



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

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

MEMORANDUM NO. M – 2008 – 030

To : ALL BANKS

**Subject : Accreditation Process of ATM Consortium as Compliance
with Outsourcing and Electronic Banking Requirements**

The Monetary Board, in its Resolution No. 31, dated 10 January 2008, approved the following guidelines relative to the requirements of Subsections X169.2 and Section X621 of the Manual of Regulations for Banks (MORB) on outsourcing of ATM and electronic banking (e-banking) services, respectively.

1. Automated Teller Machine (ATM) Interconnection Services

The extension of a bank's information technology systems or processes to a third party, such as the connection of its ATM switch to BancNet and/or Megalink or any other ATM consortium¹ or an Affiliate Switch Network² is considered an outsourcing activity that requires prior BSP approval pursuant to Subsection X169.2 of the MORB.

However, no prior BSP approval shall be required for a bank connected or seeking to connect with BancNet and/or Megalink or with an ASN of either ATM consortium, provided that it passed/es the BSP-approved accreditation process of either BancNet or Megalink.

2. Internet and Mobile Banking Services

A bank that intends to outsource its internet and/or mobile banking services to BancNet and/or Megalink shall no longer require prior MB approval provided that the applicant bank had passed the BSP-approved

¹ An ATM consortium is an entity that operates and maintains an ATM switch network connecting member institutions

² An "Affiliate Switch Network" (ASN) is an aggregator/service provider that connects its ATM switch with BancNet and/or Megalink and extends that connection to its subscribers and/or members. ASNs has to pass the accreditation requirements of BancNet and Megalink which includes service level standards, BSP access, and minimum paid-up capital of P300 million. ASNs already interconnected with Bancnet and/or Megalink are required to comply with the minimum paid-up capital on staggered basis of: P100 million by 31 December 2008; P200 million by 31 December 2009; and P300 million by 31 December 2010.

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accreditation process for membership of BancNet and/or Megalink, which requires, among others, a "no objection" notice from the Central Point of Contact (CPC) in the Supervision and Examination Sector of BSP.

Banks which intend to provide electronic banking services via other arrangements or service providers will still have to comply with the existing regulations on outsourcing and e-banking, as required under Subsec. X169.2 and Sec. X621 of the MORB on outsourcing and e-banking services, respectively.

To ensure that the process remains effective and adaptive to the changing environment, the accreditation process of BancNet and Megalink for availment of the ATM interconnection, internet and mobile banking services shall be subject to periodic BSP review and examination.

This Memorandum amends Memorandum Nos. M-2007-010 and M-2007-033 dated 07 May 2007 and 8 November 2007, respectively, in so far as inconsistent provisions/guidelines are concerned.

For your guidance


NESTOR A. ESPENILLA, JR.
Deputy Governor

12 September 2008