

Memorandum Circular No. 01
Series of 2021

GUIDELINES ON THE IMPLEMENTATION OF TRANSACTION ACCOUNTS FOR CASH GRANT DISTRIBUTION AND OTHER FINANCIAL TRANSACTIONS IN THE PANTAWID PAMILYANG PILIPINO PROGRAM

I. RATIONALE

With the enactment of Republic Act No. 11310, also known as “An Act Institutionalizing the Pantawid Pamilyang Pilipino Program (4Ps)” on April 17, 2019, there is now an expanded focus from health and educational well-being of the beneficiaries to a sustainable path to financial independence as a strategy for poverty alleviation. This expanded focus is aligned with the *Ambisyon Natin 2040* which envisions every Filipino to “*enjoy a stable and comfortable lifestyle, secure in the knowledge that we have enough for our daily needs and unexpected expenses, that we can plan and prepare for our own and our children’s future*”¹. Furthermore, it is aligned with the Philippines’ 10-Point Socio-Economic Agenda which requires the government to “*improve social protection programs, including the conditional cash transfer program, to protect the poor against economic instability and shocks (Point 9)*”².

In 2015, The Bangko Sentral ng Pilipinas (BSP) adopted the National Strategy for Financial Inclusion (NSFI). The NSFI enables the government and the private sector to take a coordinated and systematic approach toward the vision of having a financial system that is accessible and responsive to the needs of the entire population for broad-based and inclusive growth. It particularly ensures that the financial system also serves the traditionally unserved or marginalized sectors of the population. The Updated Philippine Development Plan 2017-2022 also highlighted that the government shall provide effective access to a wide range of financial products and services for all by promoting the use of digital payments that will make transaction accounts relevant, valuable, and inclusive.

Currently, the 4Ps beneficiaries receive their cash grants through cash cards. This is a very limited financial account. Beneficiaries can only withdraw through an automated teller machine (ATM) or over-the-counter, in some cases. They also cannot deposit and save money as they are compelled to withdraw. With the shift to transaction accounts, the beneficiaries no longer need to line up in the ATM or bank, thus effectively saving time and travel costs even for making payments and other money transactions. Further, they can receive money from other sources and store their money, thereby improving savings build-up. Transaction accounts are a safe, secure, and efficient way to saving money without the need to enroll in a separate account.

¹ Ambisyon Natin 2040, National Economic Development Authority

² Zero to 10-Point Socioeconomic Agenda, Philippine Development Plan 2017-2022, National Economic Development Authority



In this regard, a modified approach is envisioned to capacitate the 4Ps beneficiaries and allow them access to banking services and other features offered for those with transaction accounts. Specifically, the mode of transfer was redefined under Section 13 of the Implementing Rules and Regulations (IRR) of RA 11310: *"The DSWD shall provide qualified household-beneficiaries with direct access to cash grants that is secured via transaction accounts through any number of Authorized Government Depository Banks (AGDBs)."*

Consistent with the expanded focus of the 4Ps and aligned with the Philippines' long-term vision and medium-term development plan and the BSP's NSFI, the following guidelines are hereby issued to integrate financial inclusion in the 4Ps specifically by adopting the use of transaction accounts as a mode of payment for its beneficiaries, implementing an enhanced financial literacy program, and integrating financial literacy and behavior metrics into the Family Development Session (FDS) results framework.

II. LEGAL BASES

1. Republic Act (RA) No. 11310, otherwise known as the "4Ps Act", specifically Sections 2 (a) and (b), 9, and 14 (g) and (h); and
2. Implementing Rules and Regulations (IRR) of RA No. 11310 or "An Act Institutionalizing the Pantawid Pamilyang Pilipino Program", specifically Sections 3, 5(bb), 22, and 29.

III. OBJECTIVES

1. To implement an efficient transition from cash cards to transaction accounts as the mode of payment for the beneficiaries of 4Ps;
2. To empower 4Ps beneficiaries to be more financially independent with necessary skills and knowledge to manage their finances effectively and to access financial services responsibly, including transaction accounts, through an enhanced financial literacy program; and
3. To integrate financial literacy and behavior metrics into the FDS results framework.

IV. SCOPE AND COVERAGE

The guidelines shall cover the following:

1. All existing 4Ps household-beneficiaries in good standing with or without cash card accounts will be transitioned or opened a transaction account; and



2. All new 4Ps household-beneficiaries will be enrolled in a transaction account.

V. DEFINITION OF TERMS

1. **Authorized Government Depository Banks (AGDBs)** – These refer to banking institutions accredited and managed by the government which are also categorized as government-owned and -controlled corporations (GOCCs) or government financial institutions.
2. **Basic Deposit Account**³ – This refers to an interest or non-interest-bearing account with a simplified know-your-customer (KYC) requirement, an opening amount of less than PHP 100, no maintaining balance, and no dormancy charges account. The account can be virtual or can come with an ATM or debit card. A basic deposit account is essentially a no-frills account designed to attract more people, particularly the poor or low-income segment, to start banking.
3. **BSP-Supervised Financial Institutions (BSFIs)** – These include banks, quasi-banks, pawnshops, foreign exchange dealers, money changers, remittance agents, electronic money issuers (EMI), non-stock savings and loan associations, and other BSFIs⁴.
4. **Electronic Money or Wallet (E-Money or E-Wallet)** – This refers to money whose monetary value is digitally stored in an electronic account. It can be accessed remotely via an electronic device like mobile phones or via prepaid (ATM) cards. Just like physical money, it is a store of value. E-money is non-interest-bearing, has minimal KYC requirement, has no initial deposit requirement, and has no maintaining balance requirement. It is not considered a deposit account and therefore not covered by insurance⁵. E-money can only be issued by EMIs which can be EMI-banks (Bank of the Philippine Islands (BPI), Banco de Oro (BDO), Land Bank of the Philippines (LBP), etc.), and EMI-non-bank financial institutions (GCash, PayMaya, OmniPay, StarPay, etc.)
5. **Family Development Sessions (FDS)** – These refer to the appropriate monthly activities conducted with and attended by the grantee/s or responsible person towards enhancing their parenting capabilities, thereby encouraging them to be more active citizens of the society. FDS is both a condition for entitlement and major intervention of the 4Ps.
6. **Financial Inclusion** – This refers to a state wherein there is effective access to a wide range of financial products and services by all.

³ The Financial Literacy Manual for 4Ps published in December 2020 defined a basic deposit account as just one of the different types of deposit account (regular savings account, checking account, and other similar accounts) held with a BSFI.

⁴ As defined in Appendix 124 of the December 31, 2018 edition of the Manual of Regulations for Banks (MORB) by BSP

⁵ E-money/e-wallet is not covered by the Philippine Deposit Insurance Corporation (PDIC) per BSP Circular 649 Series of 2020.

7. **Financial Literacy** – This refers to the level of knowledge about financial concepts and principles.
8. **Financial Skills** – These refer to the capability to use relevant knowledge and understanding to manage an expected or unpredictable situation to solve a financial problem and convert it to a benefit and opportunity to one's advantage. These skills can be acquired or can be learned through a financial education background.
9. **Qualified Household-Beneficiaries** – These refer to households identified by the DSWD for entitlement to the monthly conditional cash grants as provided under Section 6 of the RA 11310.
10. **Transaction Account** – This refers to an account in the form of a deposit account or e-money/e-wallet held with AGDBs and other BSFIs which can be used to store money, send payments, and receive deposits. It is an essential financial service in its own right and can also serve as a gateway to other financial services.

VI. GENERAL POLICIES

1. Adoption and Management of Transaction Account for Cash Grant Distribution and Other Financial Transactions

- a) The DSWD shall provide household-beneficiaries with direct access to cash grants that are secured via transaction accounts through any number of AGDBs and/or other BSFIs for localities not adequately served by an AGDB.
- b) The DSWD shall facilitate the transitioning and/or opening of transaction accounts for household-beneficiaries through any number of AGDBs and/or other BSFIs. For e-money/e-wallet operated by BSFIs, the DSWD shall partner with BSFIs with existing policies on bank secrecy, data privacy, deposit insurance, and/or other similar customer protection that provides guarantees and other safeguards to the funds of household-beneficiaries.
- c) The DSWD shall credit directly the cash grants to the transaction accounts of household-beneficiaries and shall pay the AGDB or BSFI's initial bank or service fee.
- d) The DSWD shall advocate responsible budgeting and savings to household-beneficiaries through the FDS. It shall encourage the use of transaction accounts, including the required technologies (internet and mobile banking applications, QR codes⁶, and enhanced ATM services) as a secure facility for managing their money and safekeeping their savings. Household-beneficiaries

⁶ The use of quick response (QR) codes for payments has been gaining traction as an alternative to traditional debit and credit card payments. The QR technology has emerged as the most expedient means of payment since it essentially entails code scanning which is faster and easier to do than bringing out a card, tapping, dipping, or swiping it, and signing a charge slip in most cases
(<https://www.bsp.gov.ph/Pages/MediaAndResearch/MediaReleases/5213.aspx>)



shall be allowed to co-mingle their personal funds through deposit, cash-in, electronic fund transfer, or remittance, and to manage and account their funds through their transaction account.

- e) The DSWD shall likewise promote the use of transaction accounts by household-beneficiaries for their entrepreneurial activities, including but not limited to receiving payment from customers, paying suppliers, and safekeeping funds.
- f) Recognizing that household-beneficiaries are in need of financial assistance to support their basic needs, they are reasonably expected to withdraw and/or use the cash grants to pay for their needs. However, consistent with 4Ps expanded goal which includes sustainable financial independence, household-beneficiaries are also expected to develop personal financial management skills such as budgeting, bookkeeping, and savings. Household-beneficiaries shall be encouraged to save or to set aside a certain amount of funds (cash grants and/or personal funds) or accumulate savings for future household needs using the transaction account. DSWD recognizes this as an indicator of improving financial well-being or sustainable financial independence. Under the Social Welfare and Development Indicators (SWDI), access to financial institutions such as social insurance, saving, and loans are pre-conditions of well-being to reach self-sufficiency.
- g) To transition from the present/existing cash cards to transaction accounts, the AGDBs and/or other BSFIs, in close coordination with the DSWD, shall introduce new features such as cash-in/cash-out through branches and/or agents, electronic fund transfer to/from other transaction accounts, and remittance, among others, to effectively convert the cash cards to fully functional transaction accounts within six months, in compliance with existing policies set by BSP and other financial regulatory bodies. The AGDBs and/or other BSFIs may also introduce new products like the prepaid card (electronic money), basic deposit account, or regular savings account.
- h) The AGDBs and/or other BSFIs shall ensure that channels and or points of sale (POS) e.g. local servicing branch and ATMs through which the household-beneficiaries can access their transaction accounts are adequate, available, and accessible to the household-beneficiaries regardless of their geographical locations. The AGDBs and/or other BSFIs may contract the services of rural banks, thrift banks, cooperative banks, and institutions engaged in money remittances duly accredited by the BSP as agents or channels in areas not adequately served.
- i) The DSWD shall coordinate with the BSP to promote an enabling regulatory environment to ensure adequacy, availability, and accessibility of transaction channels including mapping and identifying legitimate financial service providers and other stakeholders, financial services, promotions, fair service fees, grievance resolution, and other consumer protection policies in line with the NSFI.

2. Implementation of Enhanced Financial Literacy Program

- a) The DSWD, in collaboration with the BSP and other stakeholders, shall implement the Financial Literacy Manual for 4Ps which shall form part of the core programs under the FDS and aligned with the 4Ps *Kilos Unlad* Framework⁷. The financial literacy program shall be mandatory for all household-beneficiaries and shall be delivered over their 7-year stint under 4Ps.
- b) The financial literacy program shall provide appropriate materials such as printed/e-learning modules, visual aids, and collaterals as well as the conduct of literacy sessions to arm household-beneficiaries with the necessary financial services such as transaction account, digital payments, remittance, microcredit, microinsurance, and investment, together with the required skills to explore or access livelihood opportunities to increase family income, as they progress in their journey towards sustainable financial independence.

3. Institutionalization of Financial Literacy and Behavior Metrics for Beneficiaries

- a) The DSWD shall adopt responsible financial management skills and behavior as part of the FDS results framework.
- b) The DSWD shall adopt specific financial management skills and behavior metrics under the financial literacy program within the FDS results framework such as financial goal setting, budgeting, cash flow management, savings, livelihood, availment of microcredit, microinsurance, and investment (long-term savings) products, among others. For example, the proposed intermediate outcome on responsible financial behaviors practiced by 4Ps households shall be measured in terms of improved budgeting, saving, and investment behaviors and increased livelihood engagements. Improved saving behavior shall be measured in terms of increased savings using transaction account to safe keep funds to meet future household needs.

VII. Implementation

1. The 4Ps National Program Management Office (NPMO) shall:

- a) Amend and/or update the 4Ps Operations Manual to include the following: (i) use of transaction accounts as a mode of payment to distribute cash grants to household-beneficiaries; (ii) enhanced financial literacy program as a core program under the FDS; and (iii) integration of financial skills and behavior into the results framework of the FDS.
- b) Conduct risk management activities to identify possible risks as a result of the policy.

⁷ The 4Ps *Kilos Unlad* Framework is the program's 7-year social case management strategy to guide the process of shepherding the 4Ps households to achieve an improved well-being, from survival and subsistence to self-sufficiency and out of poverty.



- c) Develop a transition plan approved by the 4Ps National Project Director which will serve as the basis of the implementation of the transaction account. The transition shall include a communication strategy or plan.
- d) Undertake beneficiary list cleanup based on internal guidelines⁸ in conjunction with the conversion to transaction accounts. Only the cash card of beneficiaries contained in the clean list shall be converted to transaction accounts
- e) Ensure that the permission of household-beneficiaries is secured through a valid consent form prior to its creation or conversion, as the case may be, only for the purposes of monitoring the usage of their transactional accounts, such as but not limited to money transfer, bills payment, and other uses. Financial-related outcome indicators based on the FDS results framework shall be included in the spot-checks, impact evaluation, and other related studies of 4Ps.
- f) Continuously collaborate with BSP and other stakeholders to enhance and/or expand the financial literacy program.

2. The **Finance and Management Service (FMS)** shall:

- a) Amend and/or update the FMS Sub-Manual on 4Ps to include the use of transaction accounts and the transition from cash cards as a mode of payment for 4Ps cash grants.
- b) Prepare, amend, and/or update the Memorandum of Agreement/ Contract and corresponding Implementing Guidelines with AGDBs and/or other BSFIs to reflect provisions stipulated in these guidelines.


VIII. Repealing Clause

All previous issuances inconsistent with this issuance are hereby repealed, modified, or amended accordingly.

IX. Effectivity Clause

This issuance shall take effect immediately.

Issued in Quezon City this 6th day of April 2021.

CERTIFIED TRUE COPY

 14 MAY 2021
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 Secretary

⁸ Guidance Notes on Resolving Duplicates and Other Data Inconsistencies in 4Ps dated 10 November 2020