

## **ASSA RECOGNITION AWARD 2017**

### **PROJECT PROPONENT:**

**Pag-IBIG Fund (Home Development Mutual Fund) - Philippines**

### **CATEGORY:**

**Information Technology Recognition Award**

#### **1. NAME OF THE PROJECT:**

**Pag-IBIG Fund's Electronic Payment and Collection Facility (EPCF):  
Efficient Recording & Savings for the Fund, and Faster & Convenient  
Transactions for Members**

#### **2. OBJECTIVES OF THE PROJECT:**

The project has the following objectives:

- a. To pursue commitments of the Philippine Government on the reforms initiated by the Ease of Doing Business (EODB) Task Force, an inter-agency team created by former President Aquino III under Administrative Order No. 38
- b. To provide better service to Pag-IBIG Fund members and member-employers through the following:
  - b.1. Expansion of the local and overseas collection channels of Pag-IBIG Fund
  - b.2. Broaden network and support the e-collection and disbursement platforms
  - b.3. Provide convenience of e-banking to members and member-employers

#### **3. NATURE OF THE PROJECT:**

Pag-IBIG Fund supports the Philippine Government's initiative to improve its performance in Ease of Doing Business (EODB). Through its project, the Fund streamlined the payment process for Members Savings and Short-Term Loan amortizations to enhance its services to its member-employers through the use of technology. This provided the following benefits to Pag-IBIG Fund members and member-employers: faster transactions; payment anytime (24/7), anywhere; accurate recording; and savings in time and transportation costs. The project was also environment-friendly, since e-banking involves paperless transactions.

As of December 2016, there were already 30,486 member-employers using the electronic facilities of 4 proprietary banks, to wit: Land Bank of the Philippines, Union Bank of the Philippines, Bank of the Philippine Islands, and Security Bank Corporation, and BancNet, with 17 compliant banks among the 129 Bancnet member-institutions, that meet the requirements of effective product delivery, which include Asia United Bank, China Bank Corporation, Citibank, CTBC Bank (formerly Chinatrust Philippines), Development Bank of the Philippines, East West

Bank, Metrobank, Philippine National Bank, RCBC, Standard Chartered Bank, Philtrust Bank, Philippine Bank of Commerce, Bank of Tokyo, Bank of Commerce, Robinsons Bank, United Coconut Planters Bank, Veterans Bank.

### ***Legal Basis of the Project***

The project is based on three legal documents:

1. ***Republic Act No. 8792, or the E-Commerce Act of 2000*** signed by former President Joseph Ejercito Estrada on June 14, 2000

- mandated all government-owned and controlled corporations (GOCCs) to provide a method and manner of acceptance of payment or settlement of fees and other obligations to the government through systems that use electronic data messages or electronic documents.

2. ***Administrative Order No. 38*** signed by former President Benigno S. Aquino III on May 17, 2013

- created an inter-agency Task Force to initiate, implement, and monitor reforms in Ease of Doing Business (EODB).

3. ***Pag-IBIG Fund Circular No. 355*** signed by its former Chief Executive Officer Atty. Darlene Marie B. Berberabe on July 1, 2015

- mandated all employers, with 10 or more employees, from the government and private sectors to remit their employees' Members Savings (MS) and Short-Term Loan (STL) amortizations through Pag-IBIG Fund's collecting partner-banks, via an Electronic Payment and Collection Facility (EPCF) platform.

#### **4. WHY IT SHOULD BE RECOGNIZED:**

Pag-IBIG Fund, in its efforts to support the Philippine Government's initiative to improve its performance in Ease of Doing Business (EODB), came up with the Electronic Payment and Collection Facility (EPCF) to streamline the payment process for Members Savings and Short-Term Loan amortizations, resulting to enhanced services to its member-employers through the use of technology.

The EPCF platform is an electronic payment system that gives member-employers a facility to remit the Members Savings (MS) and pay the Short-Term Loan (STL) amortizations of their employees through the electronic payment channels of collecting partner-banks.

#### ***Benefits of the Electronic Payment and Collection Facility (EPCF)***

The EPCF provides the following benefits to Pag-IBIG Fund members and member-employers:

1. Faster transactions

2. Payment anytime (24/7), anywhere
3. Accurate recording
4. Savings in time and transportation costs

The project is also environment-friendly, since e-banking involves paperless transactions.

***Number of Member-Employers Using the Electronic Payment and Collection Facility (EPCF)***

As of December 2015, there were 40,527 of 63,475 employers with 10 or more employees which have accounts with partner-banks. For 2016, Pag-IBIG Fund targeted 50% of the employers, or 20,263, to use the EPCF.

At the end of December 2016, the actual number of employers that used the EPCF was 30,486, or 150% of the target. It was observed that in the first half of 2016, there was a gradual increase in the number of employers using the EPCF. By the second half, a rapid increase of users was seen.

***Utilization per Collecting Partner-Bank***

To date, Pag-IBIG Fund has 4 proprietary partner-banks, to wit: Land Bank of the Philippines, Union Bank of the Philippines, Bank of the Philippine Islands, and Security Bank Corporation, and BancNet, with 17 compliant banks among the 129 Bancnet member-institutions, that meet the requirements of effective product delivery, which include Asia United Bank, China Bank Corporation, Citibank, CTBC Bank (formerly Chinatrust Philippines), Development Bank of the Philippines, East West Bank, Metrobank, Philippine National Bank, RCBC, Standard Chartered Bank, Philtrust Bank, Philippine Bank of Commerce, Bank of Tokyo, Bank of Commerce, Robinsons Bank, United Coconut Planters Bank, Veterans Bank.

<b>Banks: facility</b>	<b>June 2014</b>	<b>December 2014</b>	<b>December 2015</b>	<b>December 2016</b>
<b><i>Land Bank of the Philippines</i></b> (LBP): wePayAccess	1	2	6	325
<b><i>Union Bank of the Philippines</i></b> (UBP): One Hub	1,889	2,021	2,325	3,959
<b><i>Bank of the Philippine Islands</i></b> (BPI): Express Link	1,467	1,539	1,892	6,054
<b><i>Security Bank Corporation</i></b> (SBC): DigiBanker	16	282	800	4,736

<b>BancNet. eGov</b>	1	2	429	15,412
<b>Total</b>	<b>3,374</b>	<b>3,846</b>	<b>5,452</b>	<b>30,486</b>

Before Pag-IBIG Fund came up with Circular No. 355 in July 1, 2015, there were 3,374 employers which used such facilities. By December 2014, the number increased to 3,846, then further went up to 5,452 by December 2015.

By December 2016, there were already 30,486 employers which were using the electronic facilities of the collecting partner-banks. BancNet had the highest number of users for its eGov facility, at 15,412. This was followed by Bank of the Philippine Islands for its Express Link at 6,054, then Security Bank for its DigiBanker at 4,736, then Union Bank of the Philippines for its One Hub at 3,959, and Land Bank of the Philippines for its wePayAccess at 325.

***Process Flow of the Use of the Electronic Payment and Collection Facility (EPCF)***

**1. *Enrolment Process***

Member-employers have to enroll into their chosen partner-bank’s electronic facility.

Here are the steps:

- a. The Employer with Employer Identification (ERID) sends duly-accomplished Enrolment Form to the partner-bank. The Employer with no ERID yet has to register first with the nearest Pag-IBIG Fund branch in its area.
- b. Partner-Bank Administrator enrolls the Employer to wePayAccess (LBP), Pag-IBIG Hub (UBP), Express Link (BPI), Digibanker (SBC), or Pag-IBIG Net (BancNet’s participating banks). The enrolment is then sent to Pag-IBIG Fund for validation.
- c. Upon verification, Pag-IBIG Fund sends confirmation of Employer enrolment to the Partner-Bank.
- d. Partner-Bank sends User Identification and Password to the newly-enrolled Employer.

**2. *e-Filing Process***

After the enrolment to the Partner-Bank’s electronic facility, the Employer will then electronically file its records to said facility.

Here are the steps:

- a. Registered Processor (Maker) of the Employer logs-in to the Partner-Bank’s government portal (LBP’s we PayAccess, UBP’s One Hub, BPI’s Express Link, SBC’s Digibanker, or BancNet), then does the following:
  - a.1. Select the Pag-IBIG Fund tab.

- a.2. Upload the Members Savings (MS) and Short-Term Loan (STL) Amortization files.
- a.3. Bank validates the files.
- b. Bank System sends auto-email notifications to Registered Authorizer/Approver of the Employer for each successful upload.

**3. e-Payment Process**

Moving forward, representatives of the enrolled member-employers do not have to go to Pag-IBIG Fund branches anymore to remit the Members Savings (MS) or pay the Short-Term Loan (STL) amortizations of their employees.

Here are the steps:

- a. Registered Authorizer of the Employer logs-in to the Partner-Bank’s website, then does the following:
  - a.1. Select Pag-IBIG Fund tab.
  - a.2. Approve Payment for MS or STL Amortization Payment.
  - a.3. Partner-Bank debits the Employer’s bank account and credits Pag-IBIG Fund’s account.
- b. Registered Authorizer of the Employer retrieves Transaction Receipt reflecting Transaction Reference Number from the Partner-Bank’s system. This serves as proof of payment.
- c. MS/STL collection files are sent to Pag-IBIG Fund via Secured Channel. Pag-IBIG Fund posts payments for MS and STL by uploading in the system once payment has been validated with the Partner-Bank.

**Comparison of the Traditional Process and E-Banking**

<b>Cost Factors</b>	<b>Traditional Process</b>	<b>E-Banking</b>
Printing of Official Receipt	Issuance of Pag-IBIG Fund Receipt (PFR) through Over-the-Counter (OTC) Payment	In lieu of the PFR, the Transaction Reference Number (generated by the system of the bank) is accepted by the Commission on Audit
Reporting	Generates paper-based reporting	System transmit collection file
Branch Expansion/Network	OTC	None (Virtual network)
Provision for Tellers and Cashiers	Branch-based	Online self-service

	Branch-based	Online
Transaction Mechanism	Location and time	Overcome geographic or time limitations
	OTC Payment	Anywhere/Anytime
Service Delivery	Paper-based	Online self-service / virtual banking
	OTC/face-to-face transaction	Anywhere/Anytime
	Passive Customer Service	Active Customer Service
System Objective	Development of infrastructure	Banks provide the system (mere integration of the system)
		Enhanced use of technology
Customer Service	Person-to-person interaction	Online interaction
	Passive Customer Service	Active Customer Service

Last May 2017, the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) bestowed on Pag-IBIG Fund the Gold Award for this project at the ADFIAP Awards 2017 ceremonies held in Macau. On July 2017, Pag-IBIG Fund will be receiving the Merit Award from the European Organisation for Sustainable Development, again for this project along with its two other projects Electronic Disbursement and Premium on Green Technologies on Property Appraisal/Valuation, at the Karlsruhe Sustainable Finance Awards 2017 ceremonies to be held within the framework of this year's Global Sustainable Finance Conference.

The project, **Pag-IBIG Fund's Electronic Payment and Collection Facility (e-PCF): Efficient Recording & Savings for the Fund, and Faster & Convenient Transactions for Members**, deserves to be recognized by the ASEAN Social Security Association because it is an activity that maximizes information technology and makes Pag-IBIG Fund abreast with the technology trends, further benefiting not just itself but its members as well. It is an innovative project that provides a fast, accessible, convenient, effective, and efficient way for member-employers to remit the Members Savings (MS) and pay the Short-Term Loan (STL) amortization of its members. Moreover, the project declogs Pag-IBIG Fund branches, since the representatives of member-employers do not have to go to the branches anymore to pay their employees' MS or STL amortizations. The project is also environment-friendly, since e-banking involves paperless transactions.