



BANGKO SENTRAL NG PILIPINAS

**OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR**

MEMORANDUM NO. M-2016- 011

To : ALL BSP-SUPERVISED FINANCIAL INSTITUTIONS

Subject : Guidance on the Adoption of Chip and Personal Identification Number (PIN) as Cardholder Verification Method for EMV-Compliant Philippine-Issued Debit Cards

This is to clarify the expectation of the BSP relative to the EMV Implementation Guidelines ("Guidelines") set forth in BSP Circular No. 859 dated 24 November 2014. It is the aim of the BSP to ensure that the ongoing migration efforts of the retail payments industry are aligned with the intentions of the BSP, particularly in protecting the public against payment card fraud.

Thus, Section G.2.c of the Guidelines which requires acquiring institutions to "enable a debit Point-of-Sale (POS) environment that supports online PIN for Philippine-issued debit cards" should be construed as requiring "online PIN" as the primary Cardholder Verification Method (CVM) for Philippine-issued debit cards¹ when used in the domestic POS environment. While migration efforts are still ongoing to support online PIN, the use of "signature" as a secondary or alternative CVM in cases when the debit card or POS terminal is not yet capable of online PIN verification will be permitted for an interim period of two (2) years after 01 January 2017. Additionally, domestic debit card issuers may continue to include signature as a secondary CVM in co-branded debit cards for the purpose of enabling the use of these cards in other economic jurisdictions that continue to use signature as the primary CVM.

Any disputes arising from domestic POS-initiated debit card transactions during the interim period stated above shall be resolved with due consideration of the compliance of the involved issuer and acquirer with the Guidelines and this issuance. If any of the party is not yet fully chip-and-PIN capable, the party that has enabled online PIN-capability shall be given more favorable consideration in the resolution of such disputes. During the same period, issuers shall undertake measures to ensure that all debit cards issued will be chip-and-PIN capable. Acquirers, on the other hand, shall enable online PIN processing in all POS terminals deployed and educate their merchants and POS terminal deployers accordingly. Nonetheless, acquirers may continue to support various CVMs to enable the use of foreign-issued cards that primarily rely on CVMs other than online PIN.

¹ Philippine-issued debit card refers to a payment card issued by a duly authorized bank in the Philippines, whether co-branded with international payment network or proprietary, linked to a bank deposit or prepaid/electronic (e-money) account.

Consistent with the Guidelines, this issuance shall apply only to contact payment card transactions of Philippine-issued debit cards and shall not cover contactless and card-not-present transactions.

For information and guidance.



NESTOR A. ESPENILLA, JR.
Deputy Governor

31 August 2016