for the collection service including delivery of collection reports with payment information needed by biller to post payments to the appropriate accounts, biller's bank pays RTP switching fee, payer's bank may charge Payer for the payment layer, i.e. the EFT Credit service, consistent with existing "sender pays", etc.).
4. Application to government requirements (e.g. PESONet may be used for tax payments as these are large amounts and clearing is not immediate therefore payer must be informed accordingly with an appropriate payment request acknowledgement message stating that payment is subject to confirmation).
5. Consider implementing a new online or debit pull ACH as previously recommended for the following reason: 1) have a single ACH agreement that handles the collection request and payment request in one multi-lateral contract vs. two contracts under an RTP service using existing credit push ACHs; 2) fees charging would also be more straightforward and payer would not have to be made to pay for the bills payment service; and 3) online or debit pull ACH is a mature model used in many countries with high e-payments penetration.

The comments and recommendations will be discussed by USAID/E-PESO and BSP and agree on next steps to accelerate the implementation of interoperable digital bills payment service.

Digital Bills Payment Service to Improve Tax Collection Efficiency

USAID/E-PESO is providing technical assistance to the Bureau of Internal Revenue (BIR) to expand its e-payment channels through the interoperable digital bills payment service which utilizes PESONet and/or InstaPay ACHs, payment systems within the NRPS framework. USAID/E-PESO's work with the BIR aims to shift the 80% OTC tax payments to e-payments and improve tax collection efficiency.

USAID/E-PESO facilitated a consultation meeting on December 20, 2018, USAID/E-PESO between the BIR and the PPMI TWG to discuss BIR's requirements as pilot government biller institution for the interoperable digital bills payment service that will be introduced later by the industry. Earlier, a series of meetings were held between the BIR, the Bureau of Treasury (BTr) and the BSP on the desire of BIR and BTr to utilize the new payment systems introduced under the NRPS policy framework, the PESONet and InstaPay ACHs, to expand its e-payment channels for tax collection leveraging on their

efficiency, convenience and cost-effectiveness. During the December 2018 consultation meeting, the BIR presented its high-level requirements which include processing of tax payments using a unique FRN, simplified reporting to both BIR and the BTr, up to 11:59PM transaction cut-off, and 'no cost' to the taxpayer. There is huge opportunity to shift tax payments to e-payments using an interoperable digital bills payment service given that 80% of tax payments are done in cash and over-the-counter and therefore drive the shift to business-to-government (B2G) and person-to-government (P2G) payments to e-payments. The service will enable BIR to quickly expand its payment channels for tax collection without having to go through the inefficient accreditation, bilateral contracting, and system integration with each bank or financial institution.

On January 10, 2019 USAID/E-PESO and the BIR agreed the high-level design and scope of work for the FRN system project which will be procured by USAID/E-PESO as part of its technical assistance to the BIR. As agreed with BIR, an offline FRN functionality which will reside on the offline eBIRForms software package will be developed. The facility will use a pre-defined algorithm that will include the Tax Identification Number (TIN), the tax type, and the accounting period, among others. Also, it was agreed that the scope of work will include both frontend system (the algorithm that will generate the FRN), and the modifications at the backend system which will cover adding additional data field to accommodate the FRN and mapping the FRN to the Tax Information System (TIS), BIR's backend system. USAID/E-PESO began the hiring process for senior software developers / engineers that will develop the system in February 2019 and later extended to early March 2019. Due to lack of qualified applicants, USAID/E-PESO in consultation with the BIR decided to procure the services of a software development firm. On March 10, 2019, USAID/E-PESO advertised the solicitation for expression of interest from firms / software development companies which had a March 22, 2019 deadline. As of the deadline, three (3) firms indicated interest to participate in the bidding process. The said firms will be invited to submit proposals on April 17, 2019 and USAID/E-PESO expects to award the contract before May 31, 2019.

On January 9, 2019, USAID/E-PESO facilitated a meeting between the BIR and Landbank, BIR's acquiring bank, to discuss further the next steps to implement the interoperable digital bills payment service with BIR as pilot government biller institution. Landbank presented its proposed solution based on PCHC's RTP switching service. To minimize the system modification as far as the reporting requirement of BIR is concerned, Landbank will utilize the existing tax payment service under its Linkbiz portal which is already compliant with BIR's reporting requirement. The taxpayer will be required to input the six (6) mandatory data fields in Linkbiz portal and will be routed to the taxpayer's bank via the RTP switching service of PCHC. Later, when the FRN system is ready, Landbank will disable the other data fields and will provide appropriate fields for FRN and amount due. Once the transaction is authorized, the credit instruction will be routed through the PESONet ACH. To facilitate proper identification of payment channel, BIR requires Landbank to add a payment channel code in its collection report. Landbank disclosed to BIR that seven (7) other banks, in addition to Landbank, have initially confirmed participation in the digital bills payment service, namely, RCBC, China Bank, ING Bank, JPMorgan Chase Bank, Robinsons Bank, Unionbank and PS Bank. The development of the RTP service is on-going as of end of March 2019 according to Landbank. Testing will start in April 2019. The service is expected to be operational in Q2 of 2019.

On January 31, 2019, USAID/E-PESO gave an update to the Department of Finance (DOF) on the technical assistance being provided to the BIR to improve tax collection efficiency via expansion of e-payment options, USAID/E-PESO indicated constraints existing limiting the ability of e-payments to scale up its use. Payment instruments available (e.g. Visa/MasterCard, Bancnet ATM/debit cards, and GCash) have limited reach and amounts, and costs comparatively higher than more efficient e-payment options such as those in NRPS. Also, indicated is the limitation of the Electronic Filing and Payment System (eFPS) which is a very old system (first introduced in 2001) which connects directly to the e-banking system of AABs. Through the interoperable digital bills payment service which is being developed in close coordination with BSP and PPMI, BIR can quickly expand its e-payment channels which can be made available to taxpayers mandated to use eFPS when eFPS is down and to taxpayers

using the offline eBIRForms system. The service is expected to be more efficient, more convenient to taxpayers, and cost-effective.

On March 19, 2019, USAID/E-PESO met with the BIR to discuss the issues of its current arrangement with authorized agent banks (AABs), namely: 1) the Limited Bank Data Entry System (LBDES) technology is old, expensive to maintain, and encoding to the system is prone to errors; 2) the Php40.00 transaction fee is inadequate to cover for costs directly associated with the transaction (e.g., additional tellers, overtime pay, etc.); 3) hefty penalties for encoding and reporting errors; 4) AAB branches located near RDOs are overworked due additional workload associated with tax collection; and 5) most of the taxpayers they service are not depositors of the bank which already affects their own customers due to long queues. AABs are demanding that BTr and BIR allow them to collect convenience fee from taxpayers (one bank is seeking approval to collect Php400 convenience fee per transaction), limit the assignment of RDOs to one (1) per AAB branch to limit the foot traffic in the branch, require taxpayers to open an account with them, allow an earlier cut-off time (e.g. 2 hours before closing), and to extend deadline for submission of collection and other reports. All issues raised are associated with the highly inefficient manual and over-the-counter (OTC) tax payments at AAB branches.

BIR emphasized the need to shift to 100% e-payment as soon as possible to eliminate the OTC payments processed by AABs. Currently, about 80% of all payment transactions to BIR are processed OTC through AABs. Also, if transactions are done electronically, it will enable BTr and BIR to monitor closely tax collections since electronic data can quickly be shared by AABs and can bring down costs by eliminating manual encoding.

Both the BTr and BIR are amenable with AABs charging convenience fee. Currently, BTr and BIR allows AABs to charge convenience fee to taxpayers using the eFPS which utilizes AABs' e-banking service. For some AABs, they provide the service to their clients for free in exchange for keeping their funds with the bank. For eFPS payment transactions, BTr pays AABs Php10.00 transaction fee to compensate the bank for reports provided to BTr. However, there are only about 140,000 large taxpayers mandated to uses eFPS that uses the e-banking facility of AABs, the vast majority of taxpayers, over 2 million, are using the eBIRForms system and are paying OTC at AAB branches. If AABs can extend their e-banking service to non-eFPS taxpayers, BTr and BIR will allow them to charge convenience fee in lieu of the Php40.00 transaction fee for OTC payments. Both the BTr and BIR are pushing for the adoption of PESONet and InstaPay payments to open the service to more banks (beyond the 21 AABs) and to bring down convenience fees brought about by increased competition. BIR requested USAID/E-PESO to provide a roadmap on shifting tax payments to 100% e-payment primarily through the interoperable digital bills payment service which utilizes PESONet and/or InstaPay ACHs which has over 60 combined participating financial institutions. Further, alternative payment channel for the unbanked should also be made available as BIR is aggressively expanding the tax base which will include the unbanked or underbanked segment of society. Once more e-payment channels are available, the BIR will mandate all taxpayers to pay electronically and will discontinue OTC payments.

USAID/E-PESO will meet with the BSP in April 2019 to obtain update on the status of the interoperable digital bills payment service initiative and push for its implementation in Q2 2019 with BIR as pilot government biller institution.

Digital Bills Payment Service to Improve Frontline Services

USAID/E-PESO is also assisting the BIR streamline and improve its frontline services by shifting OTC / face-to-face client transactions to e-services (or online services) and integrating digital bills payment for the payment leg to facilitate end-to-end digitization of BIR's frontline services. USAID/E-PESO's work aims to effectively streamlining frontline services, make frontline services more convenient to taxpayers, and minimize, if not eliminate, corruption in said transactions.

USAID/E-PESO is assisting the BIR develop and implement a hackathon program to develop frontend e-services. The hackathon program aims to tap the skills of information technology (IT) students from universities and colleges at the same time exposing them to real business process pain points and/or issues to further hone their skills. The program also intends to leverage the resources of educational institutions and IT companies to provide mentorship (industry experts), tools (software development tools, etc.) and other resources (e.g. venue, cloud hosting, etc.) that will be required to implement the program.

On February 19, 2019 USAID/E-PESO met with the BIR and the Ateneo de Manila University to hold initial discussions on the proposed '#Hackatax', a hackathon program. BIR plans to implement the program in partnership with the Commission on Higher Education (CHED), Ateneo de Manila University and USAID/E-PESO, forming the core group. The #Hackatax will involve developing front-end applications such as new taxpayer registration, application for tax clearance, application for certificate authorizing registration for real property transfers, and distribution of documentary stamp tax, among others. All frontline services will feature online application, online submission of documents and online payment as part of BIR's digital transformation initiative to improve taxpayer services and tax collection efficiency. USAID/E-PESO plans to support the initiative in the planning and implementation of the project, including facilitating linkages with financial institutions to enable online payments. A program document will be drafted routed to the core group for comments prior to formalizing the program. BIR intends to run #Hackatax from May until July and announce the winners in August 2019.

Digital Bills Payment Service to Improve Ease of Doing Business

USAID/E-PESO is assisting the Department of Trade and Industry (DTI) streamline business registration processes by integrating digital bills payment service to online business registration systems. USAID/E-PESO's work aims to improve the ease of doing a business through digitalization of the payment leg to facilitate streamlining and digital transformation of end-to-end business registration processes.

USAID/E-PESO held an initial meeting with the Competitiveness and Ease of Doing Business Group (CEODBG) of the DTI on March 14, 2019 to explore how E-PESO can support in improving the ease of doing business in the Philippines. The CEODBG is currently tasked to implement the Philippine Business Portal and the Business Name Registration System to improve the ease of starting a new business, and to promote e-commerce in the country.

The Philippine Business Portal is a one-stop-shop online business registration system for simple small to medium-sized corporate enterprises. Through the portal, business owners / founders can just visit one portal to register with the Securities and Exchange Commission (SEC), the BIR, the local government units (with Quezon City as the pilot), and with the mandatory social benefit agencies, namely, the Social Security System (SSS), the Philippine Health Corporation (Philhealth), and the HDMF. The prototype or beta version of portal was developed by the Department of Information and Communication (DICT). DICT is exploring arrangements for the full development of the portal.

The Business Name Registration system is an online facility where sole proprietors (mostly micro and small enterprises) register their businesses. The system is currently being updated and the next generation Business Name Registration System is targeted to be operational in Q2 of 2019.

DTI has been leading the promotion of e-commerce to enable and empower local businesses, particularly the micro, small and medium enterprises (MSMEs) which make up 99.6% of Philippine enterprises. By participating and engaging in e-commerce, the Philippine MSMEs can become globally competitive. In February 2016, the DTI launched the Philippine E-Commerce Roadmap 2016-2020 with the objective of contributing 25% to the Philippines' gross domestic product (GDP) by 2020. The

roadmap presented the strategic plans, policies and other support measures to harness the benefits of e-commerce for the country. The CEODBG is taking the lead in updating the roadmap.

Identified as possible areas of cooperation with between DTI and USAID/E-PESO includes technical assistance for the integration of e-payment options to both the Philippine Business Portal and Business Name Registration System which includes credit/debit cards and electronic fund transfer facilities like PESONet and InstaPay through an interoperable digital bills payment service, assistance in simplifying payments when registering a business by enabling a one-step aggregated payment mechanism, and assistance in updating the e-commerce roadmap with the recent developments on e-payments with the aim of promoting online payment transactions to support e-commerce growth. DTI will formalize the request for technical assistance.

Sub-task 2.2.2: Support Payments Industry Participants in Establishing Agent Cash In / Cash Out ACH (revised)

The BSP issued Circular No. 649 in 2009, a landmark regulation, regulating the operations of electronic money issuers (EMIs) which aims to foster the development of an efficient and convenient retail payment and fund transfer system, and understanding of the potential impact of e-money (or mobile money) as a cost-effective last mile solution to provide access to financial services in unserved and underserved areas. To facilitate distribution of e-money or conversion of physical cash to e-money as well as the conversion of e-money back to cash, should the account holder need to use cash, EMIs are allowed to deploy, accredit and manage its agent network. As of March 26, 2019, BSP has registered a total of 44 EMIs, of which 31 are banks, 2 are non-bank financial institutions, and 11 are EMI-others¹⁰. Also, there are 63,195 e-money agents as of end of September 2018 according to the BSP¹¹.

To reach customers in rural areas, the BSP issued regulation on cash agents through Circular 940 in 2017, outlining new regulatory guidelines allowing banks to provide service to their clients outside banking premises or through cash agents. Under said regulation, banks can tap third-party entities—grocery stores, pharmacies and other retail outlets, as cash agents that can disburse loan proceeds or accept loan payments on the lender’s behalf, facilitate online self-service deposits, withdrawals and fund transfers, remittances, and bills payment. Such cash agents can facilitate the build-up of an expansive network of accessible and low-cost touch points that enables countryside customers to conduct banking transactions conveniently. According to the BSP, there are already 3 banks that have implemented the cash agent model with 4 more banks under pilot implementation stage, and a total of 3,994 cash agents registered¹².

Currently, all of these cash agents operate under closed-loop systems and are catering exclusively to the customers of the principal financial institution—bank, non-bank EMI, and EMI-others. In line with the NRPS policy framework which calls for an interoperable and shared infrastructure to ensure an efficient and effective retail payment systems, USAID/E-PESO will support the payments industry in establishing an interoperable cash-In/cash-out (CICO) agent network. It will enable bank and EMI customers to convert their cash to electronic value (or make online deposit) in their accounts and convert electronic value to cash (or make online withdrawal) through any of the accredited cash agent of participating financial institutions.

Setting-up an interoperable CICO agent network may utilize existing ACHs or set-up a new one if no existing ACH is servicing such payment stream. Cash-in, a credit push payment stream and may utilize an existing ACH such as InstaPay. However, cash-out which is a debit pull is not a pre-existing payment stream. This may require the establishment of a debit pull ACH which involves the formulation of

¹⁰ List of BSP supervised Electronic Money Issuers (EMIs), Bangko Sentral ng Pilipinas, March 26, 2019

¹¹ Financial Inclusion Dashboard, Bangko Sentral ng Pilipinas, September 2018

¹² Financial Inclusion Dashboard, Bangko Sentral ng Pilipinas, September 2018

clearing rules, and the selection and contracting of a clearing switch operator. Further, since servicing will be performed by cash agents (or banking agents), it may need the establishment of appropriate management structure, business processes, transaction fees, and merchandising standards to manage risks and standardize customer experience.

In a meeting on March 11, 2019 with the BSP, USAID/E-PESO initially discussed the proposal to work with the industry to set-up an interoperable CICO agent network to service financial institution clients—banks and EMIs, in areas with no or limited banking infrastructure. The project will support later the cash-out requirement of the government’s social subsidy programs implemented by the DSWD. A separate discussion will be arranged with the Fintech Sector in BSP to further discuss how with the set-up of the interoperable CICO agent network. In January 2019, USAID/E-PESO secured the commitment of Land Bank of the Philippines (Landbank), the disbursing bank of government’s social subsidy programs, to participate in the CICO agent network project. Earlier, EMIs have indicated interest in sharing their CICO agents, namely, OmniPay, Inc., G-Xchange, Inc., PayMaya Philippines, Inc., and Infoserve Inc. USAID/E-PESO is currently drafting a concept note to initiate discussions with the industry.

Sub-task 2.2.3: Support Payments Industry Participants in Establishing QR Code Payments ACH (added)

There was no activity for this Sub-task. As reported in the previous quarterly report, the QR Code Payments Working Group under the PPMI worked independently on a position on the adoption of the EMVCo standards for QR. In this regard, USAID/E-PESO no longer provided assistance to support the participants in this area.

The industry, through the PPMI created its QR Code Payments Working Group composed of bank and non-bank members, worked independently on a position on the adoption of the EMVCo standards for QR. In this regard, USAID/E-PESO no longer provided assistance to support the participants in this area.

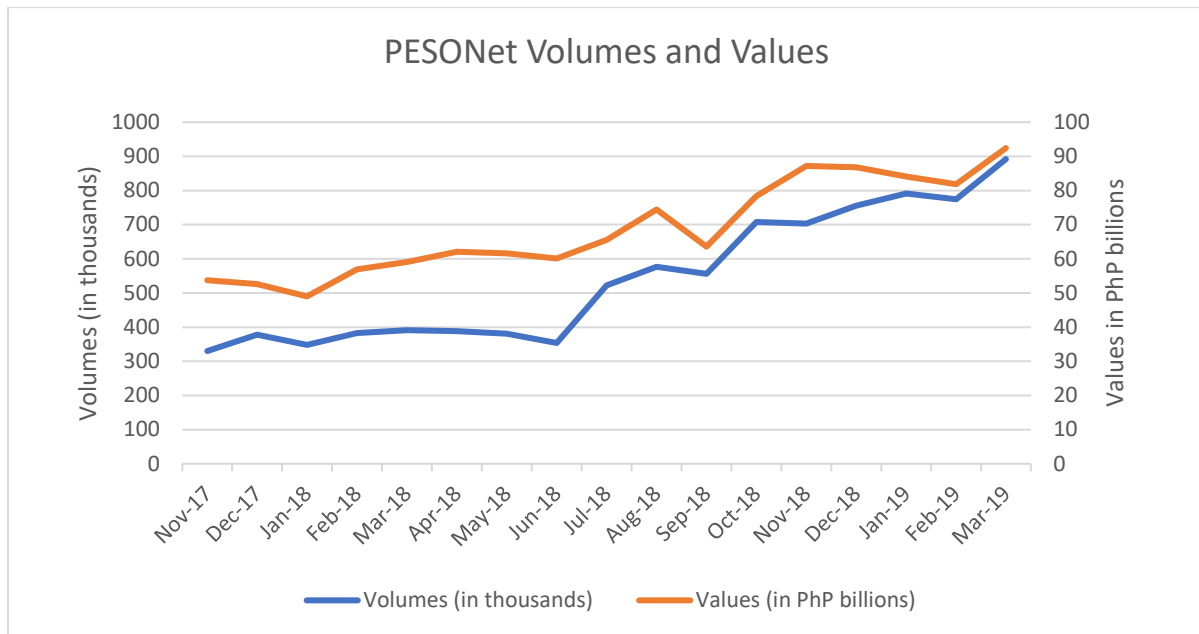
SUB-PURPOSE 3: ENABLING ENVIRONMENT FOR E-PAYMENTS IMPROVED

Task 3.1: Ease Constraints to Broad Payment Adoption and Usage

Sub-task 3.1.1: Launch Interoperable Batch Inter-Bank Electronic Funds Transfer (EFT) in the Market

PESONet volumes and values continued to grow over this period. Please see figure below on the historical volumes and values. In this period PESONet volume is at 5.26% of total check volume. By end March 2019, PESONet has a total of 47 participating financial institutions.

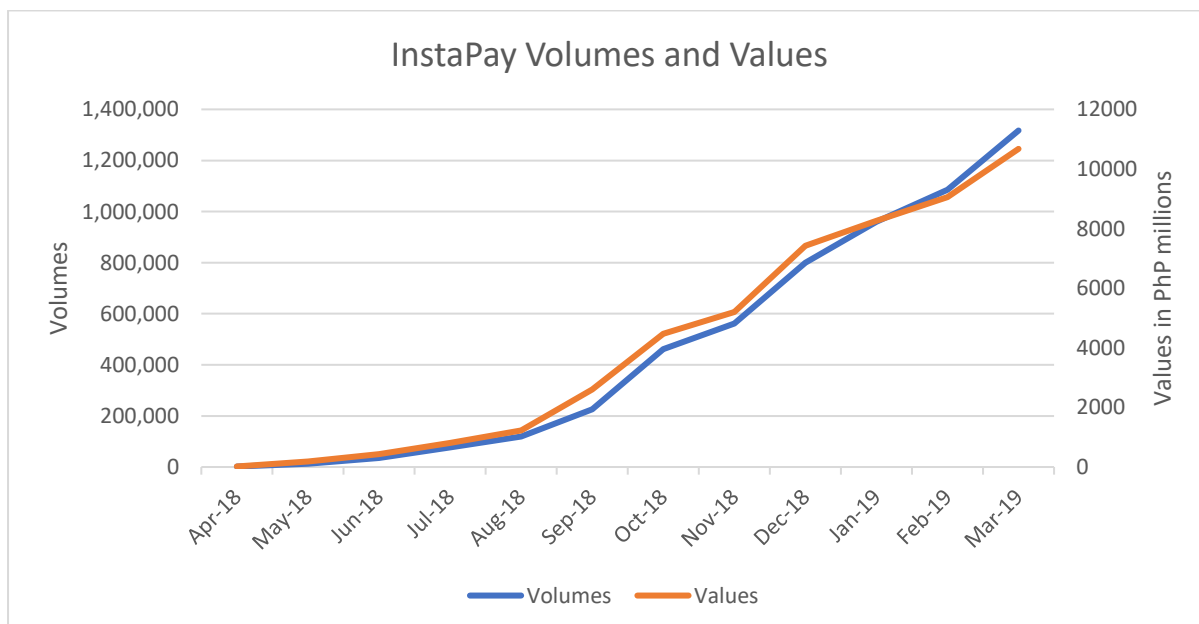
Figure 7: PESONet Volumes and Values



Sub-task 3.1.2: Launch Interoperable Real-Time Inter-Bank EFT in the Market

InstaPay volumes and values continued to grow over this period. Please see figure below on the historical volumes and values. By end March 2019, InstaPay has a total of 37 participating financial institutions including three (3) non-bank BSP Supervised Financial Institution.

Figure 8: InstaPay Volumes and Values



Task 3.2: Assist Financial Regulators in Overseeing e-Payment Growth

For this period, USAID/E-PESO conducted the Request for Proposal (RFP) process for the Revenue Regulations and Business Process Review. This activity was developed in recognition of the feedback

provided by businesses (directly or through the financial institutions) for the need for the supporting guidelines from the regulators to allow an end-to-end electronic payment process to include the issuance and recognition of electronic invoices, official receipts and supporting documents. Otherwise, corporations are unwilling to shift to electronic payments if they will be unable to reduce manual processes and / or physical documents.

The RFP intends to get a tax expert that will conduct a review of revenue regulations and business processes in order to develop a discussion paper that will contain the following:

- Issues substantiated with evidences (such as but not limited to applicable revenue regulations, business processes);
- Root cause analysis;
- Options to address the issue;
- Feasible recommendations to address these issues, including any potential policy changes, suitable for the Philippine environment;
- Comparative regulations, processes or practices from other jurisdictions

The discussion paper will be used as basis for engaging various stakeholders in dialogues in order to identify mutually acceptable actions to address barriers to shifting business-to-business payments from cash/checks to electronic.

The finalization of the formal agreement with the selected tax expert SGV / Ernst & Young is ongoing.

In relation to the revenue regulations and business process review, USAID/E-PESO was invited by the Hongkong and Shanghai Banking Corporation (HSBC) for discussions with some of their corporate clients for Enabling e-Payments focus group discussions. The revenue regulations and business process review sub-task was discussed with these businesses with the objective of confirming previously identified issues as well as get more inputs on and identify other considerations that may be used for the review.



USAID/E-PESO Meeting with HSBC

Sub-task 3.2.1: Establish the Payment System Management Body (PSMB)

USAID/E-PESO is currently providing assistance to the PPMI in preparing its formal communications materials primarily to encourage potential bank and non-bank financial institutions to become a member of the PPMI as well as help current PPMI members further appreciate the role of the PPMI. These materials will include a prospectus and starter pack. The contents of which can also be used as content for PPMI's website. Final content for the PPMI website has been provided to the PPMI. It is expected that the website, which the PPMI is developing, will be updated to include the contents provided.

USAID/E-PESO organized with the Philippine Payments Management Inc. (PPMI), a walkthrough of the PPMI application process for the following banks – Binangonan Rural Bank (BRB), Rang-Ay Bank and Rural Bank of Cardona. Joining the banks was their core banking system provider, Nextbank. Objectives of the meeting included helping the banks clarify the process and requirements of joining the PPMI and the ACHs, especially in consideration of the banks' intention to outsource their technical compliance to an external party such as Nextbank. E-PESO was there to also ensure its understanding of the process as it is working on a prospectus for the PPMI to help prospective PPMI members to make an informed decision in joining the PPMI and have a common reference document to guide them in the process. The PPMI prospectus and starter pack is still pending completion.

Sub-task 3.2: Support BSP in Issuing Circulars and Regulations to Remove Constraints and Encourage Healthy Competition in the Industry

On January 3, 2019, the BSP released Memorandum No. M-2019-01 on "Personnel Education on and Publication of PESONet and InstaPay Information". The Memorandum instructed the institutions to:

1. Ensure that branch personnel are familiar with PESONet and InstaPay;
2. Post materials about PESONet and InstaPay in its premises and website;
3. Provide prominent visibility in BSFIs' websites to PESONet and InstaPay websites

The creatives developed by USAID/E-PESO as discussed in the update on Sub-task 1.2.1: PESONet Marketing Communications Awareness Campaign were utilized to help financial institutions comply with BSP requirements.

On February 22, 2019, the BSP released Circular No. 1033 on the Amendments to Regulations on Electronic Banking Services and Other Electronic Operations. The circular streamlines the licensing requirements for BSP Supervised Financial Institutions (BSFIs) that offer / intend to offer electronic payment and financial services (EPFS). The processes and requirements are prescribed in the circular.

The circular differentiates the process for BSFIs who intends to offer basic services, specifically services limited to enabling their accountholders access to information such as deposits or loans. Basic services require notification to the BSP 30 days prior to the launch of the services.

For BSFIs who intend to offer financial services (i.e. payments and funds transfers), BSP approvals are required. BSFIs who have been previously issued licenses are required to re-register.

USAID/E-PESO attended the Government Inter-Agency Meeting on E-Payments organized by the Bangko Sentral ng Pilipinas (BSP) on February 21, 2019. The purpose of the meeting was to identify existing e-payment policies in government, particularly on revenue collection, identify gaps and form a Technical Working Group (TWG) that will analyze e-payment policy gaps, identify policy owners and draft policies for approval. The TWG was formed chaired by DOF and with DBM, COA, DTI, BIR, BTr and DICT as members. The TWG will report to the Public Fiscal Management (PFM) as one of its task committees. The meeting was attended by the Department of Budget and Management

(DBM), Department of Finance (DOF), Department of Information and Communications Technology (DICT), Bureau of Treasury (BTr), Commission on Audit (COA), and Bureau of Internal Revenue (BIR).

Task 3.4: Assist Financial Regulators and e-Payment Service Providers to Improve Digital Security Measures

Sub-task 3.4.1: Support BSP in Digital Security Policy Review and in Capacity Building

There was no activity for this Sub-task for this period as this was completed as of December 2018.

SUB-PURPOSE 4 (CROSS-CUTTING): GAPS IN BROADER E-PAYMENT ECOSYSTEM ADDRESSED

Task 4.1: Build e-Payments Ecosystems in CDIs and Other Cities/Municipalities

Sub-task 4.1.1: Support Partner Local Government Units (LGUs) to Introduce and/or Enhance and Promote e-Payment Options for Minimum Viable Products (MVPs)

Social Media Promotions Workshop

USAID/E-PESO delivered the Social Media and Promotions Planning for E-Payments workshop series during the Quarter to five (5) of its partner local government units (LGUs). The workshop aims to promote e-payment services primarily to address people's lack of awareness. According to the Bangko Sentral ng Pilipinas' (BSP) 2017 Financial Inclusion Survey (FIS), lack of awareness is the main reason for non-usage of electronic payment platforms (40%), followed by limited connectivity (23%) and lack of trust (15%)¹³. Mirroring the survey results, low e-payments adoption in partner LGUs can be attributed to low awareness. The most recent e-payments usage and adoption rate in two partner cities that have the highest number of e-payment transactions – Quezon City and Cagayan de Oro City – show that barely 1% of taxpayers use e-payments.

Through the workshops, USAID/E-PESO aims to build to the internal capacity of partner CDIs to design effective promotional campaigns and assist with the implementation. The foundations of marketing campaigns, including how to analyze barriers to behavioral changes, formulation of key messages - which serve as the anchor of any communications and promotions campaign - and defining target audiences were discussed in detail. Promotion tools and channels were also presented.

USAID/E-PESO gave special focus on social media channels, best practices, and social media metrics. January 2019 data from Global WebIndex based on a survey of Internet users aged 16-64 showed that Filipinos spent the most time on social media per day at 3 hours and 57 minutes. 59% (62 million of the 105.7 million total population) of the population is active on social media. The high level of usage gives social media promotion more potential reach and impact at less cost. To illustrate, USAID/E-PESO sponsored a Facebook ad (3-minute information video) to promote Valenzuela City's electronic payments for RPT in 2017. The cost of the ad per view was Php .08 (less than 10 centavos) and the cost per click for the link was Php 1.41. The total number of Facebook users reached was 31,000. The ad scored an eight (8) in the relevance score scale (with 1 being the lowest and 10 being the highest)¹⁴.

¹³ P.16, Bangko Sentral ng Pilipinas Financial Inclusion Survey 2017

¹⁴ Relevance score is based on the positive and negative feedback an ad receives from its target audience. The more positive interactions an ad is expected to receive, the higher the ad's relevance score will be. (Positive indicators vary depending on the ad's objective, but may include video views, conversions, etc.) The more times an ad is expected to be hidden or reported, the lower its score will be.

Designed as participatory, the attendees were asked to build their own campaigns, outline their promotions tools, and come up with a social media calendar.

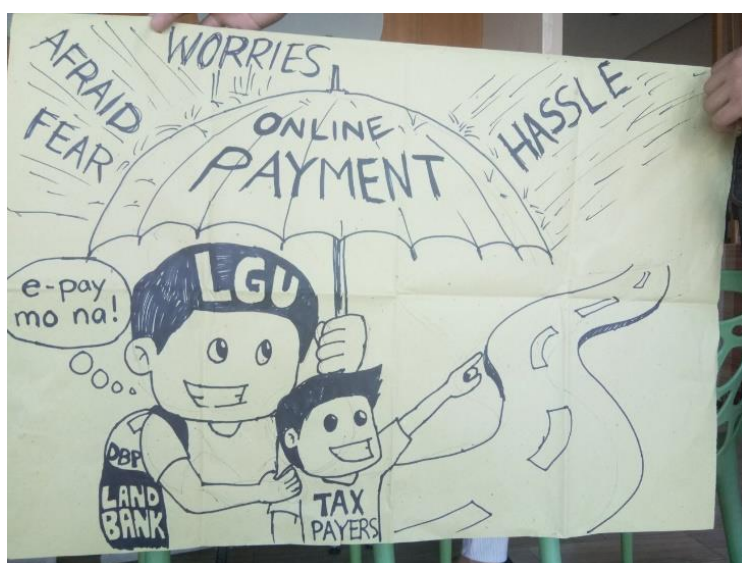
The table below shows the summary of LGU's information campaign plans, key takeaways, and recommendations.

Table 1: CDI LGUs Information Campaign Plans

LGU Partner	Information Campaign Plan	Takeaways/Findings	Recommendations
<p>Cagayan de Oro City</p> <p>Private sector partners from the Cagayan Electric Power and Light Company, Inc. (CEPALCO), Cagayan de Oro Water District (COWD), and the First Community Cooperative (FICCO) also joined the workshop. CEPALCO and COWD have e-payment options for collecting service fees for electricity and water, respectively. FICCO uses e-payment for disbursement of member benefits and has e-payment options for collections of loans.</p>	<p>Aside from the official website (cagayandero.gov.ph) and Facebook page of the LGU, the City's individual departments also maintain and manage their own Facebook pages. The team agreed to consolidate social media campaign for e-payments under the main Facebook page, with the City Treasurer's Office providing the main content.</p>	<p>During the session on analyzing barriers to change, CEPALCO and COWD reported that most of their commercial subscribers prefer to pay over-the-counter because they can readily get the paper official receipts. Subscribers who opt to pay online have to pick up their paper official receipts. USAID/E-PESO clarified that for e-payments for government fees, there is already a Commission on Audit (COA) issuance (COA Circular 2013-007 – Guidelines for the Use of Electronic Official Receipts to Acknowledge Collection of Income and Other Receipts of Government) that lays out the guidelines for acceptability of electronic official receipts (eOR) for government e-payments, including the minimum data requirements and provision that the government agency allow COA read, view, and print access to the system processing e-payments. There is a need, however, to clarify acceptability of eOR for transactions with private businesses.</p>	<p>USAID/E-PESO to hold discussions with BIR to clarify the rules on eOR.</p> <p>USAID/E-PESO to closely monitor the Facebook pages of the City Health Office, Oro Youth Development Office, Office of Community Affairs, City Social Welfare and Development Officer, City Tourism Office, Cagayan de Oro Trade and Investment Promotions, City Finance Office, Office of the Building Official, City Information Office, City Disaster Risk Reduction Management Department, Roads and Traffic Administration, and the City Local Environment and Natural Resources Office.</p> <p>USAID/E-PESO to collect e-payments transaction data and, over the next six months, continue to assess impact of promotions campaigns on adoption rate.</p>
<p>Legazpi City</p>	<p>LGU team to set-up and design content for the Ease of Doing Business Facebook page, content for e-payments promotion to be posted on Ease of Doing Business page</p>	<p>Several challenges to e-payments promotion surfaced, including the lack of personnel to take on the roles required to take on a full social media campaign, as well as the lack of an existing social media platform.</p> <p>As a solution, several departments involved in e-payments will cooperate to put up a "Legazpi City - Ease of</p>	<p>USAID/E-PESO to closely monitor the City's Ease of Doing Business Facebook page.</p> <p>USAID/E-PESO to collect e-payments transaction data and, over the next six months, continue to assess impact of promotions campaigns on adoption rate.</p>

		Doing Business" Facebook page, Twitter and YouTube channel. They will also distribute roles and hire a local staff to help operationalize the social media campaign plans that they developed during the workshop.	
Tagbilaran City Aside from the LGU team, Tagbilaran City Waterworks System (TCWS) also joined the workshop	<p>The LGU team drew up a plan to increase e-payments for business permits adoption rate to 10% by end-2020. The campaign is anchored on highlighting the convenience of using e-payments services to encourage Tagbilaran City business owners to switch from cash/check payments to online payments.</p> <p>The campaign will utilize the City's official Facebook page and will reinforce the quality and frequency of the content with boosts from local influencer, particularly, the City Mayor, who has a strong social media presence. The City will also coordinate with Barangay Affairs and the Negosyo Centers of the Department of Trade and Industry. The City is also considering giving incentives e.g. a minimal discount to the first 50 taxpayers paying online for the next business tax cycle. A key component of the campaign is the set-up of help desks to inform taxpayers of the availability of the service and provide instructions for completing transactions in barangay (village) centers.</p>	The team handling the City's social media accounts – the City Media Bureau – has more familiarity and experience mounting campaigns via traditional channels (print and radio) and may need assistance with social media promotions.	<p>USAID/E-PESO to closely monitor the City's official Facebook page and Tagbilaran City Waterworks System (TCWS) Facebook page. USAID/E-PESO to also monitor the implementation of e-payments for TCWS water bills scheduled July 2019 and prepare for the awareness/information campaign.</p> <p>USAID/E-PESO to collect e-payments transaction data and, over the next six months, continue to assess impact of promotions campaigns on adoption rate.</p>

<p>Valenzuela City</p>	<p>Valenzuela City will conduct a social media campaign to promote electronic payment services for real property tax (RPT) to target groups via Facebook ads, teach taxpayers how to complete an e-payment transaction, and induce payment via their online and mobile payment channels. The social media campaign will use Facebook ads to promote payments of real property taxes (RPT) online through Development Bank of the Philippines' (DBP) Internet Payment Gateway (IPG) portal using Visa and BancNet debit cards.</p>	<p>For Valenzuela City, there is a need to refine the messaging for the call to action to shift to e-payments. Unlike other LGU partners, the City's taxpayers do not experience standing in queue during payment period. The City established satellite 7 centers - "little city halls" known as 3S (Sangay ng Samasamang Serbisyo) Centers – where taxpayers can also conveniently pay their taxes. More than mere convenience, presenting opportunity costs and time saved may be more effective messages.</p>	<p>USAID/E-PESO to collect e-payments transaction data and, over the next six months, continue to assess impact of promotions campaigns on adoption rate.</p>
<p>Zamboanga City</p>	<p>The City Treasury Office and City Assessors Office have agreed to coordinate closely and cooperate for the development of the social media campaign on e-payments for real property taxes.</p>	<p>Zamboanga City does not maintain social media accounts but courses social media contact with constituents via the Facebook page of the City Mayor.</p>	<p>USAID/E-PESO to work closely with the LGU team to develop relevant content promoting e-payments to be featured in the City Mayor's Facebook page.</p>



An output of one of the groups during the workshop on Social Media and Promotions Planning Workshop for e-payments.

General Santos City

USAID/E-PESO prepared a briefer discussing the risks/probability that government fees will be subjected to chargeback¹⁵ requests, as well as how to address, manage, and mitigate the risk. Gen. Santos City's Legal Office requested for additional clarification on the provisions on chargeback stipulated on the Memorandum of Agreement (MOA) draft of Development Bank of the Philippines (DBP). The briefer also outlined the additional provisions that DBP is proposing to add to the MOA draft. The feedback from DBP Head Office on the frequency of chargeback cases for their LGU and national government agency (NGA) merchant partners was also included in the briefer.

After the clarifications, the e-payments technical working group endorsed the two sets of tripartite Memorandum of Understanding (City Government, LandBank of the Philippines, systems provider Rameses Systems Inc and City Government, Development Bank of the Philippines, systems provider Rameses Systems Inc.) drafts to the City Mayor's Office, with a request to submit to the Sangguniang Panlalawigan (City Council) to pass the resolution authorizing the Mayor to sign the draft MOAs.

E-payment services launch for General Santos City is scheduled in June, after the passage of the resolution, technical integration with the payment gateways of the two electronic payment service providers, and user acceptance testing.

Puerto Princesa City

Puerto Princesa City launched online payment services for business permits and real property taxes on March 28, 2019, at the Hue Hotel in Puerto Princesa City. The launch is the first for a local government unit in Region VI. Taxpayers can now easily pay their real property taxes, do online assessment and billing, and pay for their business permits online through computers and mobile phones. The new payment system will further enhance the city's streamlined business permit and licensing process and is expected to boost revenue generation through improved efficiency in tax collection. LandBank and the city government of Puerto Princesa also turned over cash cards for more than 4,000 contractual and job order employees and beneficiaries of the city government. Last year, the city government signed an agreement with Land Bank to use its digital financial services, such as cash card facilities, for payroll, incentives, and other types of beneficiary payments. Disbursement data in 2017 show that the city government saved up to 250 thousand pesos when it shifted its payroll disbursements for employees under contract and job order program from cash to electronic.

¹⁵ A chargeback is a reversal of a charge on a credit card, or debit card. It is similar to a refund but differs in that the buyer/customer/cardholder, rather than contacting the organization/business for a refund, directly asks the bank to remove funds from the business's/organization's bank account. If the bank deems the cardholder's request is valid, the funds will be removed from the merchant's account and returned to the consumer.



USAID Mission Director Patrick Wesner during his remarks.



The MOA Signing of Puerto Princesa City with Land Bank and Rameses Systems Inc.



Ceremonial turnover of cash cards to the 4,000 contractual and job order employees and beneficiaries of the city government

Quezon City

USAID/E-PESO worked Quezon City Communications Coordination Center's (CCC) to promote e-payments for real property tax payments via social media. Quezon City's social media campaign used a Facebook ad to promote payments of real property taxes (RPT) online through LandBank's Link.Biz portal using LandBank and BancNet debit cards and GCASH mobile wallet accounts. The boosted/paid ad posted on Quezon City's official Facebook page informed taxpayers that e-payment options are available, directed taxpayers to the City's e-services site, and provided instructions and information for completing e-payment transactions.

The audience for the Facebook ad was customized using the results of a phone survey conducted by USAID/E-PESO in 2017 on mobile payment users (college level, head of family, interested in real estate, banking, e-commerce, businesses). To ensure that the ad will be seen by Quezon City taxpayers, the audience was further defined to Facebook users who already follow the official Quezon City Facebook page (<https://www.facebook.com/qclocalgovernment/>) already totaling 377,000 users and their friends/followers, who are highly likely to be also from Quezon City and who can potentially inform their friends and followers about e-payment services for RPT. The sponsored ad run from March 7 through March 15, 2019. The campaign aimed to promote Quezon City's online payment service for RPT to target groups via Facebook ads, teach taxpayers how to complete an e-payment transaction, and induce e-payment of RPT.

Figure 8: Facebook ad promoting online RPT payments

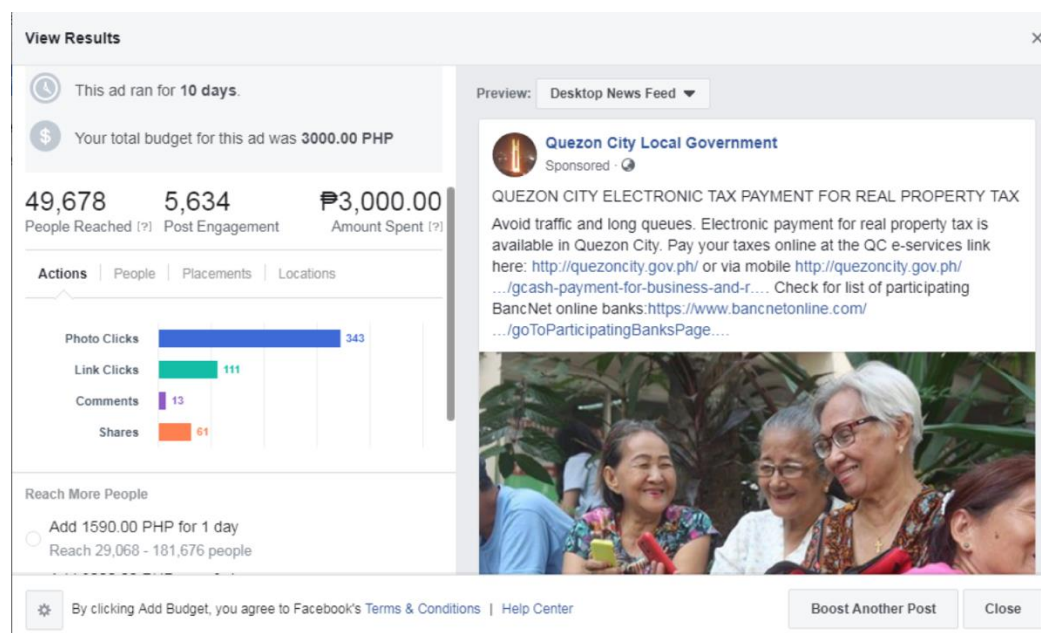
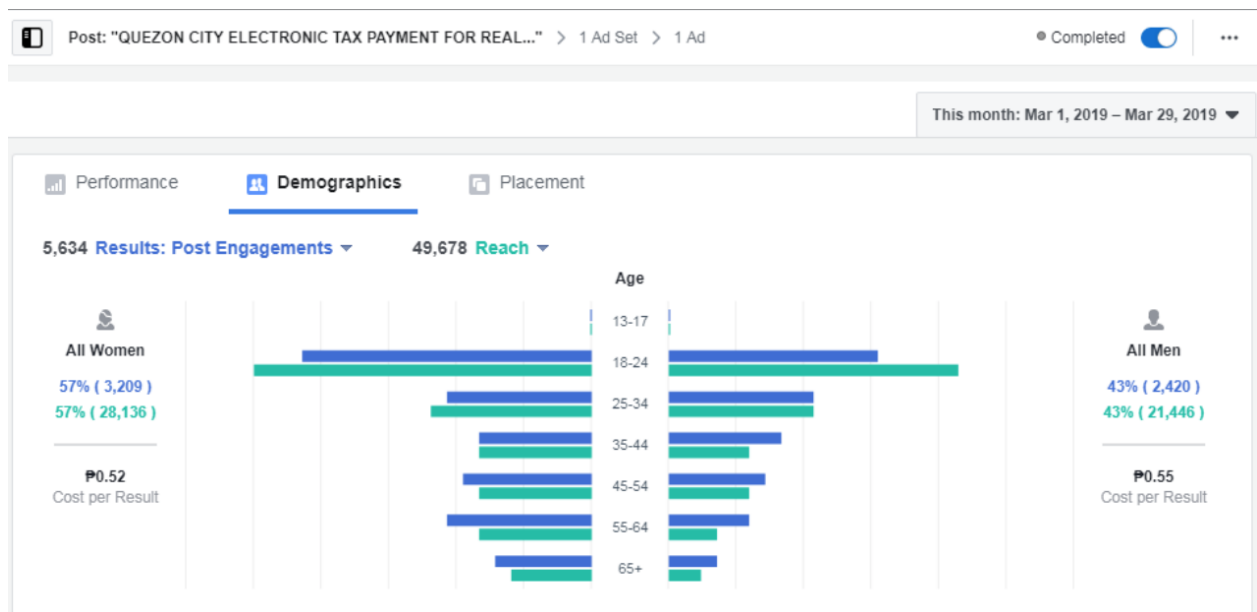


Table 2: Social Media Promotions Result

Indicator	Total (March 15, 2019)
Post Shares Total number of post shares during the social media campaign (SMC) duration	61
Engaged users Average number of people who engaged with the page (unique users) during the social media campaign (SMC) duration	5,634
Total reach Average number of people who have seen any content associated with the page (unique users) during the social media campaign (SMC) duration	49,678
Photo Clicks	343
Comments	13
Link Clicks	111
Cost per view	PHP0.05
Cost per Engagement	PHP0.44
Cost Per Click Average cost of each click from your ad over to your website. Calculated by taking the Amount Spent divided by the number of Photo and Link Clicks.	PHP5.50

With a 10-day ad run (March 7, 2019 to March 15, 2019) and PHP 2,500 total amount spent, the cost of the ad per view was PHP.05 (less than 10 centavos), average cost per result was PHP0.53, and the cost per click was PHP5.50. The ad reached more FB users within the 18-24 age range, followed by the 25-34 range and more women.

Figure 9: Audience Reach: By gender and age group



Quezon City Local Government

March 7 at 2:08 PM · 🌐

...

QUEZON CITY ELECTRONIC TAX PAYMENT FOR REAL PROPERTY TAX

Avoid traffic and long queues. Electronic payment for real property tax is available in Quezon City. Pay your taxes online at the QC e-services link here: <http://quezoncity.gov.ph/> or via mobile <http://quezoncity.gov.ph/.../gcash-payment-for-business-and-r...> Check for list of participating BancNet online banks: <https://www.bancnetonline.com/.../goToParticipatingBanksPage>.

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1.6K

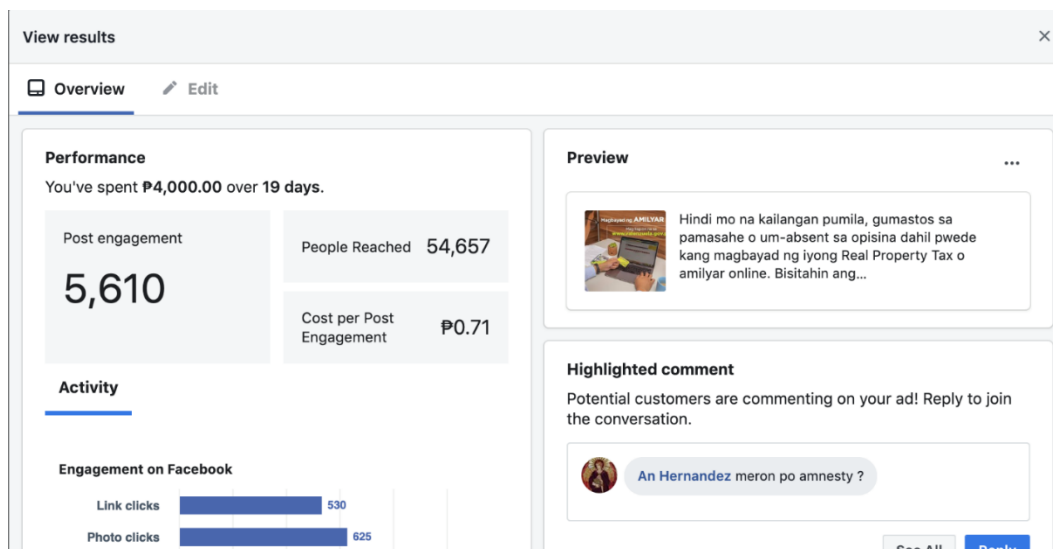
3 Comments 29 Shares

Valenzuela City

Valenzuela’s social media campaign used a Facebook ad to promote payments of real property taxes (RPT) online through Development Bank of the Philippines’ (DBP) Internet Payment Gateway (IPG) using Visa credit and debit cards. The boosted/paid ad posted on Valenzuela City’s official Facebook page informed taxpayers that e-payment options are available and provided guides for completing e-payment transactions.

The audience for the Facebook ad was customized using the results of a phone survey conducted by USAID/E-PESO in 2017 on mobile payment users (college level, head of family, interested in real estate, banking, e-commerce, businesses). To ensure that the ad will be seen by Valenzuela City taxpayers, the audience was further defined to Facebook users who already follow the official Valenzuela City Facebook page (<https://www.facebook.com/ValenzuelaCityGov/>) totaling 427,000 users and their friends/followers, who are highly likely to be also Valenzuela City and who can potentially inform their friends and followers about e-payment services for RPT. The sponsored ad run from March 16 through March 25, 2019.

Figure 10: Facebook ad promoting online RPT payments



Activity

Engagement on Facebook

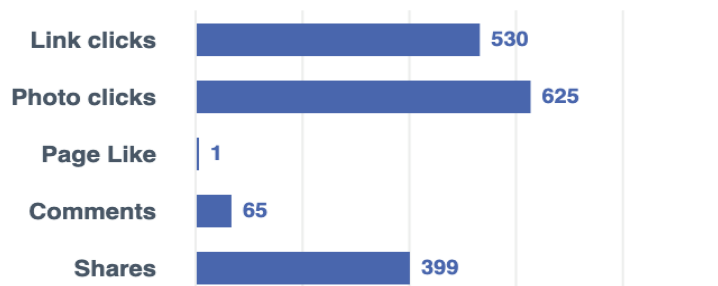
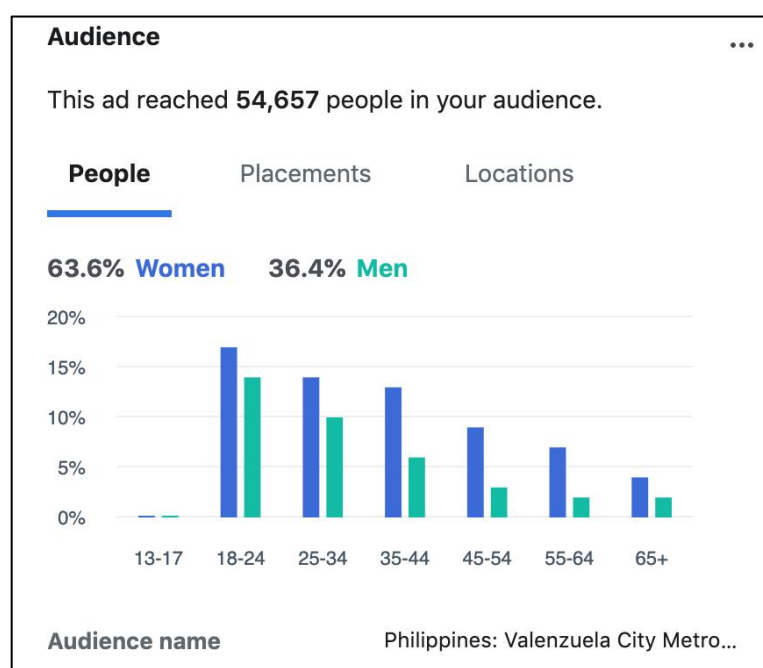


Table 3: Metrics for Facebook Engagement

Indicator	Total (March 25, 2019)
Post Shares Total number of post shares during the social media campaign (SMC) duration	399
Engaged users Average number of people who engaged with the page (unique users) during the social media campaign (SMC) duration	5,610
Total reach Average number of people who have seen any content associated with the page (unique users) during the social media campaign (SMC) duration	54,657
Photo Clicks	625
Comments	65
Link Clicks	530
Cost per View	PHP .07
Cost per Engagement	PHP .71
Cost Per Click Average cost of each click from your ad over to your website. Calculated by taking the Amount Spent divided by the number of Photo and Link Clicks.	PHP 3.43

During the ad run (March 16, 2019 to March 25, 2019) and the PHP4,000 total amount spent, the cost of the ad per view was PHP.07 (less than 10 centavos), cost per engagement was PHP.71 and the cost per click for was PHP3.43. The ad reached more Facebook users from the 18-24 age group and more women (63.6%).

Figure 11: Audience Reach: By gender and age group



Tagbilaran City

USAID/E-PESO brokered a meeting between the Information Technology team of LandBank of the Philippines (LBP) and LGU systems provider of partner cities Tagbilaran, Puerto Princesa, Legazpi, and General Santos to discuss taxpayers' feedback on e-payments services using the Filipizen online assessment platform integrated with LandBank's Link.Biz portal. The e-payments teams of Tagbilaran and Legazpi gathered users' feedback on the service and reported the following main feedback and LandBank's corresponding responses:

- The user interface of LandBank's Link.Biz portal is not intuitive and user friendly, unlike the standard field entries of commercial internet payment/checkout portals.
- Taxpayers using LandBank accounts as source accounts need to fill out and personally submit enrollment forms at their home branches to register mobile phone numbers where one-time passwords (OTPs) can be sent and accessed. The extra step of registering and updating their information discourage users from using the service. LandBank clarified that BSP requires 2-factor authentication for online transactions, thus, the OTP requirement. LandBank committed considering other 2-factor authentication options that will not impose extra steps for account holders.
- Successful online transactions are not reflected on the ledger of the LGU. The error is commonly caused by internet connectivity interruptions during the transmittal of payment from LandBank to the LGU system. LandBank will set up a new domain where unsend transmissions will be fielded.

CROSS-CUTTING AND SUPPORTING ACTIVITIES

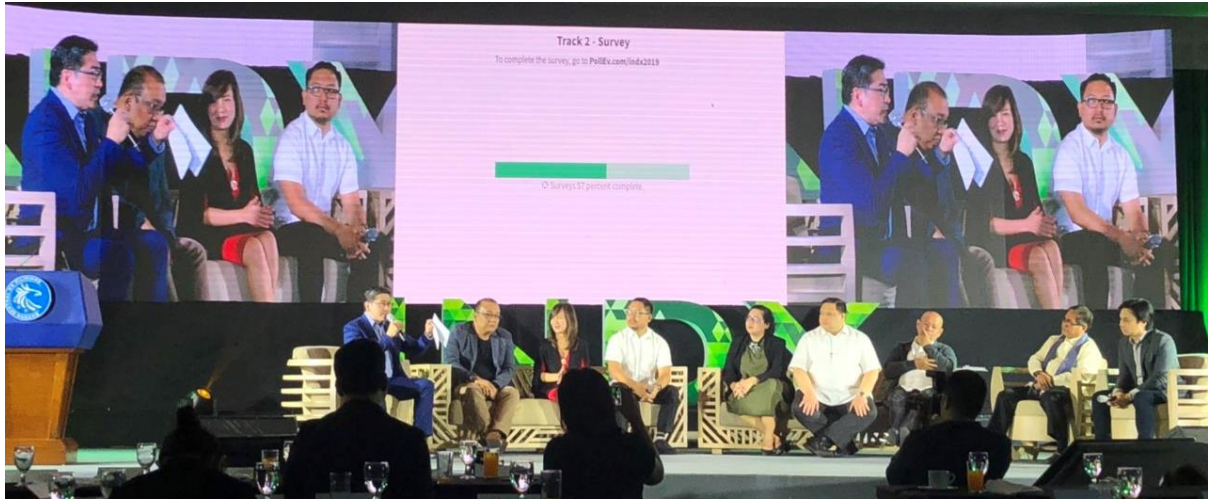
Monitoring & Evaluation and Communications

Thought Leadership Customer Engagement Event

USAID/E-PESO was invited by HSBC to participate in their Thought Leadership Customer Engagement event conducted on March 18, 2019 with its clients Steel Asia, GlaxoSmithKline and Mars Components. HSBC invited these customers for a dialogue on their pain points in making electronic payments. USAID/E-PESO was asked to share its various initiatives on how it can help address barriers to electronic payments. There was a lot of interest expressed in USAID/E-PESO's revenue regulation and business process review.

Fintech Alliance Summit 2019

USAID/E-PESO attended the Fintech Alliance Summit 2019 held at the BSP Complex in Manila on March 26, 2019. E-PESO Senior Enabling Environment Advisor Ms. Bernadette Ramos was one of the panelists during the session on "Milestone Enabling Laws...What's Next?" The panel presented several key legislations that have been signed into law that would paved the way in scaling financial inclusion. As a panelist, Ms. Ramos discussed what other enabling regulations and policies are needed to scale financial inclusion on top of several policies and laws recently enacted. To facilitate the digitalization of invoice payments processing by businesses, she proposed reforms in tax regulations allowing digital forms of evidence of revenues, expenses and tax credits. Furthermore, she urged the government to provide direction to all agencies to switch from check disbursements to e-payments.



Session on Milestone Enabling Laws during the Fintech Alliance Summit 2019

Implementation Challenges

SUB-PURPOSE I: RAPID ADOPTION OF E-PAYMENTS IN FINANCIAL SYSTEM

Interoperable Digital Bills Payment

Shifting government collection to e-payments is dependent on the introduction of an interoperable digital bills payment service. With the industry's decision to put on-hold exploring a digital bills payment service utilizing the InstaPay ACH, the industry is left with the prototype being developed by the PCHC, Landbank and seven (7) other banks using the PESONet ACH. The decision to delay the InstaPay route can be attributed to the following reasons: 1) limited resources for new payment system development considering the 2019 budget for IT projects have long been approved; 2) the on-going negotiation for an operations arrangement between Bancnet, the clearing switch operator of InstaPay, and VocaLink, which effectively put on hold major payment system projects by Bancnet; and 3) capacity of financial institutions to implement new payment systems which led to prioritizing the PCHC solution using PESONet over InstaPay. Further, the PCHC-led solution appears to have loopholes that makes the arrangements non-compliant with the NRPS policy framework. Pursuing it under its present form may be detrimental to the industry and result in inefficiencies in the payment system.

E-PESO will closely work with the BSP and PPMI to ensure the digital bills payment service being developed by PCHC and select participating banks utilizing PESONet is compliant with NRPS policy framework and for the revival of a similar system using InstaPay.

Enabling Other Payment Use Cases

With the launch of PESONet and InstaPay ACHs, the transfer of funds from one financial institution to another financial institution was enabled. However, the payment uses cases that can be facilitated using the existing PESONet and InstaPay services are limited to payroll disbursement, loan disbursement, vendor payments, remittance and personal payments, among others. Under its present form, both payment systems cannot facilitate key payment streams like merchant payments (online and face-to-face) and bills payments. The industry should now look at these payments use cases and develop value-added service layers to cater to these types of transactions. E-PESO is already working with the industry to launch bills payment service using PESONet and InstaPay ACHs.

Need to Understand Issues and Root Cause Analysis Discouraging Business-to-Business Electronic Payments

Although businesses appreciate the potential benefits and convenience of electronic payments, a feedback received by financial institutions from their corporate customers is the need for the supporting guidelines from the regulators to allow an end-to-end electronic payment process to include the issuance and recognition of electronic invoices, official receipts and supporting documents. Otherwise, corporations are unwilling to shift to electronic payments if they will be unable to reduce manual processes and / or physical documents. The sub-task on the revenue regulations and business process review is expected to identify the barriers as well as identify the solutions that will address these barriers.

SUB-PURPOSE 2: INFRASTRUCTURE FOR E-PAYMENTS EXPANDED

Cost of Electronic Payment Adoption

Transaction cost continues to be an issue, particularly for government disbursements. Published rates of government servicing banks (GSB) prohibits adoption by government agencies. Further, there is a confusion in government as to who will shoulder the transaction cost. A recent circular issued by DBM requires payees to shoulder the transaction cost for payments made through electronic fund transfer (EFT) mode. Government, through the Public Financial Management (PFM) committee should clarify or issue a clear policy on transaction fees. E-PESO will work closely with the PFM to clarify the policy and to allow government to shoulder the transaction fee for disbursement transactions.

In the private sector, large fast-moving consumer goods (FMCG) such as Unilever are incurring Php 20.00 material cost per check voucher, with processing, printing and delivery of checks being handled by their banks free of charge. Until such time that cost of bank-to-bank electronic transfers become cheaper than writing a check, adoption of electronic payments in trade payment will be difficult. Therefore, banks should offer EFT to their customers at a price not exceeding Php 20 per transaction for customers to switch from checks to e-payments. They should be able to do so since, with NRPS, PESONet switching price is only Php 1.00 per e-payment transaction. E-PESO will publish PESONet transaction fees of participating financial institutions through the PESONet website to promote increased competition among financial institutions and pull transaction fees to approximate market price.

SUB-PURPOSE 3: ENABLING ENVIRONMENT FOR E-PAYMENTS IMPROVED

Need for Basic Understanding of NRPS Principles and NRPS Roadmap

As participants continue to enable their channels for PESONet and/or InstaPay and volumes continue to grow, new payment use cases, and requirements are being identified (i.e. collections and bills payments, QR code, etc.). Although working groups and discussions are ongoing, some directions being contemplated are not necessarily consistent with NRPS principles. Some examples include value added services being developed by the clearing switch operators (CSOs), formation of ACHs that are similar to current ACHs. It is observed that there are different levels of understanding of NRPS principles, including basic principles such as clearing, the role of the various players – BSP, PPMI, clearing participants and CSOs, contributing to the misalignment. Further, there does not seem to be a clear NRPS roadmap either from the BSP nor the industry that will lead to achieving BSP's goal of 20% electronic payment penetration in 2020.

PPMI's Limited Resources

The PPMI continues to have limited resources and can only provide limited support to the industry. Support to the PPMI is currently ongoing.

SUB-PURPOSE 4 (CROSS-CUTTING): GAPS IN BROADER E-PAYMENT ECOSYSTEM ADDRESSED

Ability of electronic payment service providers to make adjustments to online payment front end interfaces based on taxpayer feedback. Tagbilaran City and Legazpi City launched online payment services via LandBank's Link.Biz portal in August and October 2018, respectively. As of end-March 2019, both LGUs have not posted successful transactions. Both LGU teams put forward suggestions to improve user experience, like using a single window for all data and account entries and employing online enrollments for mobile phones that will be utilized for sending and accessing one-time passwords (OTPs). While the bank was receptive to the feedback, they did not commit to make changes to the interface.

PMP Update

The USAID/E-PESO project continues to perform very well given the results realized this quarter. Many of the indicators under Sub-Purposes 2, 3 and 4 have already been met or exceeded. Additional financial regulations and public-private dialogues to support and strengthen e-payments growth have been completed even as indicators 3.1(a) and (b) have already been exceeded. More financial institutions went online on PESONet and InstaPay thereby boosting indicator 2.2. With the launch of e-payments by Puerto Princesa City LGU, indicators 1.2 and 2.1 were also incremented. Indicators under Sub-Purpose 1 continue to lag. However, with the issuance of DBM Circular 2019-4 mandating all NGAs to implement BTMS by July 1, 2019 and enabling NGA disbursements via PESONet, the project is confident that indicator 1.1 on number of NGAs adopting e-payments will be met. In addition, once the interoperable electronic bills payment is launched, government financial institutions SSS and Pag-Ibig, and possibly Philhealth, will be adopting e-payments for collections of contributions. Moreover, as reports from partner financial institutions and electronic tax solution providers (eTSPs) indicating their business customers adopting e-payments are received by USAID/E-PESO, then indicator 1.3 will also be met.

Progress Narrative

Table 4: Overall Targets and Indicators as of Year 5 Quarter 2

Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q1, Actual vs. Target (%)
Desired Impact (DI): Efficient, Transparent, and Inclusive Retail E-payment System Contributing to Broad-based Growth								
Indicator DI 1&2:								
Increased economic opportunity,								
a. Number of e-payment users ^(a)								
New	0	1.2 M	TBD	TBD	.93 M	TBD	TBD	n/a
Cumulative	10.9 M	12.3 M	TBD	TBD	13.47 M	TBD	TBD	n/a
b. Percent of population 15 years old and above who are e-payment users								
	16.1%	17.4%	TBD	TBD	18.0%	TBD	TBD	n/a

Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q1, Actual vs. Target (%)
Indicator DI 3: Transparency and efficiency of the retail payment system improved. (This indicator will be tracked under outcome Indicator 3.1 - Financial regulation refined to manage growth of e-payments.)								
Indicator DI 4: More predictable and reliable financial tools for the poor, Number of financial products, services or applications that are designed/ enhanced to meet the needs of low income clients,								
New	0	1	0	0	2	TBD	TBD	---
Cumulative	0	1	1	1	7	TBD	TBD	33%
Desired Purpose (DP): Scope of E-payment Usage Reaches Tipping Point for Scale								
Indicator DP 1: E-payments accounting for at least 10% of all retail payment transactions, (a) Percent of e-payments accounting for retail payment transactions								
	1.03%	2.76%	TBD	TBD	10%	%	TBD	n/a
Indicator DP 2: Growth in the number of active e-payment users to reach scale, (a) Number of active e-payment users,								
New	0	TBD	TBD	TBD		M	TBD	n/a
Cumulative	10.2 M	10.2 M	TBD	TBD	12.0 M	M	TBD	n/a

Notes:

* USAID approved changes to targets.

(a) Year 1 Actual is carried over from baseline figures of e-payment users derived from registered e-money accounts since first survey was conducted only on February to March 2016. Year 2 was taken from page 17 of USAID/E-PESO's Philippine Individual Payments Baseline Study (February-March 2016) using Definition 2 of E-payments. Years 1 and 2 targets derived from the BTCA Philippines Country Diagnostic Study (July 2015) and the Philippine Individual Payments Baseline Survey (February-March 2016) that covers all types of e-card instruments (ATM/debit cards, credit cards, pre-paid cards, and e-money cards). For Indicator DP 1, results from USAID/E-PESO's Institutional Payments Baseline Study (February-April 2017) indicate that 4.39% of all business payment transactions were done using e-payment methods. See page 74. TBD – To be determined. Data dependent on results of the BSP's Financial Inclusion survey, Q2 2017 report shows end-2016 data.

Indicator DI 1&2 are top level indicators measuring e-payment usage in the population to establish adoption. Due to budget constraints, USAID/E-PESO will not be able to implement expensive annual or biennial national surveys to track this over time. Instead, a baseline study and a near end-of-project

study will be done. For the in-between years, USAID/E-PESO will rely on the BSP to implement similar research to establish e-payments adoption. Since USAID/E-PESO depends on the BSP's timeline, the results of their latest survey have not yet been concluded

Indicator DI 4 is lagging due to USAID/E-PESO's dependency on banks to execute their product development strategies targeting the low-income market segment. At this point, financial institutions are busy building internal systems and working with other players to build interoperability. Once the infrastructure is in place, USAID/E-PESO will see robust product development efforts leading to product launches. Like DI 1&2, Indicators DP 1 and DP 2 depend on the BSP's execution of the research in the in-between years to track e-payments adoption in terms of active usage and percent of retail transactions. However, results will not be due until after the full survey by the BSP is completed.

SUB-PURPOSE 1: RAPID ADOPTION OF E-PAYMENTS IN FINANCIAL SYSTEM

Table 5: Targets and Indicators for Sub-Purpose 1 as of Year 5 Quarter 2

Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q2, Actual vs. Target (%)
Desired Outcome 1: Rapid Adoption of E-payments in Financial System								
Indicator 1.1: Adoption of new e-payment services as collection/ disbursement option in five (5) national GPH agencies								
New	1	1	0	1	2	3	0	---
Cumulative	1	2	2	3	5	6	3	60%
Indicator 1.2: Adoption of m-money and e-payments in all cities of PFG CDI and other cities/municipalities, Number of CDIs (and other cities/municipalities) that introduced or enhanced m-money and e-payment options								
New	3	3	0	1	3	2	1	33%
Cumulative	3	6	6	7	10	10	9	90%
Indicator 1.3: New e-payment implementation and adoption by 300 (small, medium, and large) businesses, (b)								
Number of businesses introducing or enhancing e-payment options because of USAID/E-PESO support								
New	4	1	0	0	100*	67	0	---
Cumulative	4	5	5	31	300*	98	31	10%

Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q2, Actual vs. Target (%)
Indicator 1.4: Over 16,000 people trained (via consumer education) on the uses of e-payments and m-money services for improved household financial management, Number of people trained (via consumer education) on the uses of e-payments,								
New	272	8,876	353	0	6,499	1,625	0	---
Cumulative	272	9,148	9,501	9,501	16,000	12,500*	9,633	60%

Notes:

See Annex for details of results.

* USAID approved changes to targets.

There is no new national GPH agency adopting e-payments targeted for Indicator 1.1 for this quarter. The implementation of digital bills payment has been pushed to sometime July of 2019. Due to this, the additional pilot (in addition of BIR) of HDMF, DTI, SSS, IC, BSP, etc. have all been pushed beyond July 2019.

For Indicator 1.2, Puerto Princesa City launched e-payment services in March 2019, following the pilot of electronic assessment and payment using the Filipizen online platform developed by Rameses Systems Inc (RSI) integrated with the internet payment gateways of Land Bank of the Philippines and Development Bank of the Philippines in Tagbilaran City and Legazpi City in 2018. Partner city General Santos City is set to launch e-payment services in the third Quarter of FY5.

Progress with Indicator 1.3 will be realized once TSPs complete the registration, application, and testing and are certified to offer e-tax preparation, filing and payment to their customers in Quarter 3 of FY5. The certification of eBIRForms under the eTSP Project only came out late March 2019 and the payment leg is still being tested by TSPs and AABs. We expect SME users to start using the eBIRForms provided by TSPs and pay taxes through the interface with AABs in April to Jun 2019 (Quarter 3).

For Indicator 1.4, USAID/E-PESO will conduct business forums and consumer education trainings in other CDIs in the next Quarter. For the current Quarter, information on the availability, features of, and steps to complete e-payment for local government unit taxes and fees was disseminated via social media platforms (Facebook posts) rather than traditional, face-to-face training and demonstration.

SUB-PURPOSE 2: INFRASTRUCTURE FOR E-PAYMENTS EXPANDED

Table 6: Targets and Indicators for Sub-Purpose 2 as of Year 5 Quarter 2

Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q1, Actual vs. Target (%)
Desired Outcome 2: Infrastructure for E-payments Expanded								
Indicator 2.1: Growth of front-end e-payment infrastructure expanded, ^(c) Number of institutions supported by USAID/E-PESO to improve and/or expand their front-end infrastructure, New Cumulative	10 10	8 18	3 21	31 52	0 30	0 0	1 54	--- 180%
Indicator 2.2: Back-end e-payment infrastructure strengthened, ^(d) Number of institutions supported by USAID/E-PESO to improve and/or expand their back-end infrastructure, New Cumulative	10 10	5 15	0 15	51 66	0 30	0 0	1 67	--- 220%
Indicator 2.3: E-payment infrastructure gaps identified Number of gap analysis reports at industry or ecosystem level, ^(e) New Cumulative	0 0	3 3	0 3	1 4	1 5	1 5	0 4	--- 80%

Notes:

See Annex for details of results.

* USAID approved changes to targets.

(c) Definition of front-end infrastructure is any user-interface or device needed by individual users to conduct e-payment transactions. However, by Year 4, front-end infrastructure shall refer to any computer system, software application, and/or device used by an institution or individual user to conduct e-payment transactions.

(d) Definition for back-end infrastructure is any system at the back-office operation of an institution required to allow and process e-payment transactions coming from the front-end infrastructure. By Year 4, back-end infrastructure shall refer to any system from financial institutions connected to switch operators appointed by the automated clearing house participants used to process and settle e-payment transactions.

(e) Gap analysis reports are studies done to assess demand, supply, or infrastructure gaps within an entire industry or e-payments ecosystem at a regional or national scale. This does not apply to gap analysis reports done at the firm or institutional level during partner engagement.

For indicator 2.1, there are a total of 37 unique institutions who have made PESONet and/or InstaPay-enabled products available on their internet and/or mobile channels. The complete list is included in Annex 3.

Puerto Princesa City launched online payment services via the Filipizen portal, increasing Indicator 2.1 by one. USAID/E-PESO is assisting Rameses Systems Inc. and partner EPSPs with the integration of e-payments via RSI's Filipizen portal in General Santos City.

For Indicator 2.2, there are a total of 54 unique institutions who are connected to PESONet's and/or InstaPay's clearing switch operators (CSO) and are receiving electronic funds transfer credit instructions through the ACHs. The complete list is included in Annex 4.

SUB-PURPOSE 3: ENABLING ENVIRONMENT FOR E-PAYMENTS IMPROVED

Table 7: Targets and Indicators for Sub-Purpose 3 as of Year 5 Quarter 2

Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q1, Actual vs. Target (%)
Desired Outcome 3: Enabling Environment for E-Payments Improved								
Indicator 3.1: Financial regulation refined to manage growth of e-payments,								
a) No. of circulars, regulations, and/or local ordinances refined or clarified to support e-payment growth								
New	2	5	1	9	0	1	1	---
Cumulative	2	7	8	17	13	13	20	153%
b) No. of public-private dialogues to support strengthening e-payment environment								
New	7	10	6	9*	0	5	0	---
Cumulative	7	17	23	32*	30	30	34	113%

Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q1, Actual vs. Target (%)
<p>Indicator 3.2: Increased competition among m-money and e-payment platforms^{f)}</p> <p>Number of policies removed or added to reduce barriers and encourage competition,</p> <p>New</p> <p>Cumulative</p>	0	0	0	6	5	1	0	---
	0	0	0	6	5	4	6	---
<p>Indicator 3.3:</p> <p>Interoperability in the national payment system achieved, (g)</p> <p>Level of Interoperability</p> <p>Batch EFT</p> <p>Real time EFT (Insta Pay)</p>	---	4	---	3	4	4	5	---
	---	1	---	---	4	4	5	---
<p>Indicator 3.4:</p> <p>Increased consumer awareness and trust in e-payments (h)</p> <p>a) % of population 15 years old and over aware of e-payments</p> <p>b) % of population 15 years old and over that trust the e-payment system</p>	25.6%	72.5%	TBD	TBD	70.3%	70.3%	TBD	n/a
	52.0%	67.4%	TBD	TBD	64.5%	64.5%	TBD	n/a
<p>Indicator 3.5:</p> <p>Security measures in e-payments strengthened,</p> <p>No. of guidelines developed and forums held that promote awareness on digital security best practices or consumer protection,</p> <p>New</p> <p>Cumulative</p>	0	1	2	4	0	0	0	---
	0	1	3	7	6	7	7	116%

Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q1, Actual vs. Target (%)
Indicator 3.6: Global knowledge-sharing on e-payments promoted,								
a) No. of articles promoting e-payments								
New	14	18	12	46	0	3	8	566%
Cumulative	14	32	44	90	60	69	115	191%
b) No. of global knowledge-sharing events that highlight the Philippines e-payment environment/players								
New	2	5	2	2	0	0	1	---
Cumulative	2	7	9	11	10	10	14	140%

Notes:

See Annex for details of results.

+ As of Quarter 2 Year 4

* USAID approved changes to targets.

** Year 3 to LOP targets for Indicator 3.6b exceeded. Approved changes to targets.

(f) Increased competition among m-money and e-payment platforms is a contextual indicator. In collaboration with the BSP, this refers to the number of policies removed or added to reduce barriers and encourage competition in e-payments.

(g) Interoperability in the national payment system achieved is an indicator based on qualitative research. This indicator tracks milestones in the development of the NRPS as measured through 5 levels: 1) Theoretically interoperable; 2) Technically interoperable; 3) Functionally interoperable; 4) Interconnected; and, 5) Effectively interconnected as explained by the Alliance for Financial Inclusion (AFI). By Year 4, interoperability scores shall be disaggregated by use case to track various e-payment modes. (h) Year 1 figures are derived from the Philippine Individual Payments Baseline Survey that covers all types of e-card instruments (ATM/debit cards, credit cards, pre-paid cards, and e-money cards). The payments study asked direct questions on awareness and trust to randomly selected individually paying decision-makers across the Philippines.

Indicator 3.1 looks at the laws, circulars, regulations, and ordinances enacted to support e-payment growth. Often, there are public-private dialogues supporting efforts to introduce such rules and regulations. For Year 5 Quarter 2, BSP issued Memorandum No. M-2019-01 and Circular No. 1033.

BIR issued Revenue Memorandum Order (RMO) 8-2019 (Policies and Guidelines in the Certification of Electronic Tax Return Filing and/or Payment Solutions) which lays out the policies and guidelines in certifying electronic tax return filing, and/or payment solutions developed by third party commercial tax software providers (TSPs) through the Electronic Taxpayer Solutions Provider Certification System (eTSPCert System). The RMO also defines the duties and responsibilities of concerned BIR offices and officials relative to the certification of electronic tax return filing and/or payment solutions.

Indicator 3.3 (interoperability in the NRPS achieved) is a qualitative indicator that tracks milestones in the development of the NRPS. Interoperability is measured through five levels: 1) theoretically interoperable; 2) technically interoperable; 3) functionally interoperable; 4) interconnected; and 5) effectively interconnected, as explained by the Alliance for Financial Inclusion (AFI). With the issuance of BSP Circular No. 980 – specifically *Subsec. X1205.5/41205Q.5/ 4705S.5/4705P.5/4805N.5a.* stating “(1) BSFIs shall make electronic payments available in all its delivery channels when applicable; (2) BSFIs shall enable its clients to move/receive funds to/from account with other BSFIs, or, at a minimum, receive funds. Movement of funds between BSFIs shall be carried out through participation in an ACH” – interoperability of the various payment streams is assured. The ACH clearing rules details the terms of the interoperability.

Indicator 3.4 (increased consumer awareness and trust in e-payments) shows only annual targets since the method to track awareness and trust in e-payments is through surveys conducted by USAID/E-PESO or the BSP. BSP’s 2017 Financial Inclusion Survey did not measure awareness and trust in e-payments.

Indicators 3.5 and 3.6 refer to milestones on guidelines, fora, and articles of a cross-cutting nature that revolve around digital security, consumer protection, and knowledge sharing of best practices. Activities related to these indicators seek to inform and support regulators, industry players, and the public on the latest trends on e-payments. Years 2 and 3 activities for Indicator 3.5 were consumer education campaigns designed and organized by USAID/E-PESO and hosted by LGUs or their private partners.

SUB-PURPOSE 4 (CROSS-CUTTING): GAPS IN BROADER E-PAYMENT ECOSYSTEM ADDRESSED

Table 8: Targets and Indicators for Sub-Purpose 4 as of Year 5 Quarter 1

Standard Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q1, Actual vs. Target (%)
2.2.3 Local Government and Decentralization								
2.2.3-5 Number of sub-national entities receiving USG assistance that improve their performance, (i)								
New	3	3	2	1*	0	0	1	---
Cumulative	3	6	8	9*	0	0	11	122%
GNDR Gender								
GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment), (j)								
For the year	85%	72%	72%	---	50%	50%	48%	---
Cumulative as of the year	85%	73%	73%	---	50%	50%	71%	---

Standard Indicators	Year 1 Actual	Year 2 Actual	Year 3 Actual	Year 4 Actual	Year 5 Annual Target	Y5/Q2 Target for the Quarter	Y5/Q2 Actual for the Quarter	Performance Achieved for Y5/Q1, Actual vs. Target (%)
PPP Public/Private Partnerships PPP3 Number of organizations (for and not-for-profit, and government) that have applied new technologies and/or management practices due to USG-supported Public-Private Partnerships (PPPs), (k)								
New	8	5	3	2	12	3	0	---
Cumulative	8	13	16	18	30	21	19	60%

Notes: See Annex for details of results.

* Approved changes to targets.

+ As of Quarter 2 Year 4

(i) This indicator is like Indicator 1.2 that tracks CDIs/other cities and municipalities, which receives USAID/E-PESO assistance. Targets are derived from the same set as Indicator 1.2: Adoption of m-Money and E-payments in all cities of PFG CDI and other cities/municipalities.

(j) This assumes a 1:1 ratio of females trained for every male. This is based on the Philippine Individual Payments Baseline Survey, where there is an equal ratio of males/females in the sample population. Generally, the broader Philippine population also has a sex ratio of 102 males for 100 females. Source: <http://www.pcw.gov.ph/statistics/201405/population-families-and-household-statistics>, accessed May 18, 2016.

(k) Targets are derived from the same set as Indicators 1.1, 1.2, and 1.3 where it identifies the number of institutions that have applied new technologies and/or management practices due to USAID/E-PESO-supported Public-Private Partnerships (PPPs).

Please see section on LGU partners/CDIs (Progress Narrative- Component 1: Rapid Adoption of e-Payments in the Financial System) for discussion on how General Santos City will increase the count of Indicator 2.2.3-5 by one in the next quarter.

During Year 3, USAID also added new standard indicators below beginning October 2016 to comply with guidelines from USAID/Washington DC.

Table 9: Additional USAID/E-PESO Indicators (Economic Growth)

Standard Indicators	Year 3 Actual FY 17+	Year 3 Target FY 17	Year 4 Actual FY 18+	Year 4 Target FY 18	Year 5 Target FY 19	LOP Target FY 20
EG.4.2-1 Total number of clients benefiting from financial services provided through USG-assisted financial intermediaries, including non-financial institutions or actors (a)						
New	353	852	0	3,000	3,000	--
Cumulative	9,501	10,000	9,501	13,000	16,000	16,000

EG.4.2-2 Number of financial intermediaries serving poor households and microenterprises supported by USG assistance (b)						
New	1	1	0	2	2	0
Cumulative	1	1	1	3	5	5

3. INTEGRATION OF CROSSCUTTING ISSUES AND USAID FORWARD PRIORITIES

Gender Equality, Female Empowerment, and Disability Action

To promote cross-cutting issues, USAID/E-PESO has consistently integrated women’s inclusion in formal financial systems. Past and on-going trainings track participation by women which now has reached 73% cumulatively among total number of participants. Because there were no e-payment and/or consumer education trainings for household and businesses conducted during the quarter, the percentage of female participation has not been updated. As most beneficiaries are mothers, this activity will boost the percentage of female participation in the formal financial system.

USAID/E-PESO also sees payments as critical factor in empowering women to have control over their financial lives through tools of financial management such as debit cards and mobile phones, which are typically left at the care of women in Philippines households.

Policy and Governance Support

Support for NGAs

The USAID/E-PESO Activity is providing governance support to national government agencies (NGAs) by assisting the Department of Budget and Management (DBM) in implementing the Budget and Treasury Management System (BTMS) to NGAs through an e-learning system. BTMS helps improve GPH’s fiscal management by standardizing and automating the budget execution process, and by centralizing all NGA disbursements through the Modified Direct Payment System (MDPS) and PESONet.

To support GPH policy on improving ease of doing business, USAID/E-PESO is assisting BIR in issuing and implementing a policy on accrediting TSPs as they can expand the number of businesses filing and paying their taxes online by providing the tools to do so. USAID/E-PESO is also assisting BIR expand its e-payment options, particularly for taxpayers using the eBIRForms and TSPs for filing, through the Interoperable Digital Bills Payment service which is being undertaken by the PPMI and the industry supported by USAID/E-PESO. Online filing and payment of taxes can promote better governance by reducing opportunities for corruption.

Public Private Partnerships (PPP)

Besides individual agencies of government and businesses, USAID/E-PESO is building an e-payments ecosystem with private sector partners to push for greater adoption of e-payments at the mass user level and demonstrate models to be followed. Through the TSP Project, USAID/E-PESO leverages the resources of TSPs to offer their tax filing and payment solutions to small, medium and large institutional taxpayers as well as individual taxpayers like self-employed professionals. Through the Interoperable Digital Bills Payment Project, USAID/E-PESO is working with the industry to make available a digital

bills payment service that can be scaled up and enable mass adoption by government billers, businesses and consumers.

4. STAKEHOLDER PARTICIPATION AND INVOLVEMENT

Establishing the QR Code Standards

Even without the formal regulation from the BSP, the PPMI formed a QR Code working group to establish the QR Code standards to be adopted in the Philippines. It is expected that QR code will be incorporated in electronic payments and may be used with the current PESONet and InstaPay initiated payments as well as future ACHs to be established.

5. MANAGEMENT AND ADMINISTRATIVE ISSUES

With limited remaining funding, employment agreements of USAID/E-PESO's local long-term and support staff have been extended from March 31, 2018 to July 31, 2019. Current funds do not allow extending staff for the usual one year. We anticipate additional funds becoming available in June or July 2019, however without this additional funding, we would proceed to close out the project during August-September 2019, with a select few administrative staff and the chief of party.

Following the Activity's transition of all its disbursements from checks to PESONet and the year-end finance and tax activities, Mr. Nicanor Gonzalo, the Finance and Operations Manager, will revert back to part-time basis between April 1, 2019 until the start of the closeout phase.

The Activity hired a Short-Term Technical Assistant (STTA) to assist the Department of Social Welfare and Development (DSWD) in formulating policies to shift social cash transfers from cash and cash cards to bank accounts using the no-frills basic deposit account (BDA) designed by the Bangko Sentral ng Pilipinas (BSP). The STTA would also perform other research initiatives the Component I Lead may assign. The shift will offer a better tool for the social cash transfer beneficiaries to access financial services to help them improve their lives and be resilient in the face of life's shocks. It is also necessary to stimulate early uptake of the services of interoperable cash in/out agent network which would serve as an incentive for the payments industry to cooperate with USAID/E-PESO in setting up this critical e-payments infrastructure. Once set up, DSWD's social cash transfer beneficiaries may then withdraw their grants from these cash in/out agents at lesser cost to DSWD. The STTA was hired upon prior concurrence by COR Ms. Princess Shimmadar Manaois-Battung.

USAID/E-PESO is in the process of sourcing candidates to fill the vacant position of a second Relationship Manager. The position is important as Component I activities are ramping up.

USAID/E-PESO invited accounting and tax firms to submit offers to conduct an assessment to support businesses in digitalizing their invoice processing and shift from checks to e-payments. The Activity is currently negotiating with the leading firm based on the two offers received.

6. LESSONS LEARNED

SUB-PURPOSE 1: RAPID ADOPTION OF E-PAYMENTS IN FINANCIAL SYSTEM

Common Communications Materials and Key Messages for Promotion

The PESONet Marketing Awareness Campaign has been effective in providing the customers of financial institutions with the necessary information about PESONet. Readers of landing page and followers of the Facebook page grew organically. Central to its success was that key messages to the market were consistent and relevant.

It was observed through web analytics and listening tools, average time spent on the landing page increased from 2 minutes to 5 minutes particularly for the list of financial institutions participating in the service. Popular posts were mostly on BSP mandates for BSFIs to make PESONet and/or InstaPay on their online and mobile channels.

Cost-effectiveness of PESONet as an e-Payment Option in Government Disbursements

While most government institutions viewed PESONet as a positive development and an effective solution to eliminate check payments and shift to e-payments, initial discussions with BTr, DBM and HDMF indicated reservations given the high transaction fee being imposed by both Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP), the two largest GSBs. As reported by the two GSBs, they charge Php200.00 per transaction which is way above the switching cost of Php1.00 for PESONet transactions. While USAID/E-PESO was able to work with DBP to waive its transaction fee for PESONet transactions for Legaspi City LGU, DBP viewed the service as an incremental business since the city is banking with LBP. It waived the transaction fee in exchange for deposit with an average daily balance (ADB) requirement by the Legaspi City LGU. Following this approach, government institutions should use their deposits as leverage to negotiate lower transaction fees with both LBP and DBP.

BSP's Credibility to Instill Confidence in Electronic Payments

As USAID/E-PESO implements the PESONet awareness campaign as well as conducts discussions with other government agencies, it has been observed that BSP's endorsement and/or assurance instills the confidence the market needs in PESONet and similar products. BSP is seen to be the credible party protecting the interest of the financial consumers. For media interviews and stories, BSP's presence is typically requested. For discussions with other government institutions, the government institutions would typically seek BSP's assistance, or at the very least, opinion, as they delve deeper into more detailed discussions on the adoption of e-payments in their respective organizations.

Handholding Institutions in Shifting to e-Payments and Sustaining the Momentum

While most government institutions understand the value of adopting e-payments, e.g. operational efficiency, cost effectiveness, transparency, minimization of corruption, etc., they lack the capability to manage implementation of e-payment services, such as business process reengineering skills and technical implementation skills. USAID/E-PESO should continue to intervene, handhold and facilitate knowledge transfer at least with key government institutions such as BIR, HDMF, SSS, DBM, select

LGUs, etc. that can drive mass adoption of e-payments. To sustain the momentum and to facilitate mass adoption of e-payments, USAID/E-PESO and the industry should:

- Develop implementation toolkit(s) based on USAID/E-PESO implementation templates, insights, success stories, and best practices to enable other institutions, government or private sector, adopt e-payments;
- Encourage the BSFIs to producte common payment use cases (i.e. digital bills payment) to minimize customization both on the BSFI and user institutions and enable quicker implementation lead time of e-payment services; and
- Use institutions to leverage private sector resources such as systems or software providers to develop and deploy third-party solutions, including handling of technical integration with BSFIs (with the eTSPCert System Project as model).

SUB-PURPOSE 2: INFRASTRUCTURE FOR E-PAYMENTS EXPANDED

Changing Profile of Top Clearing Volume Contributors

The top clearing volume contributors are changing. For PESONet, it was observed that Unionbank's ranking has been rising steadily – from fourth or fifth in volume in the earlier months of 2018, it already gained top sending volume ranking in December. Robinsons Bank, which was ranked #18 in sending volume in October role to 8th in December. G-Xchange, Inc. (GCash), a non-bank, is already the top sending volume contributor for InstaPay.

It seems that some financial institutions have already been able to take advantage of the interoperability due to the ACHs and have effectively communicated the efficiencies of electronic payments to their customers, have priced these services reasonably (Unionbank does not charge for sending of PESONet transactions, GCash does not charge for sending of InstaPay transactions).

Enabling Electronic Payments in GPH Agencies with Large Collection or Payment Streams Opens Other Opportunities for Increased Adoption

GPH agencies that have only just adopted electronic payment as a form of collection or disbursement presents further opportunities for other players to broaden adoption of electronic payment. USAID/E-PESO can further leverage other private businesses to seek new opportunities in this newly-enabled convenience, given the large income streams these GPH agencies generate and the obvious pain points the paying public experiences in paying GPH agencies. As an example, the impending expansion of BIR's electronic payment capability presents new opportunities for TSP and CAS providers to provide their wide user-base the capability to pay their taxes electronically.

Need for the Entire Fulfillment Process/Transaction to be Electronic to Allow e-Payments

The value proposition of electronic payment becomes more evident when the entire fulfillment process leading to payment is electronic as well. Some stakeholders even claim there is no incentive for them to adopt e-payment when the processes leading to payment are still manual. The approach to encourage the adoption of electronic payment is to consider the entire process and see how that can be done electronically. Conversely, the value proposition of electronic payment increases significantly when the processes in place are either automated or can be done electronically. Another approach to identifying perfect candidates for implementing e-payments would be to focus on those with already electronic or automated internal processes.

SUB-PURPOSE 3: ENABLING ENVIRONMENT FOR E-PAYMENTS IMPROVED

Effective BSP Influence and Oversight

The late BSP Governor Nestor A. Espenilla, Jr. played a crucial role in aligning industry actions with the BSP's objectives. His direct communications with the financial institutions' CEOs and senior management on his expectations were very effective in getting industry participants to move in accordance with prescribed timelines. Good examples of his leadership and influence include:

- Launch of InstaPay in April (which was earlier than expected);
- Issuance of Circular No. 1000 to ensure settlement risk management for InstaPay;
- Issuance of supporting Memoranda to Circular No. 980;
- Discontinuation of PhilPaSS-REMIT, a BSP facility, to shift volume to PESONet

BSP's reorganization to include the formation of the Payment and System Oversight Department (PSOD), previously the NRPS Team, and formation of the Financial Technology Sub-sector has been beneficial in ensuring consistent follow-through of providing more detailed direction to the industry on the implementation of NRPS principles.

Formal Regulatory Requirements

The most effective means to address operational issues on electronic funds transfer has been the issuance of formal regulatory requirements, through BSP's Circulars and/or Memoranda. It has been observed that although there may be an ACH agreement, the real driver for the BSFIs would be compliance to BSP's regulatory requirements.

It was observed that BSP's November 30 deadline was the major driver for the BSFIs to make available PESONet and InstaPay enabled services on their electronic channels.

High Level of Interest in PESONet Payments from Government Agencies

As USAID/E-PESO engaged various government agencies, it has observed high levels of interest in PESONet payments not only for purposes of disbursement but also for collections.

There is greater awareness within the government agencies of BSP's NRPS initiatives and the established electronic payment options which they realize they can utilize for improved disbursements and collections.

Some government agencies, particularly the BIR has been very vocal in its need for electronic bills payment options and was actively engaged in the dialogue with the financial institutions organized by USAID/E-PESO.

Collaborative Efforts Among Government Agencies

It has been observed that as various government agencies engage with USAID/E-PESO on electronic payments, they also need support from other government agencies in pursuing implementation to align policies and directions. To give some examples, with USAID/E-PESO's assistance, DBM collaborated with the BTr and BSP, BIR consulted with BTr and BSP as they explore electronic payments for collections.

Engagement of Various Stakeholders for the PESONet Marketing Awareness Campaign

The PESONet marketing awareness campaign involves the BSP, PPMI and selected financial institutions from development to implementation. The inputs provided by the various parties have helped in the finalization of the strategies and materials being implemented.

BSP's participation in the campaign activities (i.e. TV and radio appearances and other interviews) help build the trust in PESONet and NRPS in general as BSP provides credibility and assurance to the public.

Need for a Common NRPS Strategy and Roadmap

Although there have been general statements on what NRPS hopes to achieve, there must be a common strategy of how the BSP, the industry, and other stakeholders need to move forward to achieve these objectives.

Organization of the PPMI

The organization of the PPMI and its subsequent recognition as the Philippines' PSMB has streamlined the dialogues and coordination between the BSP and the payments industry.

Formal Oversight Structure within BSP

Following the reorganization in BSP, the PSOD has been more effective in managing the dialogues between BSP and the payments industry.

Policy Alignment Within BSP

It has been observed there are current policy directions and regulations that may hinder some of the NRPS objectives. In this regard, it is crucial there is broader understanding of the NRPS and its principles and strategic objectives within BSP to ensure alignment and consistency of definitions, principles and corresponding policy directions. This can be brought about by stepping up dialogues with other internal BSP departments. It is expected that this will be better addressed with BSP's re-organization.

Provision of Reference Documents

BSP provided to the industry a sample Terms of Reference, PSMB Charter, and ACH Agreements, and suggested clearing rules which were based on reference documents shared by the Payments Advisor or based on workshops and consultations with the Payments Advisor. These were used to expedite the formulation of such documents within the industry.

Regulatory Guidance and Certainty

Having formal PSMB approval to refer to during negotiations with industry stakeholders helped facilitate reaching agreement with the industry. The proper formal regulatory guidance, which may be in the form of circulars or similar regulations continue to be requested by the industry to ensure that actions entailing resources are properly aligned with BSP's expectations and will not be subject to disputes by external parties.

Payments/Payment Systems Knowledge Building

Providing fundamental knowledge of payments and payment systems are necessary (both for the clearing participants as well as internally within BSP) to ensure common understanding and basis for action among the stakeholders. Priority seminars should be for CEOs, who are the decision makers and signatories of the various agreements, and members of the ACH working groups, who are working on the initial agreements.

Concerns and clarifications raised by industry partners have mostly been based on erroneous understanding of payment concepts and underlying rationale for the NRPS framework. If there are more payment experts in the BSP, more resources can be deployed to conduct dialogues and/or workshops to address these questions and clarifications.

Effective Communication

The Bangko Sentral ng Pilipinas is more comfortable addressing issues and clarifications via formal written communications between BSP and industry participants. Dialogues conducted with selected industry participants and several BSP departments to address specific issues and clarifications on the implications of anti-money laundering regulations and the security guarantee mechanism were well received by participants. It highlighted examples for healthy dialogue and discussion.

The participating financial institutions understood BSP's rationale, basis, and considerations for its policies. They also gained insight from the other institutions' concerns. BSP on the other hand better appreciated the context of the clarifications on specific practical application to financial products. The dialogues resulted to strong, positive feedback from financial institutions and was deemed beneficial. Requests were subsequently made that similar dialogues be conducted in the future, especially prior to finalizing regulations.

Incentives and Consequences to Action and Inaction

Unlike some of its counterparts in other jurisdictions, BSP's approach in dealing with its supervised institutions have traditionally been consultative. Initiatives such as the PSMB formation and ACH agreement formulation are highly dependent on the payment industry's actions. However, there are no consequences for inaction or delays and there is no incentive to expedite completion of NRPS initiatives.

Leverage Partnership with BSP to Address Gaps

Despite delays in the progress of the BSP's priority initiatives for NRPS, BSP has gained a lot of mileage among financial institutions and other government agencies on the NRPS. In this regard, it would benefit both BSP and USAID/E-PESO to leverage the existing partnership by moving forward together with other government agencies to address policy gaps or drive transaction volumes for e-payments.

SUB-PURPOSE 4 (CROSS-CUTTING): GAPS IN BROADER E-PAYMENT ECOSYSTEM ADDRESSED

In partnership with Quezon and Valenzuela cities, USAID/E-PESO mounted social media campaigns to promote electronic payments for real property taxes

1. **For a more concerted promotion, e-payments service providers (EPSPs) should also promote e-payments services for local government units via their own social media assets.** Future promotions should ideally be conducted jointly with EPSP. USAID/E-PESO will discuss coordinating social media promotions with DB
2. **Links on social media post should direct taxpayers to an overview/instructions page, rather than straight to the registration page.** By providing an overview and guide on the requirements for using the service steps for completing a transaction, users will be equipped with the necessary information before being directed to the registration page.
3. **Optimize budget and location range to include users residing in areas outside partner cities.**
4. **Sustain social media promotion.** Creating awareness and educating taxpayers will not be achieved by a one-off promotion and needs to be sustained over an extended period. USAID/E-PESO will work with Quezon City to develop content for a six-month campaign.

7. PLANNED ACTIVITIES FOR NEXT QUARTER INCLUDING UPCOMING EVENTS

SUB-PURPOSE I: RAPID ADOPTION OF E-PAYMENTS IN FINANCIAL SYSTEM

For DBM, the work on the BTMS e-learning system will be completed in February 2019. The e-learning system will be launched in the first quarter of 2019 for a more cost-effective rollout of the BTMS training with pilot NGAs, namely, DBM and BTr, and subsequent rollout with other NGAs. Also,

USAID/E-PESO will push for the dialogue between DBM, BTr, DOF and GSBs for the rationalization of EFT transaction fees.

USAID/E-PESO will resume work with DSWD by providing assistance through policy review of its social subsidy programs with the aim of aligning or integrating financial inclusion objectives into said programs. This will cover review of operating and financial management policies and procedures related to distribution of cash grants and facilitate consultation with stakeholders including beneficiaries, BSFIs, conduits, and regulators to address issues or stumbling blocks towards implementing e-payments aligned with the NRPS framework. For Q2, it is expected that the review of relevant policies will be completed, consultation meetings with stakeholders and regulators conducted, and a technical working group created to develop a pilot program using e-money products to distribute cash grants in rural areas. This pilot will be designed in conjunction with the Agent Cash-In/Cash-Out (CICO) ACH Project.

USAID/E-PESO will pilot the eTSPCert System, which was launched in December 2018, with HDMF to enable batch e-filing of ONETT forms covering capital gains and documentary stamp taxes to facilitate transfer of titles from developers to HDMF and/or home loan borrowers. HDMF will also implement PESONet for disbursement of payments to its developers and suppliers and later, once the Interoperable Digital Bills Payment service is made available by BSFIs, collect contributions and loan payments through the bills payment service.

For SSS, USAID/E-PESO will the work with DBP, SSS' servicing bank, towards transitioning disbursement of pensions to PESONet. USAID/E-PESO will meet with SSS, DBP and PCHC to help accelerate the phased implementation of PESONet for pension payments. SSS will also be one of pilot government institutions for the Interoperable Digital Bills Payment Project once made available.

USAID/E-PESO will continue to work with BIR on the eTSPCert System Project through pilot implementation with HDMF, and later, accreditation of TSPs for mass implementation. Also, USAID/E-PESO will provide technical assistance to BIR in developing an FRN system to enable BIR payments using bills payment service. BIR is one of the pilot government biller institutions under the Interoperable Digital Bills Payment Project.

USAID/E-PESO will continue the administration and maintenance of PESONet's digital assets (social media and landing page) until the end of March 2019.

In order to address the issues discouraging business from electronic payments, USAID/E-PESO will request a tax expert to:

- Review and assess current business processes, practices and applicable regulations affecting business-to-business payments (including disbursements and collections) as well as implications of these processes, practices and regulations to and/or from electronic payments;
- Conduct key informant interviews with BIR, businesses raising the official receipt barrier to e-payments, financial institutions, and other relevant regulators to inform the analysis and assessment;
- Prepare a discussion paper is expected to contain the following:
 - Issues substantiated with evidences (such as but not limited to applicable revenue regulations, business processes);
 - Root cause analysis;
 - Options to address the issue;
 - Feasible recommendations to address these issues, including any potential policy changes, suitable for the Philippine environment;
 - Comparative regulations, processes or practices from other jurisdictions

SUB-PURPOSE 2: INFRASTRUCTURE FOR E-PAYMENTS EXPANDED

USAID/E-PESO will support the payments industry participants to establish Agent CICO ACH under the NRPS framework, which will enable bank and non-bank EMI customers to convert their cash to e-money in their accounts and vice versa. USAID/E-PESO will link this initiative with the DSWD Project with CICO agents as channel for disbursement of social subsidies in areas not served by the banks (e.g., bank branches, ATMs, POS merchants, etc.). For Q1, the project expects that the decision to establish the ACH will be made by the initial participants, and a working group is formed. USAID/E-PESO will provide technical assistance to the working group in developing / drafting the ACH agreement and clearing rules.

USAID/E-PESO will continue to work with payments industry participants to establish an Interoperation Digital Bills Payment service. With the PPMI TWG for the Interoperable Digital Bills Payment Project in place, it is expected that a roadmap will be presented to PPMI and BSP in January 2019 and make the service available on or before the end of March 2019.

SUB-PURPOSE 3: ENABLING ENVIRONMENT FOR E-PAYMENTS IMPROVED

USAID/E-PESO will complete the assistance to the PPMI on its communications requirements to encourage potential bank and non-bank financial institutions to become a member of the PPMI as well as help current PPMI members further appreciate the role of the PPMI. These materials will include a prospectus and starter pack. The contents of which can also be used as content for PPMI's website.

USAID/E-PESO will continue to work with the BSP as they take the catalyst role in shifting government payments to electronic payments.

SUB-PURPOSE 4 (CROSS-CUTTING): GAPS IN BROADER E-PAYMENT ECOSYSTEM ADDRESSED

Local government unit (LGU) partner Gen Santos City will launch e-payment services for payment of real property taxes and business permits in the next quarter. Taxpayers can access the services via the Filipizen online tax assessment and payment portal integrated with LBP's and DBP's Link.Biz portal and Internet Payment Gateway, respectively.

USAID/E-PESO will gather e-payments transaction data and, over the next six months, assess impact of continuing promotions campaigns on adoption rate.

USAID/E-PESO will also develop an e-payment toolkits for e-payments set-up and implementation. The toolkit will outline the requirements and steps for developing a workplan, building a project team, securing regulatory basis for e-payments, defining e-payments use cases, conducting needs and gap analysis, re-designing business processes, identifying technology needs, contracting with e-payment service providers, promotions and educating taxpayers. The toolkit will also contain templates and checklists. The toolkit will be deployed online to allow for more flexibility in design, make the toolkit more interactive, and facilitate downloads of templates.

ANNEX 1: Press Coverage and Mentions

Year 5 Quarter 2

BSP tells BSFIs to strengthen PESONet, InstaPay implementation

Philippine News Agency, January 3, 2019

<https://www.pna.gov.ph/articles/1057925>

Legazpi, first Bicol LGU to Adopt e-Payment System

Windows Publication (Legazpi City), January 2019

Visa bullish on more opportunities in Philippines

The Philippine Star) - February 27, 2019

<https://www.philstar.com/business/2019/02/27/1896939/visa-bullish-more-opportunities-philippines>

Thrift banks to expand outreach to unbanked Filipinos

Business World, March 29, 2019

<https://www.bworldonline.com/thrift-banks-to-expand-outreach-to-unbanked-filipinos/>

City Hall launches e-system to ease monetary transactions

Palawan News, March 29, 2019

<https://palawan-news.com/city-hall-launches-e-system-to-ease-monetary-transactions/>

Launch of E-Payments in Puerto Princesa City

TV Patrol Palawan, March 29, 2019

<https://youtu.be/4uwr3q0Gvas?t=465>

Easy payment means more money! Puerto Princesa Councilor Nancy Socrates lauds new e-payment system

Politiko, March 30, 2019

<https://bicol.politics.com.ph/2019/03/30/easy-payment-means-more-money-puerto-princesa-councilor-nancy-socrates-lauds-new-e-payment-system/>

Puerto Princesa eyed to be the first 100% green city in the world

Palawan Daily News, March 31, 2019

<https://www.pressreader.com/philippines/palawan-daily-news/20190331/281668256338546>

ANNEX 2: Summary of Results to Date by Key Indicator

Summary of Results by Key Indicator

As of March 31, 2019

Indicator DI 4: More predictable and reliable financial tools for the poor

Number of financial tools developed for the poor

Year I Quarter 4 (July – Sept 30, 2016)

- DSWD financial literacy tool and distribution of ATM/debit cards

Indicator I.1: Adoption of e-payment services as monetary transaction (collection/ disbursement) option in five (5) national GPH agencies

Year 2 Quarter 3 (Apr 1 – June 30, 2016)

- Bureau of Internal Revenue (BIR)

Year 4 Quarter 1 (Oct 1 – Dec 31, 2017)

- National Meat Inspection Service (NMIS)

Indicator 1.2: Adoption of m-Money and e-payments in all cities of PFG CDI and other cities/municipalities

No. of CDIs (and other cities/municipalities) that introduced or enhanced m-Money and e-payment options

Year 1 Quarter 4 (July 1 – Sept 30, 2015)

- Cagayan de Oro City
- Pulilan, Bulacan
- Zamboanga City

Year 2 Quarter 2 (Jan 1 – Mar 31, 2016)

- Batangas City
- Quezon City

Year 2 Quarter 4 (July 1 – Sept 30, 2016)

- Valenzuela City

Year 3 Quarter 3 (Apr 1 – June 30, 2017)

- Iloilo City

Year 4 Quarter 4 (July 1 – Sept 30, 2018)

- Tagbilaran City

Year 5 Quarter 1 (Oct 1 – Dec 31, 2018)

- Legazpi City

Year 5 Quarter 2 (Jan 1 – Mar 31, 2018)

- Puerto Princesa City

Indicator 1.3: Increased e-payment implementation and adoption to 500 SME (small, medium, and large) businesses

Number of businesses introducing or enhancing e-payment options because of USAID/E-PESO support

Year 2 Quarter 1 (Oct 1 – Dec 31, 2015)

- Cagayan de Oro Electric Power & Light Company (CEPALCO)
- Cagayan de Oro Water District (COWD)
- Zamboanga City Water District (ZCWD)
- Palawan Electric Cooperative (PALECO)

Year 2 Quarter 4 (Jul 1 – Sept 30, 2016)

- University of the Visayas (UV)

Year 4 Quarter 1 (Oct 1 – Dec 31, 2017)

- Taxumo integrated e-payments to their tax-filing software

Year 4 Quarter 2 (Jan – March 2018))

- No additional businesses on boarded for the Quarter

Indicator 1.4: Over 25,000 people trained (via financial education and literacy) on the uses of e-payments and m-Money services for improved household financial management

No. of people trained (via financial education and literacy) on the uses of e-payments

Year 1 Quarter 4 (July 1 – Sept 30, 2015)

- DSWD – MCCT Davao del Norte (3 females)
- NCR – MCCT Training QC, 7/24/15 (13 females, 1 male)
- NCR – MCCT Training Manila, 8/8/15 (185 females, 18 males)
- E-payments Technology & Innovations for Business, Puerto Princesa City and local chambers of commerce, 9/29 – 9/30 (31 females, 21 males)

Year 2 Quarter 2 (Jan 1 – Mar 31, 2016)

- FICCO Training, 3/19/16 to 3/20/16 (2,455 of males, 6,421 females; 8,876 trained)

Year 3 Quarter 2 (Jan 1 – Mar 31, 2017)

- FICCO Training, 2/2/17 and 2/3/17 (68 of males, 3 of females, 71 trained)
- Orientation on RPT Payments – QC Mezza Residents, 3/18/17 (42 males, 41 females, 83 trained)

Year 3 Quarter 3 (April 1 – June 30, 2017)

- Zamboanga City LGU Financial Literacy Orientation, 4/26/17 and 4/27/17 (68 males, 64 females, 132 trained)
- Tagbilaran City e-Payments Forum, 6/6/17 (24 males, 21 females, 45 trained)
- Tagbilaran City Social Media Marketing, eCommerce, and ePayments Workshop, 6/6/17 to 6/7/17 (10 males, 12 females, 22 trained)

Year 4 Quarter 2 (Jan – March 2018)

- No additional end-users/clients trained for the Quarter

Indicator 2.1: Growth of front-end e-payment infrastructure expanded

No. of institutions supported by USAID/E-PESO to improve and/or expand their front-end infrastructure

Year 1 Quarter 4 (July 1 – Sept 30, 2015)

- Cagayan de Oro City
- Puerto Princesa City
- Pulilan (Bulacan)
- Zamboanga City
- Cagayan de Oro Electric Power and Light Company (CEPALCO)
- Cagayan de Oro Water District (COWD)
- Palawan Electric Cooperative (PALECO)
- Puerto Princesa Water District (PPWD)
- Zamboanga City Water District (ZCWD)
- Auto Top-Up Ventures Inc. (ATVI)

Year 2 Quarter 2 (Jan 1 – Mar 31, 2016)

- Batangas City
- Quezon City

Year 2 Quarter 3 (Apr 1 – Jun 30, 2016)

- OmniPay
- Mynt

Year 2 Quarter 4 (July 1 – Sept 30, 2016)

- Valenzuela City
- BIR
- Mindanao University of Science & Technology (MUST)
- University of the Visayas (UV)

Year 3 Quarter 1 (October 1 – December 31, 2016)

- PayMaya

Year 3 Quarter 3 (April 1 – June 30, 2017)

- Tagbilaran City
- Iloilo City

Year 4 Quarter 4 (July - September 2018)

- Tagbilaran City
- Asia United Bank
- Banco De Oro Unibank, Inc.
- Bank of America, Nat'l. Ass
- Bank of China
- China Banking Corporation
- Chinabank Savings, Inc.
- Citibank, N. A.
- Ctbk Bank (Philippines) Cor
- Deutsche Bank
- Devt. Bank of the Philippines
- East-West Banking Corporation
- Equicom Savings Bank, Inc.
- HK and Shanghai Banking Cor
- JPMorgan Chase Bank
- Land Bank of the Philippine
- Maybank Phils. Inc.
- Metropolitan Bank and Trust
- Mitsubishi UFJ Financial Group
- Mizuho Bank,Ltd.
- Phil. Bank of Communication
- Philippine National Bank
- Philippine Savings Bank
- Rizal Commercial Banking Co
- Robinsons Bank Corporation
- Security Bank Corporation
- Shinhan Bank
- Sumitomo Mitsui Banking Cor
- The Standard Chartered Bank
- Union Bank of the Philippines
- United Coconut Planters Bank

Year 5 Quarter 1 (October - December 2018)

- Legazpi City

Year 5 Quarter 2 (Jan 1 – Mar 31, 2018)

- Puerto Princesa City (Filipizen online assessment portal integrated with LandBank's LinkBiz portal)

Indicator 2.2: Back-end e-payment infrastructure strengthened

No. of institutions supported by USAID/E-PESO to improve and/or expand their back-end infrastructure

Year 1 Quarter 4 (July 1 – Sept 30, 2015)

- Cagayan de Oro City
- Puerto Princesa City
- Pulilan (Bulacan)
- Zamboanga City
- Cagayan de Oro Electric Power and Light Company (CEPALCO)
- Cagayan de Oro Water District (COWD)
- Palawan Electric Cooperative (PALECO)
- Puerto Princesa Water District (PPWD)
- Zamboanga City Water District (ZCWD)
- Auto Top-Up Ventures Inc. (ATVI)

Year 2 Quarter 2 (Jan 1 – Mar 31, 2016)

- Batangas City
- Quezon City

Year 2 Quarter 4 (July 1 – Sept 30, 2016)

- BIR
- Mindanao University of Science & Technology (MUST)
- University of the Visayas (UV)

Year 4 Quarter 1 (Oct 1 – Dec 31, 2017)

- 33 banks and non-bank EMIs on-boarded and supported through PPMI

Year 4 Quarter 4 (July - September 2018)

- Asia United Bank
- Australia & New Zealand Ban
- Banco De Oro Unibank, Inc.
- Bangkok Bank Public Co., Lt
- Bank of America, Nat'l. Ass
- Bank of China
- Bank of Commerce
- Bank of The Philippine Islands
- Bdo Private Bank
- China Banking Corporation
- Chinabank Savings, Inc.
- Citibank, N. A.
- Ctbc Bank (Philippines) Cor
- Deutsche Bank
- Devt. Bank of The Philippines
- East-West Banking Corporati
- Equicom Savings Bank, Inc.
- First Consolidated Bank
- G-Xchange, Inc.

- HK and Shanghai Banking Corp.
- Industrial Bank of Korea
- JPMorgan Chase Bank
- Keb Hana Bank
- Land Bank of the Philippine
- Malayan Bank Savings and Mortgage Bank, Inc.
- Maybank Phils., Inc.
- Mega Intl Comml Bank Co. Ltd
- Metropolitan Bank and Trust
- Mitsubishi Ufj Financial Group
- Mizuho Bank,Ltd.
- Omnipay, Inc.
- Partner Rural Bank (Cotabato), Inc.
- Paymaya Philippines, Inc.
- Phil. Bank of Communication
- Philippine National Bank
- Philippine Savings Bank
- Philippine Trust Company
- Philippine Veterans Bank
- Rizal Commercial Banking Co
- Rcbc Savings Bank. Inc.
- Robinsons Bank Corporation
- Security Bank Corporation
- Shinhan Bank
- Sterling Bank of Asia, Inc.
- Sumitomo Mitsui Banking Cor
- Sun Savings Bank, Inc.
- The Standard Chartered Bank
- Union Bank of The Philippin
- United Coconut Planters Ban
- United Overseas Bank Phils.
- Yuanta Savings Bank

Year 5 Quarter 2 (Jan 1 – March 31, 2019)

- Dunganon Bank

Indicator 2.3. E-payment infrastructure gaps identified

Number of gap analysis reports at industry or ecosystem level

Year 2 Quarter 3 (Apr 1 – June 30, 2016)

- E-payments Landscape

Year 2 Quarter 4 (July 1 – Sept 30, 2016)

- Philippine Individual Payments Baseline Survey
- Philippine Agent Network Study

Year 4 Quarter 2 (Jan – March 2018)

- Gap analysis Report on the Assessment of Existing BSP Digital Security Policy Areas vis-à-vis Recommended Leading Standards on Digital Security Policies

Indicator 3.1: Financial regulation refined to manage growth of e-payments

a. No. of circulars, regulations, and/or local ordinances refined or clarified to support e-payment growth

Year 1 Quarter 4 (Jul 1 – Sep 30, 2015)

- Zamboanga City Council Resolution No. 1067 issued last Sept 15, 2015
- Puerto Princesa Executive Order 15 Series 2015 issued last Sept 21, 2015

Year 2 Quarter 1 (Oct 1 – Dec 31, 2015)

- 2016 National Expenditure Program, Section 76 (supports adoption and compliance to e-payments in all government transactions)
- Puerto Princesa City Council Ordinance passed last December 2015

Year 2 Quarter 2 (Jan 1 – Mar 31, 2016)

- BIR Regulation 3-2016 issued last March 23, 2016

Year 2 Quarter 4 (Jul 1 – Sept 30, 2016)

- Joint Memorandum Circular 01-2016 issued last August 30, 2016
- Tagbilaran City Executive Order 23 Series of 2016 issued last Sept 21, 2016

Year 3 Quarter 1 (October 1 – December 31, 2016)

- Tagbilaran City Ordinance No. 21-16 issued November 3, 2016

Year 4 Quarter 1 (October 1 – December 31, 2017)

- Circular No. 980: Adoption of National Retail Payment System (NRPS) Framework.

Year 4 Quarter 2 (January 1 – March 31, 2018)

- BSP Memorandum No. M - 2018-12 - Guidelines on the National Retail Payment System (NRPS) Key Principles and Specific Rules Applicable thereto on March 23, 2018
- BSP Memorandum No. M-2018-013 - Disclosure of Fees on Electronic Payments Pursuant to Circular 980 on March 28, 2018
- Circular No. 1000, Guidelines on the Settlement of Instant Retail Payments on April 23, 2018

Year 4 Quarter 4 (July 1 – September 30, 2018)

- BSP Memorandum No. M-2018-021 - Frequently Asked Questions on Anti-Money Laundering - related concerns on the adoption of National Retail payment systems Framework on August 10, 2018
- BSP Memorandum No. M-2018-026 - Availability of InstaPay and PESONet in all existing electronic delivery channels on September 4, 2018
- Legazpi City local ordinances institutionalizing the use of electronic payments for financial transactions with the City on August 13, 2018

Year 5 Quarter 1 (Oct 1 – Dec 31, 2018)

- Revenue Memorandum Circular (RMC) 98-2018, was issued on December 5, 2018. RMC 98-2018 reiterates the mandate to use eBIRForms by identified taxpayers and the presents software certified via the eTSPCert System as additional electronic filing and payment options.
- Electronic Payment System Ordinance of Gen. Santos City

Year 5 Quarter 2 (Jan 1 – March 31, 2019)

- BIR Revenue Memorandum Order (RMO) 8-2019 – Policies and Guidelines in the Certification of Electronic Tax Filing and/or Payment Solutions

b. No. of public-private dialogues to support strengthening e-payment environment

Year 1 Quarter 3 (Apr 1 – Jun 30, 2015)

- NATCCO General Assembly (May 23-24, 2015)

Year 1 Quarter 4 (Jul 1 – Sep 30, 2015)

- Launch of the National Strategy for Financial Inclusion (July 1, 2015)
- Dialogue of Queen Maxima and Philippine banking industry and other players (July 2015)
- DILG Regional ICT Forum – Mindanao (September 3, 2015)
- DILG Regional ICT Forum – Luzon (September 16, 2015)
- DILG Regional ICT Forum – Visayas (September 22, 2015)
- Chief Information Officers Foundation Forum (September 30, 2015)

Year 2 Quarter 1 (Oct 1 – Dec 31, 2015)

- Philippine Agent Network Study Launch (October 26, 2015)
- Remittance for Development Council Meeting (November 6, 2015)
- NEA-Electric Cooperatives Consultation Session (November 26, 2015)
- Launch of the NRPS (December 9, 2015)
- BSP-CEOs Conference Meetings (December 2015)

Year 2 Quarter 2 (Jan 1 – Mar 31, 2016)

- SURGE Stakeholder's Forum - Batangas City (January 19, 2016)
- SURGE Stakeholder's Forum - Tagbilaran City (January 26-27, 2016)

Year 2 Quarter 3 (Apr 1 – Jun 30, 2016)

- Innovative Strategies for Development Summit 2016 (June 8-10)
- CDO MSME Business Forum, Cagayan de Oro City (June 10-11)
- Impact of M-Money in the Bottom of the Pyramid Summit (June 17)

Year 3 Quarter 1 (October 1 – December 31, 2016)

- Digital Congress: "The Power of X" organized by IMMAP (October 12, 2016)
- Information and Communications Technology (ICT) Forum organized by DILG (October 27, 2016)

Year 3 Quarter 2 (Jan. 1 – Mar. 31, 2017)

- BSP-Banking Industry Workshop on NRPS (Feb. 3, 2017)
- Future of Commerce: Philippines Meetup (Feb. 23, 2017)

Year 3 Quarter 3 (April 1 – June 30, 2017)

- Various NRPS Consultations with PSMB, BAP, RBAP, CDA, NATCCO, etc. (May and June 2017)
- Survey Design Workshop for e-Payments (June 9, 2017)

Year 4 Quarter 1 (Oct 1 – Dec 31, 2017)

- National LGU ICT Forum (October 19, 2017)
- Launch of PESO Net ACH (November 8, 2017)
- NRPS Roadshow – Manila (November 20-23, 2017)
- NRPS Roadshow – Cebu (November 20-23, 2017)
- NRPS Roadshow – Iloilo (November 20-23, 2017)

- NRPS Roadshow – Cagayan de Oro (November 20-23, 2017)
- NRPS Roadshow – Davao (November 28, 2017)
- 1st National Association of Business Permit and Licensing Officer (NABPLO) National Convention (November 28/29, 2017)

Year 4 Quarter 2 (Jan-March 2018)

- BSP InstaPay Forum (January 31, 2018)

Year 5 Quarter 1 (October - December 2018)

- Workshop on Government E-Collection (November 23, 2018)
- Dialogue with BIR on Electronic Tax Collections (December 20, 2018)

Indicator 3.2. Increased competition among m-money and e-payment platforms

Number of policies removed or added to reduce barriers and encourage competition.

Year 4 Quarter 1 (October 1 – December 31, 2017)

- Circular No. 980: Adoption of National Retail Payment System (NRPS) Framework.

Year 4 Quarter 2 (January 1 – March 31, 2018)

- BSP Memorandum No. M - 2018-12 - Guidelines on the National Retail Payment System (NRPS) Key Principles and Specific Rules Applicable thereto on March 23, 2018
- BSP Memorandum No. M-2018-013 - Disclosure of Fees on Electronic Payments Pursuant to Circular 980 on March 28, 2018
- Circular No. 1000, Guidelines on the Settlement of Instant Retail Payments on April 23, 2018

Year 4 Quarter 4 (July 1 – September 30, 2018)

- BSP Memorandum No. M-2018-021 - Frequently Asked Questions on Anti-Money Laundering - related concerns on the adoption of National Retail payment systems Framework on August 10, 2018
- BSP Memorandum No. M-2018-026 - Availability of InstaPay and PESONet in all existing electronic delivery channels on September 4, 2018

Indicator 3.5: Security measures in e-payments strengthened

No. of guidelines developed, and forums held that promote awareness on digital security best practices or consumer protection

Year 2 Quarter 2 (Jan 1 – Mar 31, 2016)

- FICCO Training, 3/19/16 to 3/20/16 (2,455 of males, 6,421 females; 8,876 trained)

Year 3 Quarter 2 (Jan 1 – Mar 31, 2017)

- Orientation on RPT Payments – QC Mezza Residents, 3/18/17 (42 males, 41 females, 83 trained)

Year 3 Quarter 3 (April 1 – June 30, 2017)

- Zamboanga City LGU Financial Literacy Orientation, 4/26/17 and 4/27/17 (68 males, 64 females, 132 trained)

Year 4 Quarter 2 (Jan – March 2018)

- Securing and Auditing the Cloud Environment, 2/5/2018 (7 males, 8 females, 15 trained)

- Securing of ATMs, Online or Mobile Banking, and other emerging channels, 2/12/2018 and 2/13/2018 (12 males and 19 females, 31 trained on Day 1 and 5 males, 9 females, 14 trained on Day 2)
- Basic Concepts on PCI-DSS, 3/6/2018 (12 males, 21 females, 31 trained)
- Cybersecurity Essentials and Assessment, 3/20/2018 (8 males, 15 females, 23 trained)

Indicator 3.6: Global knowledge-sharing on e-payments promoted

a. No. of articles promoting e-payments

Year I (March 18 – Sept 30, 2016)

Philippines pushing for cashless society, but it's a long way off

April 25, 2015 | techinasia.com

https://www.techinasia.com/philippines-cashless-society/?utm_source=search&utm_medium=web&utm_campaign=%2Fphilippines-cashless-society%2F

MVP pushes digital payments to fast-track financial inclusion in Philippines

July 27, 2015 | The Philippine Star (philstar.com)

<http://www.philstar.com/business/2015/07/27/1481268/mvp-pushes-digital-payments-fast-track-financial-inclusion-philippines>

USAID, LGU to launch E-PESO activity

August 3, 2015 | Daily Zamboanga Times

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BIR, Globe relaunch mobile income tax payment system
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Business World | Apr. 1, 2017

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Sunstar | Mar. 28, 2017

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Year 3 Quarter 3 (Apr 1 – June 30, 2017)

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GMA News Online | April 12, 2017

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The Philippine Star & The Freeman | November 8, 2017

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Year 4 Quarter 2 (Jan – March 2018)

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IMoney.ph | January 4, 2018

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<http://www.interaksyon.com/bsp-requires-banks-to-set-up-e-payment-channels/>

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Paymaya taps BSP's Instapay

Inquirer.net-24 Apr 2018

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PayMaya expands 'Add Money' channels through InstaPay and bank ...

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Business Mirror-24 Apr 2018

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BSP thinking ahead on electronic payments
The Manila Times-2 May 2018

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BSP launches platform for real-time epayments
Philippine Star-21 Apr 2018

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ACHs to pave way for BSP's retail e-payments
Manila Bulletin-1 Apr 2017

<https://business.mb.com.ph/2017/04/01/achs-to-pave-way-for-bsps-retail-e-payments/>

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<http://www.gmanetwork.com/news/story/606807/money/economy/bsp-signs-measures-to-expand-e-commerce-in-the-philippines>

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Businesses to benefit from PESONet
Malaya - July 2, 2018 (Print and Online)

<http://www.malaya.com.ph/business-news/special-features/businesses-benefit-pesonet>

Cashless transactions soar in PH as gov't, fin-tech firms push e-payment
Newsbytes.ph - July 5, 2018

<http://newsbytes.ph/2018/07/05/cashless-transactions-soar-in-ph-as-govt-fin-tech-firms-push-e-payment/>

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Manila Bulletin - July 6, 2018 (Print and Online)

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Products Blog - July 7, 2018

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Small firms still prefer paying via cash, checks
Manila Times, July 25, 2018 (Print and Online)

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Malaya Business Insight, July 30, 2018 (Print)

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Manila Standard, July 31, 2018 (Print and Online)

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Manila Informer, August 1, 2018 (Online)

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Inquirer, August 6, 2018 (Online)

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Malaya Business Insight, September 24, 2018 (Print and Online)

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Lazada PH bullish on PESONet
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BSP plans more automated clearing house networks
Manila Bulletin - August 6, 2018 (Print and Online)

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Shifting gov't fund releases to boost electronic payments
Business World - August 8, 2018

<http://www.bworldonline.com/shifting-govt-fund-releases-to-boost-electronic-payments/>

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BlockTribune - August 7, 2018

<https://blocktribune.com/blockchain-unit-formed-by-philippines-central-bank/>

PH electronic fund transfers benefit from PESONet

Philippine News Agency - August 7, 2018
<http://www.pna.gov.ph/articles/1044083>

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SMNI News Channel - August 7, 2018
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ANC's The Boss - September 6, 2018.
<https://www.youtube.com/watch?v=hy4bcEDdoGs>

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Inquirer 990 Television / DZIQ Radio - September 25, 2018
<https://www.facebook.com/bannerstory.inq990tv/videos/271834523461416/UzpfSTeWMDAwMj10MzU3MjQ1MjoxOTM4NzU5MjE2MjA4ODQ1/>

Year 5 Quarter I (October – December 2018)

Lazada PH bullish on PESONet funds transfer
The Daily Tribune, October 16, 2018 (Print and Online)

Lazada Philippines bullish on PESONet Funds Transfer
Manila Bulletin, October 8, 2018 (Print and Online)
<https://technology.mb.com.ph/2018/10/08/lazada-philippines-bullish-on-pesonet-funds-transfer/>

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Top e-commerce site bullish on funds transfer functionality of PesoNet
News Bytes, October 16, 2018 (Print and Online)
<http://newsbytes.ph/2018/10/16/top-e-commerce-site-bullish-on-funds-transfer-functionality-of-pesonet/>

Lazada Philippines bullish on PESONet Funds Transfer
October 8, 2018 (Social Media Exposure)
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PESONet now has 60 Financial Institution Participants with PayMaya joining the growing list
Malaya Business Insight, November 26, 2018 (Print)

PESONet now has 60 Financial Institution Participants with PayMaya joining the growing list
Manila Bulletin, November 30, 2018 (Print)

PESONet now has 60 Financial Institution Participants with PayMaya joining the growing list
Manila Bulletin, December 7, 2018 (Print)

PESONet financial institution partners reach 60
Malaya Business Insight, November 26, 2018 (Print)

PESONet financial institution partners reach 60

Inquirer, November 9, 2018 (Online)

<https://business.inquirer.net/260242/pesonet-now-has-60-financial-institution-participants>

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Raindeocampo.com, November 28, 2018 (Online)

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Bangko Sentral Deputy Gov. Chuchi Fonacier says the new PesoNet and InstaPay network should boost digital payments to a fifth of all transactions by 2020

One News, October 11, 2018 (Broadcast - TV)

One News - BusinessWorld Cignal Cable - Channel 8

Bangko Sentral Deputy Gov. Chuchi Fonacier says the new PesoNet and InstaPay network should boost digital payments to a fifth of all transactions by 2020

One News, October 11, 2018 (Broadcast - TV)

One News - BusinessWorld Cignal Cable - Channel 250

Inquirer 990 Television: BANNER STORY with Jake J. Maderazo & Dela Cruz Arlyn

Inquirer Facebook, September 25, 2018 (Social Media Exposure)

<https://www.facebook.com/bannerstory.inq990tv/videos/271834523461416/UzpfSTeWMDAwMj10MzU3MjQ1MjoxOTM4NzU5MjE2MjA4ODQ1/>

Bangko Sentral Deputy Gov. Chuchi Fonacier says the new PesoNet and InstaPay network should boost digital payments to a fifth of all transactions by 2020

One News PH, October 11, 2018 (Social Media Exposure)

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DWIZ, October 24, 2018 (Social Media Exposure)

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Year 5 Quarter 2 (January – March 2019)

BSP tells BSFIs to strengthen PESONet, InstaPay implementation

Philippine News Agency, January 3, 2019

<https://www.pna.gov.ph/articles/1057925>

Legazpi, first Bicol LGU to Adopt e-Payment System

Windows Publication (Legazpi City), January 2019

Visa bullish on more opportunities in Philippines

The Philippine Star) - February 27, 2019

<https://www.philstar.com/business/2019/02/27/1896939/visa-bullish-more-opportunities-philippines>

Thrift banks to expand outreach to unbanked Filipinos
Business World, March 29, 2019
<https://www.bworldonline.com/thrift-banks-to-expand-outreach-to-unbanked-filipinos/>

City Hall launches e-system to ease monetary transactions
Palawan News, March 29, 2019
<https://palawan-news.com/city-hall-launches-e-system-to-ease-monetary-transactions/>

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TV Patrol Palawan, March 29, 2019
<https://youtu.be/4uwr3q0Gvas?t=465>

Easy payment means more money! Puerto Princesa Councilor Nancy Socrates lauds new e-payment system
Politiko, March 30, 2019
<https://bicol.politics.com.ph/2019/03/30/easy-payment-means-more-money-puerto-princesa-councilor-nancy-socrates-lauds-new-e-payment-system/>

Puerto Princesa eyed to be the first 100% green city in the world
Palawan Daily News, March 31, 2019
<https://www.pressreader.com/philippines/palawan-daily-news/20190331/281668256338546>

b. No. of global knowledge-sharing events that highlight the Philippines e-payment environment/players

Year 1 Quarter 4 (Jul 1 – Sep 30, 2015)

- Cards & Payments Philippines 2015, Manila, Philippines (September 2-3, 2015)
- G-20 Responsible Finance Forum, Istanbul, Turkey (September 2015)

Year 2 Quarter 1 (Oct 1 – Dec 31, 2015)

- Mondato Summit Asia, Manila, Philippines (October 20-22, 2015)
- Financial Times - Citibank Asia Pacific Financial Inclusion Summit, Manila, Philippines (October 26-29, 2015)

Year 2 Quarter 3 (Apr 1 – Jun 30, 2016)

- Innovative Strategies for Development Summit 2016, Crowne Plaza Hotel, Ortigas Center, Pasig City (June 8-10, 2016)

Year 2 Quarter 4 (Jul 1 – Sep 30, 2016)

- 2016 International Conference on Urban Development, Sofitel Plaza, Pasay City (July 12-13, 2016)
- Cards and Payments 2016, SMX Mall of Asia, Pasay City (September 6-7, 2016)

Year 3 Quarter 3 (Apr 1 – June 30, 2017)

- Seamless Payments Asia, Singapore (April 19-20, 2017)

Year 3 Quarter 4 (Jul 1 – Sep 30, 2017)

- Seamless Payments Philippines, SMX Mall of Asia, Pasay City (September 27-28, 2017)

Year 4 Quarter 1 (Oct 1 – Dec 31, 2017)

- Evaluation 2017, American Evaluation Association, Washington Marriot Hotel, Washington DC, USA (November 8-11, 2017)

Year 4 Quarter 4 (Jul 1 – Sep 30, 2019)

- SEAMLESS 2018 Conference, SMX Convention Center, Pasay City (September 26, 2018)

Year 5 Quarter 1 (Oct 1 – Dec 31, 2019)

- Future of Finance Philippines 2018, Fairmont Hotel, Makati City (October 5, 2018)

Year 5 Quarter 2 (Jan 1 – Mar 31, 2019)

- Fintech Alliance Summit 2019, BSP, Pasay City, (March 26, 2019)

2.2.3 Local Government and Decentralization

2.2.3-5 Number of sub-national entities receiving USG assistance that improve their performance

Year 1 Quarter 4 (July 1 – Sept 30, 2015)

- Cagayan de Oro City
- Pulilan, Bulacan
- Zamboanga City

Year 2 Quarter 2 (Jan 1 – Mar 31, 2016)

- Batangas City
- Quezon City

Year 2 Quarter 4 (July 1 – Sept 30, 2016)

- Valenzuela City

Year 3 Quarter 3 (April 1 – June 30, 2017)

- Tagbilaran City
- Iloilo City

Year 4 Quarter 1 (Oct 1 – Dec 31, 2017)

- National Meat Inspection Service (NMIS)

Year 5 Quarter 1 (Oct 1 – Dec 31, 2018)

- Legazpi City

Year 5 Quarter 2 (Jan 1 – Mar 31, 2019)

- Puerto Princesa City

PPP Public/Private Partnerships

PPP3 Number of organizations (for and not-for-profit, and government) that have applied new technologies and/or management practices due to USG-supported Public-Private Partnerships (PPPs)

Year 1 Quarter 4 (July 1 – Sept 30, 2015)

- Cagayan de Oro City
- Pulilan, Bulacan
- Zamboanga City
- Department of Social Welfare and Development (DSWD)

Year 2 Quarter 1 (Oct 1 – Dec 31, 2015)

- Cagayan de Oro Electric Power & Light Company (CEPALCO)
- Cagayan de Oro Water District (COWD)

- Zamboanga City Water District (ZCWD)
- Palawan Electric Cooperative (PALECO)

Year 2 Quarter 2 (Jan 1 – Mar 31, 2016)

- Batangas City
- Quezon City

Year 2 Quarter 3 (Apr 1 – June 30, 2016)

- Bureau of Internal Revenue (BIR)

Year 2 Quarter 4 (Jul 1 – Sept 30, 2016)

- Valenzuela City
- University of the Visayas (UV)

Year 3 Quarter 3 (April 1 – June 30, 2017)

- Tagbilaran City
- Puerto Princesa City
- Iloilo City

Year 4 Quarter 1 (Oct 1 – Dec 31, 2017)

- Philippine Payments Management Inc. (PPMI)
- Rameses

Year 5 Quarter 1 (October - December 2018)

- Legazpi City

EG.4.2-2 Number of financial intermediaries serving poor households and microenterprises supported by USG assistance

Year 3 Quarter 1 (October 1 – December 31, 2016)

- Land Bank of the Philippines

GNDR Gender						
GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment)						
		Male	Female	Total	% Male	% Female
Year 1						
DSWD – MCCT Davao del Norte		-	3	3	0%	100%
NCR – MCCT Training QC, 7/24/15		1	13	14	7%	93%
NCR – MCCT Training Manila, 8/8/15		18	185	203	9%	91%
E-payments Technology & Innovations for Business, Puerto Princesa City and local chambers of commerce, 9/29 – 9/30		21	31	52	40%	60%
Year 1 Total		40	232	272	15%	85%
Year 2						
FICCO Training, 3/19/16 to 3/20/16		2,455	6,421	8,876	28%	72%
Year 2 Total		2,455	6,421	8,876	28%	72%
Year 3						
FICCO Training, 2/2/17 and 2/3/17		68	3	71	96%	4%
Orientation on RPT Payments – QC Mezza Residents, 3/18/17		42	41	83	51%	49%
FICCO Financial Literacy Orientation, 4/26/17 and 4/27/17		68	64	132	52%	48%
Tagbilaran City E-payments Forum, 6/6/17		24	21	45	53%	47%
Tagbilaran City Social Media Marketing, eCommerce, and ePayments Workshop, 6/6/17 to 6/7/17		10	12	22	45%	55%
Year 3 Total		212	141	353	60%	40%
Year 4						
Year 4 Total		n/a	n/a	n/a	n/a	n/a
Year 5						
Legaspi City Business Forum, 11/29/18		68	64	132	52%	48%
Year 5 Total (as of 03/31/2019)		68	64	132	52%	48%
Cumulative		2,775	6,858	9,633	29%	71%

ANNEX 3: Institutions with PESONet and/or InstaPay-enabled Products Available on their Internet and/or Mobile Channels

Indicator 2.1: Infrastructure of E-Payments Expanded

Number of institutions supported by E-PESO to improve and/or expand their front-end infrastructure

	Financial Institution	License	PESONet				INSTAPAY
			SENDING				SENDING
			INTERNET		MOBILE		
			Corporate	Individual	Corporate	Individual	
1	ASIA UNITED BANK	UB					1
2	AUSTRALIA NEW ZEALAND BANKING GROUP LTD.	UB	1				
3	BANK OF AMERICA, NAT'L. ASS	KB	1				
4	BANK OF COMMERCE	UB					1
5	BANK OF CHINA	KB	1	1			
6	BDO UNIBANK, INC.	UB	1				1
7	CHINA BANKING CORPORATION	UB	1		1		1
8	CHINABANK SAVINGS, INC.	TB	1		1		1
9	CITIBANK, N. A.	KB	1	1		1	
10	CTBC BANK (PHILIPPINES) CORPORATION	KB	1	1			
11	DEUTSCHE BANK	UB	1				
12	DEVT. BANK OF THE PHILIPPINES	UB	1	1			
13	DUNGGANON BANK (A MICROFINANCE RURAL BANK), INC.	RB					1
	EAST-WEST BANKING CORPORATION	UB		1		1	1
14	EQUICOM SAVINGS BANK, INC.	TB					1
15	G-XCHANGE, INC.	NB					1
14	HK AND SHANGHAI BANKING CORPORATION	UB	1	1	1	1	
15	JPMORGAN CHASE BANK	KB	1		1		
16	KEB HANA BANK - MANILA BRANCH	KB	1	1			
17	LAND BANK OF THE PHILIPPINES	UB					1
18	MALAYAN BANK SAVINGS AND MORTGAGE BANK	TB					1
19	MAYBANK PHILS., INC.	KB	1				1
20	METROPOLITAN BANK AND TRUST	UB				1	1

21	MIZUHO BANK, LTD. – MANILA BRANCH	UB	1				
22	PHIL. BANK OF COMMUNICATION	KB					1
23	PHILIPPINE NATIONAL BANK	UB	1	1		1	1
24	PNB SAVINGS BANK					1	1
25	PHILIPPINE SAVINGS BANK	TB		1		1	1
26	PHILIPPINE TRUST COMPANY	UB	1	1	1	1	
27	RCBC SAVINGS BANK, INC.	TB					1
28	RIZAL COMMERCIAL BANKING CORPORATION	UB	1				1
29	ROBINSONS BANK CORPORATION	KB	1	1		1	1
30	SECURITY BANK CORPORATION	UB					1
31	SHINHAN BANK	KB	1	1			
32	SUMITOMO MITSUI BANKING CORPORATION - MANILA BRANCH	KB	1				
33	SUN SAVINGS BANK, INC.	TB					1
34	THE BANK OF TOKYO - MITSUBISHI UFJ, LTD. (MUFG BANK, LTD.)	UB	1				
35	THE STANDARD CHARTERED BANK	UB	1				
36	UNION BANK OF THE PHILIPPINES	UB	1	1	1	1	1
37	UNITED COCONUT PLANTERS BANK	UB	1	1		1	1

Annex 4: Institutions Connected to PESONet’s and/or InstaPay’s Clearing Switch Operators (CSO)

Indicator 2.2: Back-end e-payment infrastructure strengthened

Number of institutions supported by E-PESO to improve and/or expand their back-end infrastructure

	Financial Institution	License	PESONET RECEIVING	INSTAPAY RECEIVING
1	AL-AMANAH ISLAMIC INVESTMENT BANK OF THE PHILIPPINES	UB	1	
2	ASIA UNITED BANK	UB	1	1
3	AUSTRALIA NEW ZEALAND BANKING GROUP LTD.	UB	1	
4	BANGKOK BANK PUBLIC CO. LTD.	KB	1	
5	BANK OF AMERICA, NAT'L. ASS	KB	1	
6	BANK OF COMMERCE	UB	1	1
7	BANK OF CHINA	KB	1	
8	BANK OF THE PHILIPPINE ISLANDS	UB	1	1
9	BDO UNIBANK, INC.	UB	1	1

10	CHINA BANKING CORPORATION	UB	1	1
11	CHINABANK SAVINGS, INC.	TB	1	1
12	CITIBANK, N. A.	KB	1	
13	CTBC BANK (PHILIPPINES) CORPORATION	KB	1	1
	DEUTSCHE BANK	UB	1	
14	DEVT. BANK OF THE PHILIPPINES	UB	1	1
15	DUNGGANON BANK (A MICROFINANCE RURAL BANK), INC.	RB	1	1
14	EAST-WEST BANKING CORPORATION	UB	1	1
15	EQUICOM SAVINGS BANK, INC.	TB	1	1
16	FIRST CONSOLIDATED BANK, INC. (A PRIVATE DEVELOPMENT BANK)	TB	1	1
17	G-XCHANGE, INC.	NB		1
18	HK AND SHANGHAI BANKING CORPORATION	UB	1	
19	INDUSTRIAL BANK OF KOREA - MANILA BRANCH	KB	1	
20	ING BANK, N.V.	UB	1	
21	ISLA BANK (A THRIFT BANK), INC.	TB		1
22	JPMORGAN CHASE BANK	KB	1	
23	KEB HANA BANK - MANILA BRANCH	KB	1	
24	LAND BANK OF THE PHILIPPINES	UB	1	1
25	MALAYAN BANK SAVINGS AND MORTGAGE BANK	TB		1
26	MAYBANK PHILS.,INC.	KB	1	1
27	MEGA INTERNATIONAL COMMERCIAL BANK CO. LTD.	KB	1	
28	METROPOLITAN BANK AND TRUST COMPANY	UB	1	1
29	MIZUHO BANK, LTD. – MANILA BRANCH	UB	1	
30	OMNIPAY, INC.	NB		1
31	PARTNER RURAL BANK (COTABATO), INC.	RB		1
32	PAYMAYA PHILIPPINES, INC.	NB		1
33	PHIL. BANK OF COMMUNICATION	KB	1	1
34	PHILIPPINE BUSINESS BANK, INC., A SAVINGS BANK	TB		1
35	PHILIPPINE NATIONAL BANK	UB	1	1
36	PNB SAVINGS BANK		1	1

37	PHILIPPINE SAVINGS BANK	TB	1	1
38	PHILIPPINE TRUST COMPANY	UB	1	1
39	PHILIPPINE VETERANS BANK	KB	1	1
40	RCBC SAVINGS BANK, INC.	TB		1
41	RIZAL COMMERCIAL BANKING CORPORATION	UB	1	1
42	ROBINSONS BANK CORPORATION	KB	1	1
43	SECURITY BANK CORPORATION	UB	1	1
44	SHINHAN BANK	KB	1	
45	STERLING BANK OF ASIA, INC. (A SAVINGS BANK)	TB	1	1
46	SUMITOMO MITSUI BANKING CORPORATION - MANILA BRANCH	KB	1	
47	SUN SAVINGS BANK, INC.	TB		1
48	THE BANK OF TOKYO - MITSUBISHI UFJ, LTD. (MUFG BANK, LTD.)	UB	1	
49	THE STANDARD CHARTERED BANK	UB	1	
50	UNION BANK OF THE PHILIPPINES	UB	1	1
51	UNITED COCONUT PLANTERS BANK	UB	1	1
52	UNITED OVERSEAS BANK LTD. - MANILA BRANCH	KB	1	
53	WEALTH DEVELOPMENT BANK CORPORATION	TB	1	
54	YUANTA SAVINGS BANK PHILIPPINES, INC.	TB	1	1

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