

Nestor A Espenilla, Jr: In real time

Speech by Mr Nestor A Espenilla, Jr, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines), at InstaPay Go Live, Manila, 23 April 2018.

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On behalf of the Bangko Sentral ng Pilipinas, I welcome everyone to this important event, another significant milestone in our shared goal of having a safer, more efficient, affordable and reliable payments system.

Today, the country launches another priority Automated Clearing House (ACH) under the National Retail Payment System (NRPS).

We call it, “InstaPay.”

Like the PESONet launched in November of last year, InstaPay is innovative. It is likewise expected to create new markets and add new value. Its launch and operation further improves the Philippine retail payment system and moves us closer to creating a cash-lite economy. Our vision, to create an inter-operable payment ecosystem, allowing seamless electronic fund transfers and payments from one account to another, is not only being articulated. It is becoming REAL now. In real time.

InstaPay’s name fully represents what this newest ACH achieves — real time account-to-account payments or transfers of funds. Instant payments.

The interoperability of InstaPay allows users to enjoy seamless transactions between accounts maintained in any of the participating institutions both bank and non-bank. Beneficiaries are assured of immediately receiving transaction amounts in full.... no deductions.

Consumers need not leave their homes or places of work to withdraw cash and make over-the-counter payments for bills. Conveniently available on electronic delivery channels through mobile apps and internet banking facilities provided by participating banks and e-money issuers, on a 24 hour basis, 365 days a year, payments via Instapay can be made anytime. Payments can be made even after banking hours, on weekends or holidays. With InstaPay, electronic payments can also be made to the government for taxes, licenses, and other fees in real time.

Catering to low value payments, InstaPay safely and quickly moves funds. It produces efficiency in terms of cost and resources. Reduced cash usage will allow banks and the government to minimize security, transport, overhead, and other incidental costs that come with cash handling.

With InstaPay, we see greater empowerment of both the public and private sectors. Greater efficiencies of electronic payment channels will also bring about an accelerated velocity of payments, increasing economic activities.

We see a rise in public confidence in making electronic payments — this can, and will result in positive culture change! As more and more consumers gain confidence in making electronic payments, we look forward to the market expanding with more innovations.

Participating financial institutions are granted greater opportunities to diversify and widen the products and services they offer. Innovation in financial services delivery will thrive. With a more efficient retail payments infrastructure, various services will emerge as the needs of financial consumers evolve and become more sophisticated.

We anticipate the emergence of a new competitive space where service innovation is encouraged. New business models, technologies, industry wide collaborations and partnerships will be developed. With the implementation of NRPS and the launch of new ACHs such as

InstaPay, financial institutions will be challenged to develop innovative business models customized to their target markets' needs, to ensure client loyalty, and to better compete for market share.

Our efforts in implementing the NRPS are rapidly providing individuals, businesses and government, additional options on how to complete payments, collections or disbursements, depending on their specific needs and the characteristics of the fund transfers or payments.

Right now as we launch InstaPay, we have seven (7) pioneer BSP-Supervised Financial Institutions capable of sending and receiving payments. In addition, another thirteen (13) are able to receive payments. By the middle of this year — in a few months — we expect more financial institutions to participate in InstaPay. In parallel, the BSP is engaging the private sector and the government to encourage their adoption of InstaPay and PESONet to meet their payment system requirements. We now have critical mass. It is only a matter of time before we attain widespread usage.

Ladies and gentlemen, the digital transformation of financial services is happening now! The country's financial services industry needs to evolve to remain competitive and relevant.

The steps we have taken to implement the NRPS — the launch of PESONet and now, InstaPay, would not have been possible without constant and close dialogue and collaboration with you, our partners in the industry and with the Philippine Payments Management Inc. (PPMI), an industry-led self-governing body and an important ally in pursuing NRPS goals. Our collaboration and cooperation is real, authentic and has produced real results.

Working together, I am sure that the PPMI and the BSP can, and will continue to foster economic growth through the promotion of electronic payments. We shall continue to work together in establishing a safe, efficient, and reliable retail payment system to make our country more competitive in this Digital Age.

Congratulations everyone on the launching of InstaPay.

Maraming Salamat! Mabuhay tayong lahat!