

Amando M Tetangco, Jr: Efforts to provide an integrated national payments and settlements system

Remarks by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the Signing of the MOA on the Interconnection of PDS Settlement Highway (PSH) and BSP PhilPaSS, Bangko Sentral ng Pilipinas, Manila, 29 August 2007.

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Monetary Board Members; Mr. Vicente Castillo, CEO, Philippine Dealing System Holdings Corp; Mr. Ramon Sy, President, Bankers Association of the Philippines; guests from our partners in the banking sector; BSP officials; our friends from the media; ladies and gentlemen, good afternoon!

Today's MOA signing is another landmark in our joint efforts to provide an integrated national payments and settlements system. As partners in the financial reform agenda, we have all vigorously worked together to have the various pieces of the payments puzzle be put together. In the process, we continue to work towards the establishment of the infrastructure that would allow the secure and timely completion of transactions to reduce systemic risk in the financial markets and thereby enhance the integrity of financial transactions.

In the course of the last five years, the BSP's PhilPaSS has been interconnected with the check and peso clearing results of the PCHC, the Delivery vs. Payment of Government Securities transactions of the Bureau of the Treasury, the ATM transactions of the Megalink member banks, and the Payment vs. Payment (Foreign Exchange) transactions of the Philippine Dealing Exchange. To date, all the commercial banks and 50% of the thrift and savings banks and some non-banks performing quasi-banking operations settle these various transactions in the PhilPaSS.

With the signing of the Memorandum of Agreement for the Interconnection of the Philippine Dealing System Holdings Corporation's Settlement Highway with PhilPaSS, all the payment instructions for transactions that would be done through the PDS Group could now be transmitted directly to the BSP-PhilPaSS and effected in the DDAs of the counterparties who are PhilPaSS member banks or through the DDAs of the PhilPaSS member bank in their capacity as Settlement Banks for non-PhilPaSS members. These transactions include foreign currency transactions, interbank and interdealer repo transactions, and interbank fund transfers.

It is also worthy to note that this interconnectivity comes at very minimal cost. This is because the infrastructure is already in place; all that needed to be done was minimal reconfiguration of the existing systems to capture these additional types of financial transactions.

The Bangko Sentral ng Pilipinas, in fulfilling the third pillar of its mandate, will continue to work to improve the operations of the PhilPaSS to better address all the concerns of our stakeholders. We are well aware, however, that we cannot do this alone. We look forward to your continued support and partnership.

Thank you!