



**BANGKO SENTRAL NG PILIPINAS**  
**OFFICE OF THE GOVERNOR**

**MEMORANDUM NO. M-2019-002**

**To : BSP SUPERVISED INSTITUTIONS AND PARTICIPANTS OF THE  
PHILIPPINE PAYMENTS AND SETTLEMENTS SYSTEM (*PhilPaSS*)**

**Subject: ADOPTION OF THE ISO 20022 ON RETAIL PAYMENT SYSTEMS AND  
ON THE REAL-TIME GROSS SETTLEMENT SYSTEM**

For the consideration of the financial community in their business decisions, we inform the local and global developments in the adoption of the international standards on messaging and communication of retail and large-value payments and settlement systems.

**THE ISO 20022 STANDARD**

ISO 20022 is a multi-part international standard prepared by the International Organization for Standardization (ISO) Technical Committee TC 68 - Financial Services. ISO 20022 provides an approach in developing financial messages based on internationally agreed standards on a) modeling methodologies, b) a dictionary of business terms used in financial communications, and c) registration process.

ISO 20022 standardizes messaging systems for all financial initiatives with whatever counterparty (financial institutions, market infrastructures, customers, etc.), business domain (payments, securities, trade services, etc.), and network (public or proprietary, domestic or international), thereby facilitating the interoperability of financial payments and settlement systems and other financial initiatives. Additionally, the ISO 20022 addresses existing concerns in terms of high cost and difficulty in having to map data from one application to another given the varying standards that financial systems are currently using.

**LOCAL AND GLOBAL DEVELOPMENTS**

1. The Bangko Sentral ng Pilipinas is undertaking initiatives in further enhancing the efficiency and interoperability of domestic retail payments systems and the country's real-time gross settlement system. Pursuant to this direction, the BSP shall adopt the ISO 20022 and incorporate it as one of the features of the country's new real-time gross settlement system which shall be named *PhilPaSS<sup>Plus</sup>*. The target soft implementation of the new system is on the 4<sup>th</sup> quarter year 2020, with the full implementation by the 1<sup>st</sup> quarter of year 2021.

Following a synchronized roadmap, the activities and timelines for BSP's ISO 20022 Migration Project and implementation of a new RTGS system include the following:

| <i>Steps and Target Timelines</i> | <i>PhilPaSS<sup>Plus</sup></i> | <i>ISO 20022 Migration</i> |
|-----------------------------------|--------------------------------|----------------------------|
| Procurement Process               | Q1 – Q3:19                     | Q1:19                      |
| Environmental Scanning            |                                | Q2 – Q4:19                 |
| Development and Testing           | Q3:19 – Q4:20                  | Q1:20 – Q4:20              |
| <b>Soft Implementation</b>        |                                | <b>Q4:20</b>               |
| <b>Full Implementation</b>        |                                | <b>Q1:21</b>               |

2. The ASEAN Working Committee on Payment and Settlement Systems (WC-PSS) has incorporated in one of the initiatives committed in its Strategic Action Plan, the adoption of international standards such as the ISO 20022 in both the retail and large-value payment systems. This is pursuant to the target to establish bilateral and multilateral linkages with the ASEAN region.

In the dynamic space of payments and settlement system, the BSP highly encourages the financial community to move towards the adoption of ISO 20022 in their infrastructure connecting to various retail payment systems and *PhilPaSS*, to increase efficiency and interoperability among domestic as well as global payments and settlement system. The BSP encourages early action on or before the target soft launch of the new *PhilPaSS* in the 4<sup>th</sup> quarter of year 2020.

For information and guidance.

  
**CHUCHI G. FONACIER**  
 Officer-in-Charge

23 January 2019