



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1223

Series of 2025

Subject: Harmonization with Internationally Accepted ISO 20022 Standard for Retail Payment Systems

The Monetary Board, in its Resolution No. 1098 dated 6 November 2025, approved the issuance of the following requirements to harmonize the use of payment messaging standards and enhance the efficiency and interoperability in processing retail payment transactions.

Section 1. The following definitions shall be included in the Manual of Regulations for Payment Systems (MORPS):

GLOSSARY OF TERMS:

Account identifiers - unique identifier of the transaction account, as assigned by the payment service providers (e.g., account number).

Business Identifier Code (BIC) - a code issued by Swift that uniquely identifies institutions within the financial services industry. It consists of an eight (8)-character core (institution + country + location) and an optional three (3)-character branch code.

Legal Entity Identifier (LEI) - a 20-character, alphanumeric code that enables clear and unique identification of legal entities participating in financial transactions and other official interactions. Each LEI contains information about an entity's ownership structure.

Straight-through processing - refers to payment transactions that are conducted electronically, without the need for manual intervention.

Unique end-to-end transaction reference (UETR) - a universally unique identifier consisting of 36 alphanumeric characters assigned to payment instruction messages carried over Swift. It acts like a tracking number that stays the same throughout the payment chain, enabling all parties to consistently identify, match, and trace the transaction.

Section 2. The Circular shall create the following sections in Part Twelve of the MORPS:

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PART TWELVE EFFICIENCY AND EFFECTIVENESS

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1203.1 Policy Statement. The Bangko Sentral recognizes the need to align with the use of internationally accepted communication procedures and standards to ensure a safe, efficient, and reliable payment system that supports inclusive economic growth.

Pursuant to Section 7 of Republic Act (RA) No. 11127 or The National Payment Systems Act and Section 102 of the MORPS or the Adoption of the Principles for Financial Market Infrastructures, this policy mandates the harmonization with ISO 20022, an

international standard for exchanging electronic messages between financial institutions to facilitate seamless, efficient, and secure domestic and cross-border retail payments, with a particular focus on interoperability and straight-through processing.

1203.2 Scope. These requirements shall apply to domestic¹ and cross-border retail payments.

1203.3 Internationally Accepted Communication Procedures and Standards. To further improve efficiency, accessibility, and transparency in processing retail payments, and adherence to global best practices, participants² are required to comply with the following procedures and standards, where applicable:

a. Efficiency

- (1) Messaging formats must include structured and meaningful information, including:
 - (a) Sender and recipient details, with fields for name and common minimum level of postal address, structured to the extent possible;
 - (b) Standardized identifiers for all financial institutions and entities in the payment chain including the use of BIC or LEI for enterprises for cross-border payments and payments above agreed thresholds;
 - (c) Account identifiers to the extent possible to facilitate accurate processing and reconciliation;
 - (d) ISO externalized codes for payments and payment-related processes; and
 - (e) End-to-end transaction reference to be present in the format prescribed by the clearing system and to be consistent between the sender and the beneficiary to ensure traceability. For cross-border payments, participants must ensure that the UETR field is enabled and that a UETR is included in the message.
- (2) Complete and unaltered payment information must be transmitted and maintained throughout transaction processing, including optional data and supplementary information, if provided. Customer remittance information shall be conveyed either by including a minimum required amount of structured or unstructured remittance data within the payment message, or by providing a reference to such information when it is transmitted separately.
- (3) The character set³ used for payment messages must align with current market practice, wherein characters are supported or restricted, as necessary, to maintain compatibility.
- (4) A common time convention must be applied across all payment messages.⁴
- (5) Participants must use the appropriate ISO 20022 message type for each specific business function.⁵

b. Transparency and Accessibility

- (1) Receiving institutions are responsible for presenting relevant payment information to end-users, including regulators, clients, and operators, through accessible channels. Information should include, at a minimum, sender details and transaction reference number.
- (2) Participants must have the mechanism to maintain for at least five years all necessary records on transactions, both domestic and international, and enable the retrieval and interpretation of payment status and data efficiently.
- (3) Participants shall ensure transparency of payment amounts, charges, and any

¹ Refers to domestic transactions performed under the National Retail Payment System Framework.

² Refers to the operator, issuer, service provider, or any person involved in the payment system other than the end-user, as defined in RA No. 11127.

³ Lower case characters a–z, upper case characters A–Z, numeric characters 0–9, complemented with the following additional characters for a limited selection of data elements as allowed by the CBPR+ usage guidelines / - ? : () . , ' + ! # & % * = ^ _ ` { } ~ " ; @ [\] \$ > <

⁴ Use of either Universal Time Coordinated (UTC) or local time with UTC offset, as indicated in the BIS-CPMI report.

⁵ CPMI core ISO 20022 message set include Credit Transfers (e.g. pacs.008, pacs.002), payment returns, (e.g. pacs.004), and payment investigations (e.g. pacs.028).

currency conversions involved.

Clearing Switch Operators (CSO) must implement appropriate pre-validation checks to facilitate interoperability, while Automated Clearing House (ACH) participants are responsible for ensuring the accuracy and completeness of transaction data, in strict compliance with applicable regulatory standards. Any additional customer information must be handled in compliance with user consent, data privacy laws, and regulations governing data processing, storage, and sharing.

1203.4 Development and Maintenance of Rulebooks Aligned with Internationally Accepted Procedures and Standards. Development and maintenance of rulebooks, being operational in nature, shall be the responsibility of the payment system management body (PSMB). Rulebooks shall include message specifications and protocols, including exception handling. Upon request by the Bangko Sentral, the PSMB shall make this document available for review. The rulebooks shall remain in effect unless superseded by a different messaging standard.

To ensure continued alignment with evolving market practices and global standards, the PSMB shall oversee the yearly review and updating of these guidelines and rulebooks. Participants must also remain compliant with all updates and changes in rulebooks, ensuring that their systems are designed to adapt seamlessly to new requirements without disrupting operations.

1203.5 Reportorial Requirements. The PSMB shall submit reports to the Bangko Sentral, as needed, upon instances of non-compliance with the policy, applying the reporting guidelines set forth in Section 103 of this Manual. Such reports shall include the details and severity of the non-compliance, reasons for its occurrence, and corrective measures undertaken to ensure alignment with the harmonized rulebooks.

1203.6 Enforcement Action. Failure to comply with the requirements under this section shall subject the participants to the appropriate enforcement action provided under Part 15 of this Manual. Further, as determined by the Monetary Board and in accordance with RA No. 11127, the CSO and its directors and/or officers may be subject to corresponding administrative sanctions, while the PSMB may be subject to revocation of its accreditation.

Section 3. Transitory Provision. Participants shall be granted a period of two (2) years from the effectivity of the Circular to achieve full compliance through a phased implementation, with at least one use-case harmonized within the first year from the effectivity of this Circular. Full compliance shall be defined as:

- Phase-out of message translators/adaptors; and
- Compliance across use cases within the scope of the Circular.

An ISO 20022 Harmonization Industry Project Team (Industry Project Team) shall be formed to lead the coordination and collaboration among all relevant stakeholders until its implementation. The members of the Industry Project Team shall be headed by the PSMB and consist of ACH participants, with CSOs tapped as technical experts. To ensure inclusive representation, membership in the Industry Project Team shall be subject to approval by the Bangko Sentral.

Under the oversight of the Bangko Sentral, the Industry Project Team shall define the harmonization approach, including detailed implementation plans, with timelines, technical requirements, and stakeholder support mechanisms through feedback, information dissemination, and capacity-building initiatives. Towards this end, the Industry Project Team shall submit to the Bangko Sentral the regular reports on the following:

- a. Results of conformance testing to validate alignment with ISO 20022 messaging

- standards, including any identified issues and corrective actions taken thereon;
- b. Updates on the implementation progress including milestones achieved, challenges encountered, and any delays in adopting harmonized standards; and
 - c. Statistics on the participants' operational readiness to process live transactions using the harmonized standards.

Enforcement actions under Section 1203.6 of the Manual shall not apply during the transitory period.

Section 4. Effectivity. This Circular shall take effect fifteen (15) calendar days after publication in a newspaper of general circulation or the Official Gazette.

FOR THE MONETARY BOARD:



ELI M. REMOLONA, JR.
Governor

20 November 2025