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Banking Bulletin

JULY 2026

BSP Circular No. 1238: Fairer Fees and Stronger Safeguards in Digital Payments

On June 17, 2026, the Bangko Sentral ng Pilipinas ("**BSP**") issued Memorandum No. M-2026-025 (the "**Memorandum**") and BSP Circular No. 1238 (the "**Circular**") lifting the moratorium on increase of fees for Instapay and PESONet Transactions and amending the rules to regulate payment charges to be more fair, transparent, and commensurate with underlying expenses of delivery of operations.

The moratorium was lifted to support fairer pricing in digital payments and a structured approach to person-to-person transfers. These reforms aim to lower costs, encourage responsible market practices, and advance the BSP's broader goals of expanding digital finance, inclusion, and innovation, while keeping strong safeguards for oversight and consumer protection.

The Memorandum and the Circular took effect on 2 July 2026 following their complete publication in a newspaper of general circulation or in the Official Gazette. Upon its effectivity, several banks responded by reducing or altogether waiving transfer fees, reflecting the immediate market impact of the new regulations.

1) What are the main features of BSP Circular No. 1238?

The Circular amends the Manual of Regulations for Payment Systems ("**MORPS**"), Manual of Regulations for Banks ("**MORB**"), and Manual of Regulations for Non-Bank Financial Institutions ("**MORNBFI**") for: (1) the enhancement of standards for pricing mechanisms for transactions performed under the National Retail Payment System ("**NPRS**") Framework, (2) the creation of a specific pricing structure for person-to-person electronic fund transfers ("**P2P EFTs**"), and (3) additional procedures in the conduct of a merchant due diligence ("**MDD**") for purposes of merchant acquisition services by Operators of Payment Systems with Merchant Acquisition Licenses ("**OPS-MAL**").

Accordingly, these amendments require BSP-supervised financial institutions ("**BSFIs**") to adopt a policy on the imposition of fees that is supported by clear bases and quantitative justification, thereby rationalizing the fee structures applied to electronic payment transactions.

2) What enhancements were introduced to the Consumer Pricing Mechanism for BSFIs and OPS-MAL?

The consumer pricing mechanism of BSFIs shall be reasonable and based on the fair market supported by an analysis of the actual costs incurred for the delivery of the

electronic payment products and services. The Circular clarifies that such pricing mechanism must not arise from non-competitive agreements with other BSFIs with the purpose of fixing the price. Furthermore, the Circular adds that the pricing mechanism must be supported by a cost analysis which shall consist of cost categories specified in Appendix 201-2 (e.g., payment handling costs, payments-specific infrastructure and maintenance costs, security costs, and costs for supporting activities) as appended unto the Circular.

The Circular adds that BSFIs shall ensure that fee structures remain equitable across end-user groups and do not operate in a manner that is anti-competitive resulting in one group unfairly subsidizing another. For instance, charges for "off-us" P2P EFTs—where payer and payee maintain accounts with different institutions—must not materially exceed those for "on-us" P2P EFTs within the same institution, nor surpass the legitimate switch costs attributable to off-us transactions.

For OPS-MAL under the NRPS Framework, the Circular requires that pricing mechanisms be supported with an analysis of costs incurred specifically to the OPS-MAL's merchant payment acceptance activities.

3) How has the Circular enhanced Merchant Due Diligence requirements for OPS-MAL?

For Merchant Acquisition Services, the Circular continues to require that Merchant Due Diligence (MDD) be conducted in accordance with Section 921 of the MORB or Section 921-Q of the MORNBFI, as applicable, on Customer Due Diligence (including the requirement that OPS-MALs must establish and record the true identity of their merchants and their beneficial owners based on official documents). However, the Circular adds that upon onboarding, an OPS-MAL must perform sanctions screening of the merchant, authorized signatories and beneficial owners, as may be applicable, so as to comply with sanctions regulations.

The Circular also prescribes more detailed procedures for merchant monitoring. OPS-MALs are, at a minimum, required to:

I. conduct periodic, risk-based monitoring of merchants to ensure adherence to agreements, declared business models, activities, customer profiles, and transactions;
II. maintain updated, reliable, and accurate records of merchants and monitoring activities in accordance with Section 924/924-Q of the MORB/MORNBFI on *Record Keeping*;
III. perform regular sanctions screening of merchants, authorized signatories, and beneficial owners pursuant to targeted financial sanctions on asset freezing and prohibitions and ensure compliance with Anti-Money Laundering ("**AML**") and Combating the Financing of Terrorism regulations under Part Nine of the MORB/MORNBFI;
IV. adopt AML systems capable of detecting and investigating potentially suspicious merchant transactions; and
V. consider all other relevant factors in identifying red-flag indicators in merchant relationships and transactions.

4) What is the immediate impact of the BSP issuance?

For purposes of complying with BSP's directive, the following universal and commercial banks, digital banks and e-money issuers have announced the elimination of fees for InstaPay and PESONet transactions for individual accounts, as listed in the BSP Summary as of July 10:

Table 1: Summary of Transfer Fees via Digital Channels

Institution	InstaPay	PESONet
Universal & Commercial Banks		
Security Bank	FREE	FREE
EastWest Bank	FREE	FREE
BPI	FREE	FREE
BDO	FREE	₱0–50
China Bank	FREE	₱50
Land Bank	FREE	₱10–150
Metrobank	FREE	₱50
PNB	FREE	₱50
RCBC	FREE	₱10
UnionBank	FREE	₱0–25
HSBC	FREE	₱50
CIMB Bank	₱0–10	FREE
Digital Banks		
UnionDigital Bank	FREE	FREE
GoTyme Bank	₱0–9	FREE
UNObank	₱8	FREE
Maya Bank	₱10	FREE

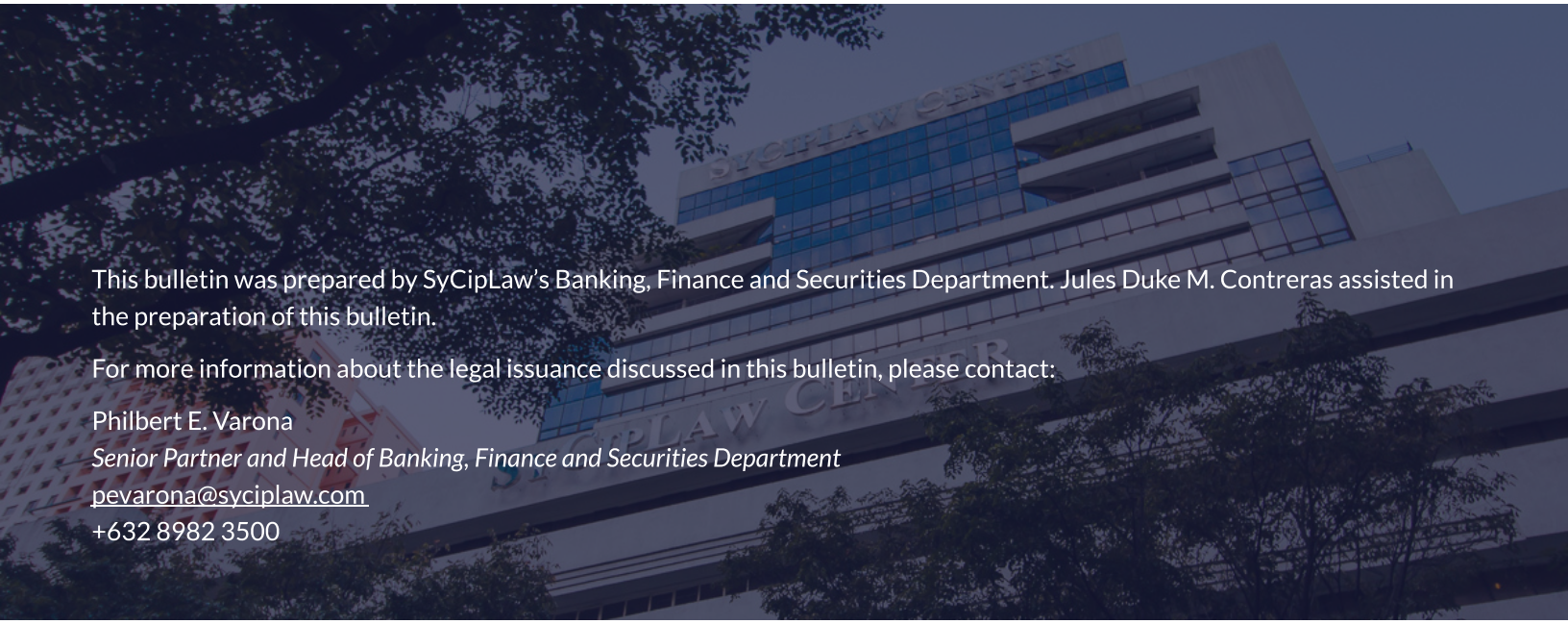
Institution	InstaPay	PESONet
E-money Issuers		
CIS Bayad Center	FREE	**
DCPAY Philippines	₱10	FREE
USSC Money Services	₱15	FREE
Maya Philippines	₱10	FREE

5) Does this mean that the BSP issuance waived transfer fees permanently?

No. Although several banks have announced the permanent waiver of transaction fees, the regulations do not prevent banks from imposing such fees in the future. Instead, banks must be able to justify any fees charged by showing that they are proportionate to the costs incurred in providing the payment service.

6) Are there additional reportorial requirements for BSFIs?

The Circular now provides that the BSP may require BSFIs to provide additional supporting documentation for purposes of proving the reasonableness of pricing mechanisms that were initially assessed to be unreasonable following a review of periodic disclosures. ■



This bulletin was prepared by SyCipLaw's Banking, Finance and Securities Department. Jules Duke M. Contreras assisted in the preparation of this bulletin.

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