

UNHCR Innovation Service - Digital Innovation Programme

Displaced and Disconnected

Asia and the Pacific

Philippines



UNHCR
The UN Refugee Agency

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Displaced and Disconnected

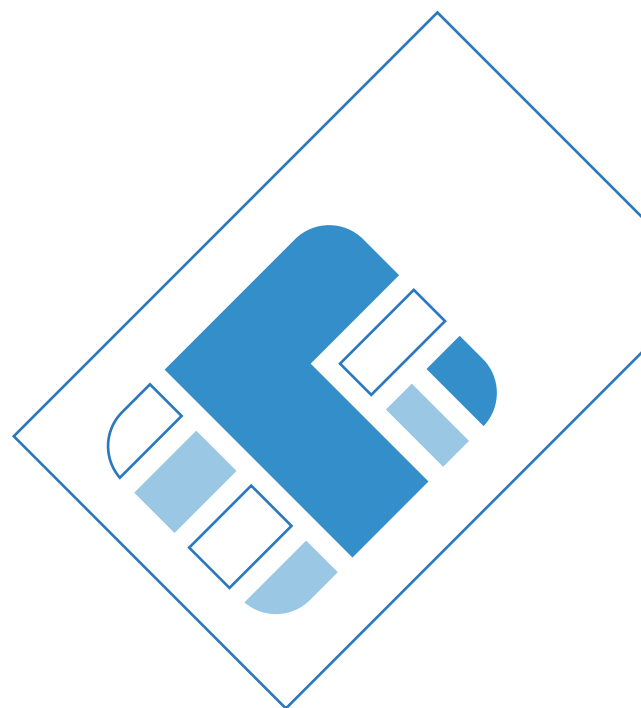
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Understanding the legal and regulatory barriers to accessing mobile connectivity and digital financial services faced by refugees, asylum seekers, stateless persons and stateless applicants in the Philippines

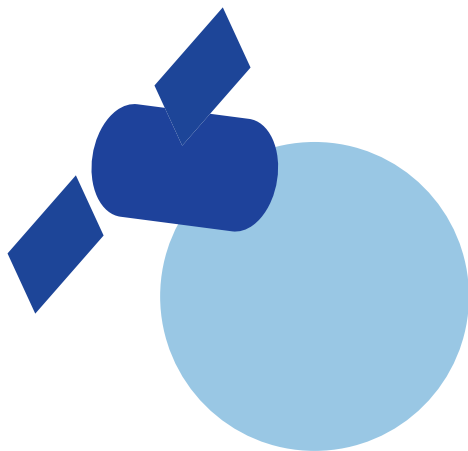
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Expanding options for forcibly displaced and stateless individuals to meet ID and documentation requirements to have connectivity and mobile financial services can greatly improve their livelihood opportunities and access to services.

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List of Acronyms

ACR	Alien Certificate of Registration
AEC	ASEAN Economic Community
AML	Anti-Money Laundering
ASEAN	Association of Southeast Asian Nations
BDA	Basic Deposit Account
BSFI	BSP-supervised financial institutions
BSP	Bangko Sentral ng Pilipinas
CDD	Customer Due Diligence
CTF	Counter-Terrorist Financing
e-KYC	electronic Know Your Customer
EMI	Electronic Money Issuer
DICT	Department of Information and Communications Technology
DOJ-RSPPU	Department of Justice-Refugees and Stateless Persons Protection Unit
DPA	Data Privacy Act
FATF	Financial Action Task Force
IASC	Inter-Agency Steering Committee on the Protection of Asylum Seekers, Refugees, and Stateless Persons in the Philippines
ICT	Information and Communications Technology
IDP	Internally Displaced Persons
ITU	International Telecommunication Union
KYC	Know Your Customer
MRCTD	Machine-readable Convention travel document
MSME	Micro, Small and Medium Enterprise
NBP	National Broadband Plan
NRPS	National Retail Payment System
PDP	Philippine Development Plan
PhilSys	Philippine Identification System
PSS	Payment and Settlement Systems
RA	Republic Act
SIM	Subscriber Identification Module

Philippines



ITU Regulatory Tracker
Overall Score



GSMA Mobile Money
Regulatory Index



Data Protection and
Privacy Legislation

Yes



Party to the 1951
Refugee Convention

Yes

¹ ICT Regulatory Tracker <https://app.gen5.digital/tracker/metrics>

² The GSMA Mobile Money Regulatory Index: Regional and Country Profiles (2021) <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2021/10/Mobile-Money-Regulatory-Index-2021.pdf>

Introduction

As a part of the Digital Inclusion Programme of UNHCR’s Innovation Service, the Displaced and Disconnected research series investigates the legal and regulatory barriers to accessing mobile connectivity and digital financial services faced by forcibly displaced and stateless people. This report looks at the legal frameworks and regulatory processes as they apply to refugees, asylum seekers, stateless individuals and stateless applicants in the Philippines. It explores the current situation of refugees in accessing digital, financial, and digital financial services in the country and aims to address gaps to promote their inclusion and accessibility to these services, thereby strengthening their overall social protection. It reviews identification (ID) credentials and supporting documentation required by service providers in relation to what documents are available to forcibly displaced people and implications this has for their access to digital services. The recognition of different ID credentials along with other documentation, background and support structures impact the extent to which displaced individuals can adequately make use of vital digital services and products. The Philippines is a State Party to the 1951 Refugee Convention and its 1967 Protocol, and to the 1954 Statelessness Convention and the 1961 Convention on the Reduction of Statelessness. Its humanitarian tradition is also reflected in its ratification of 8 out of 9 core international human rights instruments,³ along with its endorsement of the 2030 Sustainable Development Agenda, Global Compact on Refugees, and Global Compact on Safe and Orderly Migration, among others. These documents serve as the legal basis upon which the Philippine protection framework for refugees, asylum seekers, and stateless persons is anchored.

UNHCR Philippines considers refugees, asylum seekers, stateless persons, stateless applicants and populations at risk of statelessness as the communities it serves in the country. The Philippines adopts the definition of “refugee” and “stateless person” under the relevant Conventions. Meanwhile, asylum seekers and stateless applicants are those who have applied for refugee and stateless status, respectively, but have yet to receive a decision from the Government on their applications. On the other hand, internally displaced persons (IDPs) fall under the broader protection framework of the Government due to their circumstances of forced displacement. As of the end of 2021, the Philippines is hosting 817 refugees, 612 asylum seekers, and 128,951 stateless persons, stateless applicants, and persons at risk of statelessness. While the Philippines generally has a favourable regulatory environment that supports the local integration of refugees, there are still gaps that could be addressed concerning their self-reliance and economic integration, particularly the legal and regulatory barriers to mobile connectivity, digital financial services, bank accounts, and the risk appetite of the stakeholders in the financial sector.

³ Namely:
a. International Covenant on Civil and Political Rights
b. International Covenant on Economic, Social, and Cultural Rights
c. International Convention on the Elimination of All Forms of Racial Discrimination
d. Convention on the Elimination of All Forms of Discrimination Against Women
e. Convention Against Torture
f. Convention on the Rights of the Child
g. International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families
h. Convention on the Rights of Persons with Disabilities

Registration and Identification of Displaced Persons

Under the protection framework in the country, refugees and stateless persons are accorded the same rights and services by being recognized by the Philippine Government. Meanwhile, the Philippine Government also has jurisdiction over IDPs, especially since many are Filipino nationals. While asylum and stateless statuses in the Philippines have to be formally recognized by the government through an established procedure, IDPs are identified by local Governments that host them or agencies/ organizations that extend assistance. The responsibility to provide aid and care for needs, including protection, lies with the national, regional and/or local governmental agencies, who are then supported by humanitarian actors on the ground. Asylum seekers and stateless applicants have limited access to rights and benefits given their temporary status in the Philippines (compared to recognized refugees and stateless persons). On the other hand, refugees and stateless persons have more comprehensive access to rights and services given their indefinite immigration status in the country accorded by their recognition from the Philippine Government.

Refugees and stateless persons have freedom of movement and religion, and access to employment and livelihood, social security, health and welfare services, education, courts and legal assistance, counselling and representation. Asylum seekers and stateless applicants generally have access to such services as well, but there are some differences in terms of their level of access given that their protection status has not yet been recognized and is not assured. For example, asylum seekers and stateless applicants can work in the Philippines, like refugees, but those at the applicant stage can do so by obtaining a work permit, while those who have already been recognized are exempted from securing an Alien Employment Permit.

Among the services available to refugees, stateless persons, asylum seekers, and stateless applicants is registration and documentation. For those with pending applications, a certificate of pending application is issued by the Department of Justice-Refugees and Stateless Persons Protection Unit (DOJ-RSPPU) to certify their protection status in the Philippines. While this is primarily a document that confirms an individual's protection status, key features are being included in it, with support from UNHCR, to have the certificate recognized as an official, Government-issued identity document, especially among Government agencies. Those who have been recognized are given notices and certificates of recognition by DOJ-RSPPU, as well as a Refugee or Stateless ID. These documents are being updated to include data fields that would support its acceptability by Government agencies and other service providers as an identification document. Refugees and stateless persons are also given Alien Certificates of Registration (ACRs) on top of the 47b and 13 visas as part of their immigration documents. Aside from this, recognised

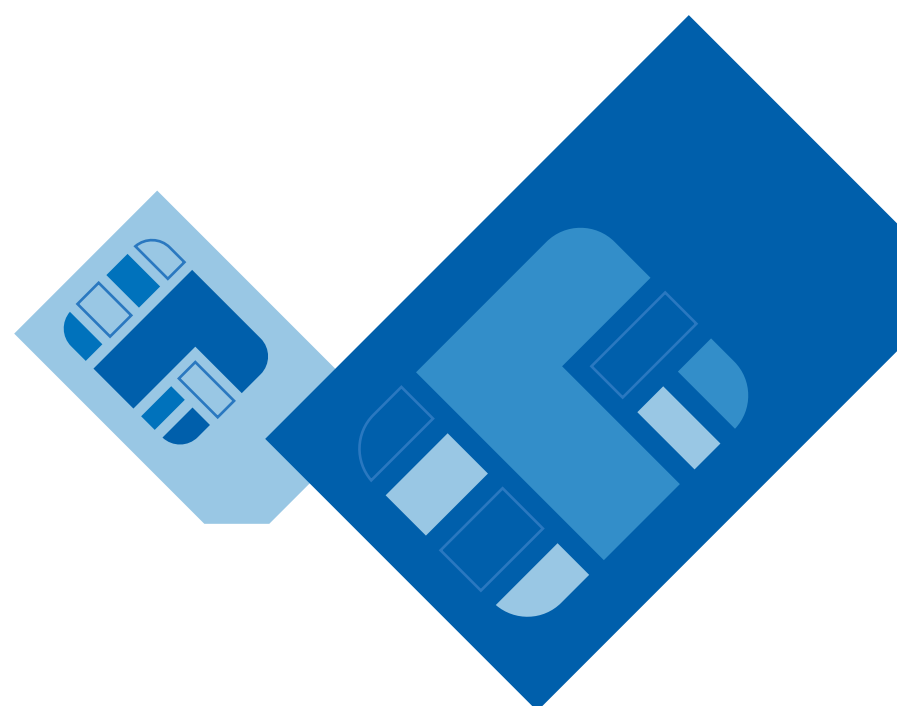
refugees and stateless persons may also apply for a Machine-Readable Convention Travel Document (MRCTD), which serves as another identity document they may use in the Philippines. However, despite DOJ-RSPPU being able to issue an endorsement that can be used in support of these documents, refugees, stateless persons, asylum seekers and stateless applicants may still encounter issues when using these documents because they are not considered among the primary Government-issued IDs accepted by different service providers.

A robust policy framework in the Philippines helps ensure that forcibly displaced people have access to asylum and stateless status procedures, services and assistance, including ways for their rights to be protected. DOJ-RSPPU is the lead agency for ensuring the protection of displaced people supported by the Inter-Agency Steering Committee on the Protection of Asylum Seekers, Refugees, and Stateless Persons in the Philippines (IASC). Executive Order No. 163, series of 2022 has strengthened the legal framework by institutionalizing government policies and services to ensure that forcibly displaced individuals have access to a full range of services in the country that help meet their needs and respect their rights.



Digital Inclusion in the Philippines

Digital inclusion refers to the “equitable, meaningful, and safe access to use, lead, and design of digital technologies, services, and associated opportunities for everyone, everywhere”.⁴ Given that “many digital spaces reflect the preferences, bias, and motivations of those who throughout the years have had the most opportunities to access computers and the Internet”⁵, the United Nations recognizes that “technology design and development...have then privileged some”⁶, and efforts are needed to “develop inclusive, equitable, and gender-transformative technologies and services”⁷ which are environmentally sustainable.



Based on the 2020 data of the Digital Development Dashboard of the International Telecommunication Union (ITU), 99% of the Philippine population is covered by a mobile cellular network and 79% own a mobile phone⁸. Based on the 2021 data of the ITU, there are 143 mobile-cellular subscriptions per 100 individuals. In contrast to this high access to connections, however, access to information and communications technology (ICT) at home is much lower. ITU’s 2019 data found that 18% of households have internet access at home, while 24% have computers at home.⁹ Serafica and Oren (2022) found that:

“Across different metrics, the ICT performance of the Philippines remains sub-par compared to [Association of Southeast Asian Nations] ASEAN members and other countries at the same level of development. The quality of the country’s ICT regulatory environment, composed of regulatory authority, regulatory mandate, regulatory regime, and competition model, is significantly below what is considered international best practice, consequently impeding the use of various technological solutions available to bridge the gap in digital inequality”.¹⁰

4 https://www.un.org.technvoy/files/general/Definition_Digital-Inclusion.pdf

5 Ibid

6 Ibid

7 Ibid

8 <https://www.itu.int/en/ITU-D/Statistics/Dashboards/Pages/Digital-Development.aspx>

9 Ibid

10 <https://pidswebs.pids.gov.ph/CDN/document/pidsdps2226.pdf>

The direction of the current administration is to digitalize the Philippines, recognizing the “vital role of digital ecosystems in the efficient delivery of services”.¹¹ The Department of Information and Communications Technology (DICT) intends to do this through the digitalization of Government services and payments, enhanced connectivity of remote communities, an online platform for micro, small and medium enterprises (MSMEs), installation of a national broadband plan (NBP), and improved digital literacy. In fact, Executive Order No. 127 on Expanding the Provision of Internet Services through Inclusive Access to Satellite Services was issued by the previous administration on 10 March 2021. The Implementing Rules and Regulations (IRR) of the EO was also released by the DICT on 28 September 2021. On 12 May 2022, Executive Order No. 170 on the Adoption of Digital Payments for Government Disbursements and Collections was issued, directing “all government departments, agencies, and instrumentalities of the government including state universities and colleges, and government-owned or controlled corporations, to adopt digital payments for their respective collections and disbursements”.¹²

SIM registration

A Subscriber Identity Module (SIM) card allows mobile phones to be connected to larger networks, thereby enhancing the connectivity of its users. For refugees in the Philippines, SIM cards are deemed important as it facilitates a user’s connection outside the areas where they are living in, communication with other people, and access to various transactions otherwise not available to them without it.

Previously, any person could buy and dispose of a prepaid SIM card at any time without the need to register it or present identity documents for it. As such, a person can have as many or as few prepaid SIM cards as they want, and telecommunications companies do not have the personal information of their prepaid subscribers. Postpaid subscribers, however, would have to provide their information (basic customer personal information) and identity documents, such as proof of identity (e.g., company ID, driver’s license or passport), proof of billing address (e.g., bill or bank statements), and proof of financial capacity (e.g., copy of pay slip) given the type of services they are requesting. Without the need for registration of prepaid SIMs or a way to track the identity of the user, there is concern that individuals are using SIM cards for fraudulent activities.

This is an issue being targeted to be resolved through the Republic Act (R.A) No. 11934 and the Subscriber Identity Module (SIM) Registration Act, signed by President Ferdinand Marcos, Jr. into law on 10 October 2022, which aims to regulate “the issuance of SIM cards to curb the spread of spam text messages and scams”¹³. Critics have raised concerns over the new law considering potential violations of data privacy, illegal surveillance, and data leakage. Nevertheless, lawmakers assured that the law includes provisions on confidentiality and privacy and sets out penalties for violations related to its objectives.

As of this writing, the law’s implementing rules and regulations have been drafted and are undergoing review by relevant and interested parties. Implications of this law on access to SIM cards and potential risks from breaches of data privacy and confidentiality will have to be closely monitored to assess their potential impact on refugees, stateless persons, asylum seekers and stateless applicants.

This is happening in parallel with the roll-out of the Philippine Identification System (PhilSys) supported by the R.A. No. 11055, which will provide a national ID for Filipinos and foreign residents and assist in the validation of a subscriber’s identity. Recognized refugees and stateless persons have been included in the PhilSys Act given their indefinite residence in the Philippines, unlike asylum seekers and stateless applicants, who can only qualify if they hold a Philippine visa category with at least a six-month validity. This would therefore give recognised refugees and stateless persons access to a primary type of Government-issued ID, unlike the current DOJ-RSPPU documents. Access to a primary type of Government ID however will continue to be a challenge for those awaiting decisions. Nevertheless, there is ongoing advocacy to allow relaxed requirements for the application of the national ID (PhilID) for asylum seekers and stateless applicants.

Based on interviews carried out for this study, refugees expressed concerns about their data privacy, restrictions on multiple SIM ownership, and their lack of valid documents that could be required for the new registration of SIM cards. A concern on limiting multiple SIM ownership is that sometimes SIMs from different providers are used to ensure coverage in different locations, however these concerns may have to be further explored. These concerns have been raised with the DOJ-RSPPU and the DICT by UNHCR. Moving forward, UNHCR will continue to advocate with policy makers to ensure that the unique circumstances of forcibly displaced individuals are considered to avoid exclusion from the new registration system and accepted identification documents.

¹¹ <https://www.pna.gov.ph/articles/1179520>

¹² <https://www.treasury.gov.ph/?p=48416>

¹³ <https://www.cnnphilippines.com/news/2022/10/10/Marcos-signs-SIM-Card-Registration-Act.html>

Financial and Digital Financial Inclusion in the Philippines

The Bangko Sentral ng Pilipinas (BSP, the Central Bank of the Philippines) defines financial inclusion as “a state in which everyone, especially the vulnerable sectors, has effective access to a wide range of financial services”.¹⁴ This is in line with the United Nations definition, which defines it as “universal access, at a reasonable cost, to a wide range of financial services, provided by a variety of sound and sustainable institutions.”¹⁵

BSP defines digital financial inclusion as “the digital access to and use of formal financial services by the unserved and underserved population”.¹⁶ In its amended Charter, BSP committed to “...promote broad and convenient access to high-quality financial services and consider the interest of the general public.”¹⁷ With this direction, financial inclusion objectives are considered in BSP policies. In fact, the BSP issued Circulars (i.e., issuances on policies and regulations) on electronic money, basic deposit accounts (BDA), network of low-cost touchpoints, and efficient retail payment systems. This “openness to innovations and market-based solutions...can have a transformative role in expanding the scale and reach of financial services.”¹⁸ The basic said financial services are accessible to forcibly displaced people via mobile banking facilities, mobile money/ wallet, non-bank institutions, and remittance centres in the Philippines.

Consistent with the Philippine Development Plan (PDP), which seeks to establish a “solid foundation for more inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy”,¹⁹ and AmBisyon Natin 2040 vision,²⁰ the BSP through the Financial Inclusion Steering Committee (FISC) spearheaded the recalibration of the National Strategy for Financial Inclusion (NSFI) to lead towards inclusive growth and financial resilience.²¹ The promotion of inclusive digital finance has been identified as a priority initiative in the strategy, however these initiatives must also work with existing regulations, policies and best practices of the banking industry.

¹⁴ <https://www.bsp.gov.ph/Pages/InclusiveFinance/NSFI-2022-2028.pdf>

¹⁵ <https://www.un.org/esa/ffd/topics/inclusive-local-finance/inclusive-finance.html>

¹⁶ https://www.bsp.gov.ph/Media_And_Research/Financial%20Inclusion%20in%20the%20Philippines/FIP_1Sem2018.pdf

¹⁷ <https://www.bsp.gov.ph/Pages/AboutTheBank/SealCharterAndHistory/TheBSPCharter.aspx>

¹⁸ <https://www.bsp.gov.ph/Pages/InclusiveFinance/InitiativesAndRegulation.aspx>

¹⁹ <https://pdp.neda.gov.ph/wp-content/uploads/2017/01/Chapter-4-3292017.pdf>

²⁰ <https://2040.neda.gov.ph/>

²¹ The first NSFI is in 2015 which outlined the vision, strategic objectives and the guiding principles for promoting financial inclusion. Recent developments and technological advancement have prompted the FISC to recalibrate the NSFI to ensure that it remains a responsive and relevant blueprint to achieve the vision of driving financial inclusion toward broad-based growth and financial resilience. The NSFI 2022-2028 can be accessed through [this link](#).

Know Your Customer (KYC) and Customer Due Diligence (CDD) policies

Rule 18 of the Implementing Rules and Regulations of the Anti-Money Laundering Act²² stipulates provisions related to Customer Due Diligence, including the adoption of a risk-based approach in conducting CDD. Meanwhile, for “all complex, unusually large transactions, all unusual patterns of transactions, which have no apparent economic or lawful purpose, and other transactions that may be considered suspicious”,²³ in short, when risks are higher, enhanced due diligence (EDD) shall be conducted. The same Rule also stipulates that those unable to comply with CDD measures will be refused the opening of an account, performing of the transaction, terminating the business relationship, or filing a suspicious transaction report (STR) in relation to the customer, if circumstances warrant. CDD measures help safeguard the integrity of financial transactions.

All banks and electronic money issuers in the Philippines facilitate the onboarding of clients with one valid Government-issued ID (such as driver’s license, passport, postal ID, Alien Certificate of Registration, or other IDs issued by the Government) in compliance with KYC and CDD policies. In recent years, such policies have been relaxed, and a barangay certificate – a certification issued by the local government unit to attest a person’s identity and place of abode, whether a Filipino national or a foreigner- can now be used as a supporting document for the creation of a basic deposit account for low-risk clients. These basic accounts have limitations with a maximum balance of ₱50,000.00 Philippine pesos or PHP (around \$860 USD), no minimum maintaining balance, and an opening amount of no more than ₱100.00 (around \$2 USD).²⁴ The following information is required:

1. Name,
2. Age,
3. Residential address,
4. Sources of funds,
5. Nature of business,
6. Expected financial transactions, and
7. Nationality.

Section 921 in relation to Section 904 (w) of the Manual of Regulations for Banks (MORB) liberally defines “official documents” that can be used for purposes of customer identification. It includes any document sufficient to identify the customer, which can be verified by banks using reliable, independent source documents, data or information. The Refugees and Stateless Persons ID issued by the Department of Justice (DOJ) may fall under this category. Moreover, for restricted accounts under Sections 921 of the MORB and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI), banks and non-bank financial institutions (NBFIs) may open one for a customer by obtaining the customer’s complete name, birth date, address, nationality, clear photograph and signature or biometrics in lieu of a valid ID.

²² <http://www.amlc.gov.ph/images/PDFs/FINAL%202018%20IRRv1.pdf>

²³ Ibid

²⁴ <https://morb.bsp.gov.ph/213-basic-deposit-account/>

Sections 921 of the MORB and the MORNBFi allow the opening of restricted accounts for customers who may not be able to provide any of the required information or any valid identification document, subject to the restrictions that: i) the aggregate credits in a year shall not exceed ₱100,000; and ii) the account shall not be allowed to receive/send foreign remittances.

Foreign nationals originating from countries categorized as “low-risk” according to the FATF and its International Co-operation Review Group are required to present regular identity documents for KYC/ CDD purposes, such as the barangay certificate, passport and immigration documents. However, those coming from “medium-risk” countries are subjected to additional documents, such as an employment certificate for payroll accounts, passports, endorsements of relevant agencies, and Alien Certificates of Registration (ACRs). Those who can present these documents, therefore, face fewer barriers. Those from “high-risk” countries, meanwhile will be accommodated based on the bank’s internal guidelines and business model at their discretion. Forcibly displaced individuals in the Philippines come from a diversity of countries and will sometimes be from low-, medium- and high-risk countries, impacting the extent to which they can access services. DOJ-RSPPU issued documents to refugees, asylum seekers, stateless and stateless applicants can be used to fulfil CDD requirements, subject to the presentation of other documents as well. Refugees and stateless persons with ACRs can potentially meet requirements, however, this is not consistent given the discretionary authority financial institutions have over choosing their clients, while asylum seekers and stateless applicants could face more barriers as they are not issued with these until their claims are accepted.

BSP has also implemented rules on electronic KYC (e-KYC), “which refers to the use of electronic or digital methods in the customer identification and verification process”²⁵, to improve banks’ and non-banks’ customer identification processes, mandating that BSP-supervised financial institutions (BSFIs) implementing e-KYC “must perform customer identification and verification under the same standards equivalent to those for face-to-face basis, and shall establish appropriate risk management processes” anchored on, “among others, robust, effective, and reliable information and communication technology architecture.” The inclusion of the PhilID “shall be accepted, subject to proper authentication, as sufficient proof of identity, and the covered person shall no longer require additional documents to verify the customer’s identity”.

Like other prospective clients, forcibly displaced individuals are subject to the Customer Due Diligence procedures of banks and electronic money issuers (EMIs) based on prevailing policies, including on anti-money laundering and anti-terrorist financing. The Philippines, as a member of Asia/ Pacific Group on Money Laundering (APG) uses the black and grey lists prepared by FATF to determine domestic guidelines on CDD and restricted nationalities.

As BSP-supervised financial institutions under Section 3 and 25 of R.A. No. 7653 or the New Central Bank Act (NCBA), as amended, EMIs are considered covered persons in accordance with Section 3 (a) of R.A. No. 9160 of the Anti-Money Laundering Act of 2021 (AMLA), as amended. Accordingly, they are required to perform CDD in compliance with the AMLA, as amended, in relation to Sections 921, 922 and 923 of the MORNBFi.

²⁵ <https://governance.neda.gov.ph/bsp-enhances-e-kyc-rules/>

Nevertheless, it must be pointed out that sources of money laundering and terrorist financing may also be areas where refugees originate. This has been experienced by some refugees interviewed for this report, which mentioned challenges in accessing formal bank accounts (and even money remittance services) in the Philippines. One refugee mentioned that despite having a stable business and good bank credit over several years, the bank where he previously had an account later notified him of the impending closure of his account, without his request, due to money laundering-related policies. Another refugee who experienced difficulties in receiving remittances from his family in a third country (i.e., not his country of origin) said that he is requesting a Filipino national to claim the amount on his behalf in order to avoid issues with the remittance centre.

The processing of the national ID for refugees and stateless individuals is already a step forward in ensuring their access to formal financial institutions. Nevertheless, refugees’ access to formal financial services vis-à-vis KYC/ CDD policies, and domestic guidance on money laundering and terrorism financing and its implications to the risk management framework of financial institutions merit further analysis. This also requires the review of documents available to asylum seekers and stateless applicants to identify implications for individuals who are yet to receive a decision.

BSP issued Memorandum No. M-2021-035 on 7 June 2021, recognizing the Philippine Identification System (PhilSys) ID as a valid ID under Sections 904 and 921 of the MORB and the MORNBFi, which may be authenticated either online or offline against the registry information in the PhilSys or PhilID pursuant to R.A. No. 11055 and its implementing rules and regulations. Recently, the BSP issued Memorandum No. M-2022-044 dated 14 October 2022 which disseminated the advisory of the Philippine Statistics Authority (PSA) on the use and acceptance of the various formats of the PhilSys digital ID, including the printed ePhilID, as a valid and sufficient proof of identity and age, subject to authentication. These again present another opportunity for refugees and stateless persons, but not necessarily for asylum seekers and stateless applicants.

Bank accounts

In line with BSP’s direction of broad and convenient access to high-quality financial services, the agency has issued Memorandum No. M-2021-065 on the temporary regulatory relief for banks that offer basic deposit accounts (BDAs). The said Memorandum allows the non-presentation of identification cards subject to the following conditions:

- a. The customer shall submit duly signed certification, either in physical or electronic form, which need not be notarized, that he/she has no valid ID;
- b. The customer’s account activities shall be subject to ongoing monitoring by the bank to identify potential abuse of the relaxed requirement and any suspicious transactions shall be reported to the Anti-Money Laundering Council within the prescribed period; and

Should the depositor exceed the ₱50,000.00 maximum balance, the bank should initiate measures to convert the account into a regular deposit account. Consequently, the existing Know Your Customer rules on regular deposit accounts under Section 921 of the Manual of Regulations for Banks will apply.”²⁶

As such, while CDD requirements remain in place, requirements to open a BDA are relaxed and more liberalized. A private bank mentioned that in lieu of Government-issued identification cards, a barangay certificate can be submitted by anyone wishing to open a BDA. While no refugees interviewed for this report mentioned owning a basic deposit account, this relaxation of requirements can be an entry point for refugees to be able to access formal banking institutions in the country. Another good thing about a BDA is that it is not restricted to Filipino nationals only, and would, therefore, be accessible to refugees, stateless persons and potentially, asylum seekers and stateless applicants. That said, the decision to allow the opening of a bank account to prospective customers remains at the discretion of the bank.

Some refugees and stateless persons can apply for regular bank accounts, especially if they are formally employed in the Philippines. However, some refugees interviewed reported barriers in opening these less restrictive bank accounts especially if they have a nationality facing restrictions based on the black and grey lists of the Financial Action Task Force (FATF),²⁷ even if they present documentation on their status in the Philippines. One refugee-respondent noted that initially, the bank where they opened an account was very strict and scrutinized his transactions, but it later helped that he has been in the Philippines for several years and is married to a Filipino national. While this situation still worked in the favour of the refugee, it would be advisable to have a consistent policy or guidelines and risk management framework that will facilitate refugees’ access to opening bank accounts in the Philippines, regardless of their nationality, marital and employment status, or any other status.

Refugees who currently do not hold bank accounts can use alternatives that would allow them access to other financial services while having more relaxed documentary requirements, such as e-money and remittance centres. Some refugees do not see the need to open bank accounts in the Philippines. Nevertheless, the country’s stance towards financial inclusion and the BSP’s several policy issuances provide the necessary support to forcibly displaced and stateless persons to effectively access financial products and services in the country. Access to e-money will be explored in the next section.

²⁶ <https://www.bsp.gov.ph/Regulations/Issuances/2021/M-2021-065.pdf>

²⁷ At present, countries/ territories under the blacklist are North Korea and Iran, while those classified under the gray list include Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, Haiti, Jamaica, Jordan, Mali, Malta, Morocco, Myanmar, Nicaragua, Pakistan, Panama, Philippines, Senegal, South Sudan, Türkiye, and Uganda.

Mobile and E-Money

The COVID 19 pandemic contributed to fostering the overall shift towards digital forms of financial services. Based on the 2021 Financial Inclusion Survey, while the number of adults²⁸ owning bank accounts has risen to 23%, a change of 11.2 percentage points from 2019, the number of adults owning e-money accounts rose to 36%, an increase of 27.6 percentage points from 2019.

Former BSP Governor Benjamin Diokno noted that in 2020, the volume of PESONet (electronic funds transfer in Philippine pesos of a customer to participating banks, e-money issuers, or mobile money operators) transfers surged to 15.3 million transactions, up by 376% year-on-year.²⁹ The value of PESONet transactions rose by 188% to reach ₱951.6 billion.

This economic activity, he said, broadens the access to safe and convenient e-payment options that contributed to the decline in coin demand. With this surge in demand, the number of unbanked Filipino adults dropped to 34.3 million in 2021 from 51.2 million in 2019, with 40% of unbanked respondents citing lack of documentary requirements being a top reason for not having one, second only to lack of sufficient funds. Despite this growth however, only 42.9 million Filipino adults, 56% of the adult population, hold an account in 2021.³⁰ As of October 2022, the overall volume of PESONet transactions is at 7,032,941, valued at ₱539 billion,³¹ while the same for InstaPay are 48,790,736 transactions and ₱312.9 billion.³²

While the pandemic has encouraged faster acceleration in e-money transactions in 2020, e-money has been an emerging sector in the Philippines not only because of convenience, but to reach more individuals that have limited access to formal financial services. BSP³³ defines e-money as “...monetary value as represented by a claim on its issuer, that is:

- a. electronically stored in an instrument or device;
- b. issued against receipt of funds of an amount not lesser in value than the monetary value issued;
- c. accepted as a means of payment by persons or entities other than the issuer;
- d. withdrawable in cash or cash equivalent; and
- e. issued in accordance with this Section.”

For local governments, the value of digital financial infrastructure is recognized and is already being considered as a vehicle to facilitate better access to financial services for those who are unbanked. Prior to the pandemic, conditional cash transfers were usually disbursed by Government entities through banks, but since the pandemic, e-money issuers are being used as safer and more convenient alternatives than traditional cash distribution schemes.

²⁸ Referred to in the survey as those individuals aged 15+.

²⁹ <https://business.inquirer.net/316989/digital-payments-surged-by-over-5000-percent-amid-pandemic-says-bsp-chief#ixzz7LSN3GxHe>

³⁰ <https://www.bsp.gov.ph/Inclusive%20Finance/Financial%20Inclusion%20Reports%20and%20Publications/2021/2021FISToplineReport.pdf>

³¹ <https://www.bsp.gov.ph/PaymentAndSettlement/PESONet.pdf>

³² <https://www.bsp.gov.ph/PaymentAndSettlement/Instapay.pdf>

³³ <https://morb.bsp.gov.ph/702-issuance-and-operations-of-electronic-money/>

The Philippines’ shift towards the National Retail Payment System (NRPS) also encourages use of e-money among consumers and enterprises. NRPS “provides the framework to secure promised gains of modernizing retail payments for the benefit of the consumers, the industry and the economy as a whole”, for instance, by allowing customers and enterprises, regardless of size, to “transfer funds from their own account to any BSP-regulated transaction account (or with anyone in the system) using any device.”³⁴

Refugees in the Philippines have enjoyed easier access to e-money facilities compared to traditional banking options due to their access to some level of accepted ID and more liberalized requirements. Refugees have reported they can access e-money services such as GCash, Smart Padala, and PayMaya (currently Maya) for bill payments, remittances, and other financial transactions. They find these services convenient and easy to use, especially since their identities are easily verified by presenting their DOJ-RSPPU-issued documents, including ACRs. While it was not possible to verify the same with stateless individuals and stateless applicants, their access to IDs suggests their experiences may be similar but this needs further investigation. Some applications and service providers however may require other documentation or different kinds of IDs that displaced individuals might not have access to. In case users are unable to provide the requested documents, their account will only have access to a limited number of services and lower transaction and e-wallet value limits.

The increase in access for forcibly displaced and stateless individuals to digital financial services has been supported by the prevalence of e-money services, improved accessibility of financial and economic services, and can further be improved with more consistent recognition of refugee/ stateless status-related documents as primary forms of ID. Nevertheless, barriers remain that hinder refugees’ access to digital financial services, such as limited access to internet connectivity, limited resources to purchase smart phones, and insufficient mobile data and signal infrastructure.

The below table provides a summary of access requirements for connectivity, financial and digital financial services. Considering that many frameworks or policies that will impact this are under development or review, it also includes potential developments that may impact these requirements in future.

³⁴ <https://www.bsp.gov.ph/Pages/PAYMENTS%20AND%20SETTLEMENTS/National%20Retail%20Payment%20System/The-Regulatory-Framework.aspx>

Service	Access for displaced people	Documentary Requirements	Upcoming potential developments
SIM Registration	Currently broad access for all displaced people.	Proof of billing address Proof of financial capacity Proof of identity	The 2022 SIM Registration Act may make SIM registration harder for asylum seekers and stateless applicants who have no valid documents, while recognised refugees and stateless persons will be able to use their DOJ-RSPPU issued documents and are on course to have access to the PhilSys ID. Advocacy for policies to consider the documentary requirements and unique situation of refugees and stateless persons is ongoing. If the current version of the implementing rules and regulations (IRR) is finalized as such by December 2022 or January 2023, the policy can be restrictive for refugees and stateless persons.
Bank accounts	General access for recognised refugees and stateless persons but they may face barriers at banks’ discretion, and more constrained access for asylum seekers and stateless applicants.	One valid Government-issued ID Other requirements as determined by the banks	Updates on current documentation and advocacy are being done to increase recognition among service providers. The roll out of the PhilSys ID may support greater access for refugees and stateless individuals but will still exclude asylum seekers and stateless applicants. The Government’s target is to roll out the PhilSys ID for foreigners in 2023.
Mobile and E-money	Higher access for displaced people than bank accounts due to more relaxed documentary evidence but access is constrained to accounts with limited services and transaction allowances.	Government-issued ID	Updates on current documentation and advocacy are being done to increase recognition among service providers.

Data protection regulations

The Philippines’ pursuit of financial inclusion can be improved if a conducive policy environment is already in place to ensure the safety of consumers accessing financial services, especially for forcibly displaced people already facing many risks.

The Data Privacy Act (DPA) of 2012, also known as R.A. No. 10173, is “a law that seeks to protect all forms of information, be it private, personal, or sensitive. It is meant to cover both natural [people] and juridical [legal entity] persons involved in the processing of personal information.”³⁵ This is in line with the State’s policy to “protect the fundamental human right of privacy, of communication while ensuring free flow of information to promote innovation and growth” and recognize “the vital role of information and communications technology in nation-building and [the State’s] inherent obligation to ensure that personal information in information and communications systems in the government and in the private sector are secured and protected.”³⁶

While the DPA is a comprehensive law covering data privacy in the country, the Philippines also has the Bank Secrecy Law (R.A. No. 7653) and the Anti-Money Laundering Act of 2001 (R. A. No. 9160) that upholds the confidentiality of Philippine peso accounts and transactions.

“Each financial service provider must respect the privacy and protect the data of their clients.”

35 <https://www.privacy.com.ph/learn-data-privacy-compliance/data-privacy-faqs/#:~:text=Republic%20Act%20No.,the%20processing%20of%20personal%20information>
36 <https://www.privacy.gov.ph/wp-content/uploads/DPA-of-2012.pdf>

The Philippines first established the Bank Secrecy Law in 1955 to “encourage individuals to deposit their money in banks instead of hoarding them.”³⁷ While it “protects all deposits of whatever nature in banks or banking institutions in the Philippines as well as investments in government bonds” and “prohibits any person from disclosing any information, relative to the funds or properties belonging to the depositors in the custody of the bank”,³⁸ except in certain situations [Sec. 2 and 3]. Additional exceptions to the law have, since then, been put in place. The provisions of the said law are proposed to be prioritized for review by various groups and Government agencies.

The Anti-Money Laundering Act, promulgated in 2001, recognizes the State’s policy “to protect and preserve the integrity and confidentiality of bank accounts and to ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity.”³⁹

The newly-enacted SIM Registration Act also includes provisions on confidentiality and disclosure of information.

The privacy and protection of client data is one of the standards of conduct under R.A. No. 11765 also known as the Financial Products and Services Consumer Protection Act (FCPA), to wit: “Each financial service provider must respect the privacy and protect the data of their clients.”⁴⁰

These regulations contribute towards the safety and security of clients, signifying that their rights to confidentiality need not be compromised in accessing digital, financial, and digital financial services.

37 <https://ndvlaw.com/philippine-bank-secrecy-law-simplified/>

38 Ibid

39 <http://www.amlc.gov.ph/laws/money-laundering/2015-10-16-02-50-56/republic-act-9160>

40 <https://www.officialgazette.gov.ph/downloads/2022/05may/20220506-RA-11765-RRD.pdf>

Conclusion and Recommendations

The Philippines has long prided itself for having a legal and regulatory environment that upholds refugees' and stateless persons' access to their rights and other services. A rapid review of the digital, financial, and digital financial inclusion of refugees in the country supports this claim even if challenges and barriers remain. In the face of various challenges faced by refugees, their connectivity to digital, financial, and digital financial services provides an important safety net that facilitates their social inclusion, self-reliance and options for the future. This has also been evident in the discussions with refugees. Refugees have noted how access to digital, financial and digital financial services allows them to participate in the economy and contribute to society. While the overall protection environment remains favourable, there are still some barriers that can be decreased to better facilitate refugees' access to digital, financial and digital financial services. At present, multiple policies impact the access to connectivity and digital financial inclusion of forcibly displaced people so advocacy is required to ensure the various relevant policies and frameworks consider the specific circumstances of these individuals and do not exclude them from a lack of provisions for them.

This report has focused on the legal frameworks and regulatory environment that fundamentally impact the access of forcibly displaced people to services. However, this must also be viewed in the context of limited access to digital, financial and digital financial services due to poor infrastructure, particularly in rural areas, that impacts Filipino and non-Filipinos alike. Future work to improve access through infrastructure development and improved digital, financial and digital financial literacy must consider the inclusion of refugees, asylum seekers, stateless and stateless applicants and their specific circumstances to ensure they are not left behind. Considering refugees' indefinite immigration stay in the Philippines, enabling access to more digital and financial services is important for their self-reliance, including loans and investments, particularly ensuring that their place of origin does not automatically exclude them due to anti-money laundering (AML)/ counter-terrorist financing (CTF) regulations. Refugees' better accessibility to digital, financial, and digital financial services is not merely a way for them to access various transactions, this also provides an opening for them to be better integrated into Filipino society. While the advocacy can start with them, the lessons learned can be used to facilitate the same for other people in need of international protection, such as stateless persons, stateless applicants and asylum seekers. Advocates for the protection of refugees in the Philippines would do well in taking this initiative forward, as this would encompass a key component of their overall social protection in the country.

Recommendations

For Humanitarian and Development Organizations

1. Support awareness raising campaigns among Government and non-Government service providers to ensure documents given to asylum seekers and stateless applicants are considered as valid ID for verification, CDD and KYC requirements.
2. Engage with BSP and banking associations in the Philippines to address perceived risks posed by refugees, stateless, asylum seekers and stateless applicants as potential customers for financial institutions.
3. Further engage with the BSP and the Financial Inclusion Steering Committee to familiarize them with the concerns of forcibly displaced and stateless individuals and expand the network of advocates on their protection.
4. Promote awareness on the situation of refugees and stateless persons and their rights among the general public to discourage further barriers to their access to various services.
5. Advocate with government stakeholders to expand the PhilSys ID initiative to include asylum seekers and stateless applicants or ensure they are provided with another kind of recognised Government issued ID.
6. Maintain close follow up on the implementation of the PhilSys ID to ensure that protection it is expected to provide for refugees and stateless individuals will remain in its implementation.
7. Advocate with government regulators and service providers to ensure that the policy and practical implementation shifts towards an ASEAN-wide National Retail Payment System⁴¹ include considerations on the status and barriers of all displaced and stateless people to ensure their inclusion in these digital financial services.

⁴¹ The Payment and Settlement Systems (PSS) "was established in 2010 to prepare the PSS of [ASEAN Member States] AMS in embracing the [ASEAN Economic Community] AEC by conducting studies and providing policy recommendation for the development of the PSS and the cooperation as well as the harmonization of the ASEAN PSS." To date, "the [Working Committee] WC-PSS has already completed the environmental scan of the real-time retail payment systems of the AMS. It has also finalized the ASEAN Payments Policy Framework for Cross-border Real Time Retail Payment and its Implementing Policy Guidelines." Retrieved from <https://asean.org/our-communities/economic-community/finance-integration/sectoral-bodies/>

For Government authorities and regulators

1. Upgrade the status of MRCTDs and DOJ-RSPPU-issued documents to be included among the primary, or at the very least, secondary type of Government-issued IDs so the status of displaced people in the Philippines can be confirmed.
2. Engage financial service providers and regulators to identify what additional support, documentation or safeguards can be put in place so that displaced people from countries on the FATF grey or blacklists are not automatically excluded due to their country of origin and can access less restricted financial services, provided other requirements for CDD are met.
3. Use more inclusive language in BSP circulars to ensure the inclusion of displaced population groups.
4. Continue the initiative for the inclusion of refugees in the PhilSys and the continued accessibility of mobile connectivity through SIM card registration.

For Service Providers

1. Identify potential safeguards or options to expand services to displaced people from medium- and high-risk countries in relation to money laundering and terrorism financing to access more comprehensive financial and digital financial services from documentation they have access to, or endorsements that can be provided by the Government of Philippines or other institutions.
2. Integrate the situation of refugees, stateless, asylum seekers and stateless applicants in corporate risk management frameworks to identify mitigation strategies posed by their status.
3. Identify strategies to offer more financial products and services to displaced people based on the updated risk management frameworks.



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