



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR | PAYMENTS AND CURRENCY MANAGEMENT SECTOR

MEMORANDUM NO. M-2026-026

To : All BSP-Supervised Institutions

Subject : Frequently Asked Questions on the Amendments to the National Retail Payment System Framework and the Regulatory Framework for Merchant Payment Acceptance Activities

The Bangko Sentral ng Pilipinas (BSP) issues the attached Frequently Asked Questions (FAQs) on BSP Circular No. 1238 dated 17 June 2026, which sets out amendments to the National Retail Payment System Framework and the Regulatory Framework for Merchant Payment Acceptance Activities.

These FAQs are intended to clarify key provisions of the Circular, provide interpretative guidance to BSP-supervised institutions (BSIs) and their clients, and promote common understanding and consistent implementation across BSIs. They also serve to support operational alignment by addressing practical considerations that may arise in the course of compliance.

BSIs are expected to take these FAQs into account in reviewing and enhancing their existing policies, procedures, and practices, particularly with respect to the pricing of electronic fund transfers and the conduct of due diligence for merchants. Such enhancements should be proportionate to the nature, scale, and complexity of their operations, in line with the regulations.

For information and guidance.


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Deputy Governor

17 June 2026

**FREQUENTLY ASKED QUESTIONS (FAQs) ON THE
AMENDMENTS TO THE NATIONAL RETAIL PAYMENT SYSTEM FRAMEWORK AND THE
REGULATORY FRAMEWORK FOR MERCHANT PAYMENT ACCEPTANCE ACTIVITIES
(Circular No. 1238 dated 17 June 2026)**

Introduction

The BSP continues to advance a safe, efficient, and inclusive digital payments ecosystem under the National Retail Payment System (NRPS) Framework. As digital payments become increasingly integral to everyday transactions, pricing practices and onboarding standards play a critical role in shaping user behavior, market competition, and overall system efficiency.

In this regard, the BSP issued Circular No. 1238 to strengthen the regulatory framework governing the pricing of person-to-person (P2P) electronic fund transfers (EFTs) and the conduct of due diligence for merchants. The policy seeks to ensure that fees are cost-reflective by requiring BSP-supervised institutions (BSIs) to assess underlying cost structures, promote interoperability by limiting cross-subsidization across transaction types that may lead to inefficient or exclusionary market outcomes. The Circular also reinforces alignment of merchant due diligence with existing regulations.

To support consistent implementation, the BSP is issuing these Frequently Asked Questions (FAQs) to provide additional guidance and clarification on key provisions of the Circular.

A. Cost Analysis

1. ***Is the cost analysis required to be submitted to the BSP on a periodic basis for substantive review and assessment of the reasonableness of fees?***

The BSP does not introduce a regime of ex-ante price regulation. Rather than prescribing or pre-approving fees, the requirement for BSIs to undertake a cost analysis is intended to ensure that pricing for electronic payment products and services is anchored on documented and verifiable cost considerations.

This approach does not seek to impose additional burden on BSIs through routine submission requirements. Cost analyses are not expected to be regularly submitted, but should be maintained and made available when necessary in the course of supervisory or oversight activities. In this way, the framework preserves regulatory flexibility by allowing BSIs to determine their pricing strategies within a cost-based approach, while enabling the BSP to assess, when warranted, whether pricing practices are consistent with regulatory expectations, particularly in cases where fees may appear excessive, distortive, or inconsistent with principles of transparency and interoperability.

2. ***Will the BSP prescribe or issue a standard template for the cost analysis, including guidance on the allocation of common or shared expenses?***

The BSP recognizes that cost structures vary significantly across BSIs, depending on factors such as size, business model, services offered, and underlying infrastructure. A standard template may not adequately capture these variations and could result in misinterpretation or inappropriate assessments. Accordingly, BSIs may adopt their own internal cost analysis formats, provided that the underlying assumptions and methodologies are clearly documented, supported and verifiable.

Similarly, the allocation of shared or common costs across business units or products and services is not subject to a prescribed methodology and may be determined based on each BSI's internal accounting practices. These practices are expected to

be applied prudently and in accordance with applicable accounting standards to ensure consistency, transparency, and reliability of cost information.

3. ***Are the cost categories set out in Appendix 201-2 of the Circular required to be included in the cost analysis?***

The cost categories set out in Appendix 201-2 of the Circular are illustrative of the types of costs that may be considered in a BSI's cost analysis. They are not intended to be exhaustive or prescriptive. Accordingly, BSIs are not precluded from including other cost components that are relevant to the provision of electronic payment products and services, provided that such cost components are reasonable, directly or indirectly attributable, and supported by appropriate documentation. Cost inclusions should be based on a BSI's sound judgment as documented in written policy and verifiable through consistent methodologies. These expectations ensure that the resulting cost analysis is transparent, supportable, and aligned with the principles of responsible pricing.

B. Pricing Mechanism

4. ***What is the extent of coverage of the prescribed pricing mechanism in terms of activities, transaction types, and client segments?***

The prescribed pricing mechanism applies only to domestic person-to-person (P2P) electronic fund transfers (EFT), whether processed through InstaPay or PESONet. It does not cover card-based transactions, transactions involving corporate clients or merchants, or cross-border transactions.

5. ***What constitutes a "material" difference, and is there a prescribed materiality threshold?***

A prescribed materiality threshold is intentionally not specified, as a fixed benchmark may not adequately capture the varied and nuanced business models of BSIs and could lead to misinterpretation or inappropriate assessments. Instead, the evaluation of material differences and fee reasonableness will be undertaken on a case-by-case basis, as necessary.

In assessing what constitutes a "material" difference or whether fees are reasonable, the BSP will consider factors such as the BSI's business model, cost structure, overall profitability, and the justification for the fees charged. Regulatory oversight will be exercised through a post-disclosure assessment mechanism, wherein BSIs that report comparatively high fees in their regular fee disclosures¹ may be required to submit their cost analysis, and/or other supporting documentation or justification to enable a more detailed review against established pricing principles.²

6. ***To what extent is segment-based or differentiated pricing across customer groups permitted under the prescribed pricing mechanism?***

BSIs may implement differentiated or segment-based pricing strategies, including tiered pricing structures, based on sound business and operational considerations and the value proposition offered to different customer segments. This is consistent with the principles of non-discriminatory and responsible pricing,² which allow flexibility in pricing approaches, provided that fees for a particular service are applied in a consistent and transparent manner within each defined segment.

¹ That is, the requirement for BSIs to disclose fees on electronic payments in accordance with BSP Memorandum No. M-2018-013 dated 28 March 2018

² As outlined in BSP Memorandum No. M-2024-015 on Guidelines on Pricing of Electronic Payments

Such differentiation must, however, uphold fairness across end-users. BSIs should ensure that pricing structures do not result in one group of users unreasonably subsidizing the cost of serving another. Accordingly, while segment-based pricing is permitted, it must remain grounded in cost-based principles, applied transparently, and structured in a manner that avoids distortive or exclusionary outcomes.

BSIs are reminded that their pricing policy, processes, and procedures should include detailed discussions on the rationale and quantitative support for determining fees. This documentation may cover the justification and basis for the fee structures and the amounts based on cost analysis and other pertinent information related to the factors influencing pricing decisions. Pricing formulas are expected to be clear, documented, and well-justified, indicating why and how prices have been set, such as costs passed on to end-users.³

7. *If a BSI waives fees for on-us transactions, how should it determine and apply fees for off-us transactions under the prescribed pricing structure?*

Even where fees for on-us transactions are waived, the pricing of off-us transactions must remain consistent with the prescribed pricing mechanism.

Any differences in fees should be supported by reasonable and directly attributable costs, such as switching or network-related expenses, and should not result in outcomes that discourage interoperability or create undue barriers to inter-institution transactions.

The table below presents illustrative examples of the application of the prescribed pricing mechanism across various scenarios. These examples are intended to provide guidance on how fees may be structured and applied in practice, without limiting the flexibility of payment service providers to adopt pricing approaches consistent with the principles set out in the Circular.

On-us fee	Off-us fee	Evaluation
On-us fee	On-us fee and any switch cost directly attributable to the facilitation of off-us transfers	Acceptable
Waived on-us fee	Any switch cost directly attributable to the facilitation of off-us transfers	Acceptable
Waived on-us fee	Waived off-us fee	Acceptable
Waived on-us fee	Fee higher than the switch cost directly attributable to the facilitation of off-us transfers	Not acceptable

8. *How would the prescribed pricing structure apply to PSPs that do not impose fees on P2P EFTs?*

PSPs that currently offer P2P EFT services free of charge are not covered by the prescribed pricing structure and may continue to provide such services without charge. The prescribed pricing structure shall apply only to PSPs that elect to impose a fee for the provision of P2P EFT services.

³ Please refer to BSP Memorandum No. M-2024-015 on Guidelines on Pricing of Electronic Payments for further details

C. Merchant Due Diligence Requirements

9. *Do the provisions of the Circular on merchant due diligence introduce new or additional requirements for BSIs?*

The provisions on merchant due diligence are primarily intended to align the language with existing requirements under relevant anti-money laundering and counter-terrorism financing (AML/CTF) regulations in the Manual of Regulations for Banks (MORB) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFI). It is understood that BSIs already have in place the necessary policies, systems, controls, and processes to comply with these regulatory requirements.

10. *What are the onboarding requirements for small and/or informal merchants under the Circular?*

Consistent with Section 921 of the MORB/921-Q of the MORNBFI, a risk-based approach applies to the onboarding of merchants. BSIs may implement reduced due diligence for merchants assessed to present low risk, based on the relevant risk profiling criteria under existing regulations. Under this approach, any official document, defined under Section 904 of the MORB/904-Q of the MORNBFI as “any document or information reduced in writing which the covered person deems sufficient to establish the client’s identity,” may suffice for onboarding low-risk customers. For small and/or informal merchants, this may include the national ID of the proprietor and documents or information evidencing the existence of the business, such as barangay permits, self-attestation, digital storefronts, social commerce profiles, or sustained wallet activity, among others.

Such an approach facilitates access for small and/or informal merchants while ensuring that appropriate controls remain in place in accordance with applicable regulatory requirements.