



BANGKO SENTRAL NG PILIPINAS

MEMORANDUM NO. M-2021- 027

To : ALL AUTHORIZED AGENT BANKS

Subject : REVISED CASH SERVICE ALLIANCE (CSA) GENERAL GUIDELINES

Pursuant to the Monetary Board (MB) Resolution No. 86 dated 21 January 2021 and Circular No. 1099, Series of 2020, please be guided with the Revised Cash Service Alliance (CSA) General Guidelines (**Annex A**) incorporating the implementation of the CSA in the BSP Regional Offices and Branches (ROBs).

Accordingly, the implementation of the revised CSA guidelines for banks transacting with the Cash Department (CD) and with BSP ROBs shall be as follows:

- a. Implementation of Revised CSA General Guidelines in CD and the six (6) BSP ROBs with the highest volume of fit note deposits: BSP Cebu, Davao, Tuguegarao, Tacloban, Cagayan de Oro and General Santos ROs/Branches by **01 June 2021**; and
- b. Implementation of CSA in all remaining BSP ROBs by the second semester of 2021.

For guidance and implementation.


BENJAMIN E. DIOKNO
Governor
23 April 2021

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CASH SERVICE ALLIANCE (CSA) GENERAL GUIDELINES
(Appendix to Sec. 1113)

The CSA General Guidelines shall facilitate the servicing of currency requirements of banks from the available fit currency holdings of other banks, and serve as a general reference guide that participating banks shall adopt in drafting their bilateral agreements in this regard.

CSA transactions shall take precedence over direct deposit to or withdrawal from the Bangko Sentral CD or Bangko Sentral ROB. Fit currencies and currency requirements that banks intend to deposit to or withdraw from the Bangko Sentral CD or Bangko Sentral ROB on the next banking day shall be posted in the CSA System.¹

I. Stakeholders

- a. Source bank - the bank with available fit currency holdings that will service the currency requirements of Client bank;
- b. Client bank - the bank that requested and received the fit currencies of Source bank;
- c. Bangko Sentral ng Pilipinas Cash Department (Bangko Sentral CD) - the unit that monitors postings and CSA transactions of banks servicing the Greater Manila Area;² and
- d. Bangko Sentral ng Pilipinas Regional Office/Branch (Bangko Sentral ROB) - the unit that monitors postings and CSA transactions of banks outside the Greater Manila Area.

II. Currency Quality and Packaging

CSA transactions shall cover fit currencies. These are legal tender Philippine banknotes and coins of good quality such that genuineness is obvious. Specifically, to be considered fit for circulation, banknotes and coins should not exhibit the characteristics of unfit, mutilated or counterfeit currency as stipulated in Sec. 1111.

Fit currencies under the CSA shall conform with the following standards:

- a. For fit banknotes:
 - (1) Standard unit of fit banknotes shall be per bundle consisting of 1,000 pieces or ten (10) wrappers of 100 pieces of banknotes of the same denomination per wrapper;
 - (2) Each bundle of fit banknotes shall be properly shrink-wrapped;
 - (3) Wrapper strap binding the 100 pieces of fit banknotes shall be white in color and plainly marked with the following information:
 - (i) denomination and amount of currency;
 - (ii) date of Source bank's verification;
 - (iii) the printed name(s) and signature(s) of Source bank's verifier; and
 - (iv) the name of the Source bank.
 - (4) Fitness level of banknotes shall be in accordance with the standard level set by the Bangko Sentral;

¹ Pursuant to Appendix 84 – Guidelines and Procedures Governing Currency Deposits and Withdrawals of Banks for Credit to or Debit from their Demand Deposit Accounts with Bangko Sentral.

² Covers Metro Manila, Bulacan, Cavite, Laguna and Rizal.

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- (5) Fit banknotes shall not be inserted with unfit, mutilated and counterfeit banknotes, and shall be free from pins, clips, staple wires, and stickers/adhesive residue; and
- (6) Fit banknotes shall be placed in a sealed clear plastic or duffle bag during transport.

b. For fit currency coins:

- (1) Standard unit of fit coins shall be per bag, sorted by series, and in accordance with the following quantity per denomination:

Denomination	Pieces per bag	Amount per bag
20-piso	1,000	20,000.00
10-piso	1,200	12,000.00
5-piso	1,500	7,500.00
1-piso	2,000	2,000.00
25-sentimo	3,000	750.00
10-sentimo	4,500	450.00
5-sentimo	5,000	250.00
1-sentimo	5,000	50.00

- (2) Each canvass bag shall be labeled with tags, one placed inside and another attached outside, containing the following information:
 - (i) denomination, quantity and amount; and
 - (ii) name of the Source bank.
- (3) Fit coins shall not be inserted with foreign coins, token coins and other objects, and shall be free from adhesive tapes.

III. Settlement Option

Source bank and Client bank have the following options to settle the CSA transaction:

a. Bangko Sentral Philippine Payment and Settlement System (PhilPaSS)

Client bank shall issue payment instruction through the Real Time Gross Settlement (RTGS) or PhilPaSS of Bangko Sentral to debit its Demand Deposit Account (DDA) and credit the DDA of Source bank.

b. Direct debit to a maintained deposit account

The Client bank may agree to open/maintain a deposit account with the Source bank to facilitate automatic debit to settle CSA transactions.

c. Issuance of Managers Check (MC)

Client bank shall issue an MC which can be presented directly to the Source bank.

The Bangko Sentral recommends banks to settle CSA transactions mainly through PhilPaSS (Option "a"). Settlement Option "b" (opening of account with the Source bank) and Option "c" (MC) shall be considered only if the same are more convenient and cost effective to both parties.

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IV. Bilateral Agreement between Source bank and Client bank

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CSA transactions shall be covered by a formal bilateral agreement between Source bank and Client bank. It shall be executed before their first CSA transaction and, at a minimum, shall include provisions for the following:

- a. The authority of designated representative/s of the Source bank and the Client bank as CSA Account Manager/s who will coordinate activities related to CSA, including approval of CSA transactions, shall be formalized.
- b. The responsibility for the transport of the subject fit currencies – Fit currencies shall either be delivered by the Source bank or picked-up by the Client bank.
- c. The mode of delivery of the subject fit currencies –The bank responsible for the transport of subject fit currencies shall use its own armored vehicle service or hire the services of a third party Cash-in-Transit (CiT) service provider subject to compliance with Secs. 112 and 275.
- d. The place of delivery/pick-up of fit currencies – It is recommended that the place of delivery/pick-up of fit currencies shall be within the premises of the Client bank/Source bank. However, the parties may also agree on a different delivery/pick-up point if they find it more advantageous and more convenient.
- e. The obligations and responsibilities of the Source bank and the Client bank in case of cancellation CSA transaction after confirmation.
- f. The time period during the normal banking day within which the delivery/pick-up of fit currencies can be made.
- g. The obligations and responsibilities of the Source bank and the Client bank in case of any delay in the delivery/pick-up.
- h. The mode of settlement of the CSA transaction. Settlement options are provided under Part III.
- i. The responsibility of the Source bank for the completeness and compliance with standard fitness level of subject fit currencies of the CSA transaction shall be explicit in the bilateral agreement.
- j. The reasonable service fee, if any, for the CSA transaction.
- k. A dispute resolution mechanism shall be included in the provisions of the bilateral agreement. Guidelines in resolving dispute relating to CSA transactions are provided under Part VII.

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V. Posting, Earmarking Request and Confirmation of CSA Transaction in the CSA System

The following provisions shall cover guidelines for the posting, earmarking request and confirmation of CSA transaction in the CSA System:

- a. Timeline for posting of fit currency holdings and currency requirements in the CSA System are, as follows:

Bank	Particulars	Timeline
Source bank	Fit currency holdings	7:00 am to 12:00 noon
Client bank	Currency requirements	7:00 am to 3:00 pm

- b. Posting made by Source bank and Client bank may be revised or deleted within above timelines;
- c. From 7:00 am to 3:00 pm, Client bank may initiate earmarking request in the CSA System for the available fit currency holdings posted by Source bank. Accordingly, Client bank shall then initiate coordination with Source bank to discuss the terms of their CSA transaction in accordance with their bilateral agreement including the date of delivery/pick-up of fit currencies;
- d. Source bank shall either confirm or reject earmarking request within 30 minutes from the time the same was initiated by the Client bank in the CSA System.
- e. If earmarking request is confirmed, both banks shall generate CSA Confirmation and Acknowledgement Receipt Form (CSA CARF) from the CSA System as proof of confirmed CSA transaction. CSA CARF shall be presented by concerned bank during actual delivery/pick-up of fit currencies.
- f. On the other hand, if earmarking request is rejected, reasons for the rejection thereof shall be provided by the Source bank in the CSA System;
- g. If earmarking request is rejected, or if no actions were made by the Source bank within the prescribed period, the posted fit currency holdings will be re-opened in the CSA System and become available for earmarking request by other Client banks.
- h. For fit currency holdings posted in the CSA portal which were not confirmed as CSA transaction, the Source bank may:
- (1) deposit the fit currencies to the Bangko Sentral CD or Bangko Sentral ROB on the next banking day; or
 - (2) include them in the fit currency holdings to be posted in the CSA System on the next banking day.
- i. For currency requirements posted in the CSA System, the Client bank may:

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- (1) proceed with the regular withdrawal of currency requirements from the Bangko Sentral CD or Bangko Sentral ROB on the next banking day subject to compliance with Appendix 84 (Sec. N),³ or
 - (2) include them in the currency requirements to be posted in the CSA System on the next banking day.
- j. All postings in the CSA System, except those which were confirmed as CSA transaction, will be automatically removed from the CSA System by 8:00 pm of the same day.

VI. Delivery and Receipt of Fit Currencies and Completion of CSA Transactions in the CSA System

The following provisions shall cover guidelines for the delivery and receipt of fit currencies and completion of CSA transactions in the CSA System:

- a. Source bank (for delivery) or Client bank (for pick-up) shall present the CSA CARF to the counterparty bank upon arrival at the latter's premises.
- b. Turn-over the fit currencies from Source bank to the Client bank:
 - (1) If fit currencies are delivered by the Source bank:
 - (i) Client bank shall inspect plastic/duffle bag containing fit banknotes and/or canvass bags containing fit coins for any signs of tampering.
 - (ii) For fit banknotes, Source bank shall open sealed clear plastic or duffle bag in front of the Client bank.
 - (iii) Source bank shall turn-over fit banknotes and/or fit coins to the Client bank.
 - (iv) In the presence of the Source bank, Client bank shall check the completeness of fit banknotes as to number of bundles and wrappers, and/or of fit coins as to number of bags then reconcile the breakdown and amounts against the details in the CSA CARF.
 - (2) If fit currencies are picked-up by the Client bank:
 - (i) Source bank shall turn-over fit banknotes and/or fit coins to the Client bank.
 - (ii) In the presence of the Source bank, Client bank shall check the completeness of fit banknotes as to number of bundles and wrappers, and/or of fit coins as to number of bags then reconcile the breakdown and amounts against the details in the CSA CARF.
 - (iii) Fit banknotes shall be placed inside sealed transparent plastic or duffle bag/s before they are carried to the armored vehicle used by the Client bank.
- c. Client bank shall acknowledge the receipt of fit currencies in the CSA CARF.
- d. Client bank shall initiate the settlement of the CSA transaction.
- e. Source bank and Client bank shall tag the CSA transaction as "Completed" in the CSA System within the same day the fit currencies were delivered/picked-up.

³ For Bangko Sentral CD – submission by banks of Currency Order Slip (COS) not later than 4:00 pm of the previous banking day. For Bangko Sentral ROB – transmittal of the withdrawal transaction of banks through the electronic cash transaction system not later than 4:00 pm of the previous banking day.

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VII. Dispute Resolution

Both Source bank and Client bank shall take all precautionary measures to safeguard the integrity and accuracy of the CSA transactions. They shall be responsible in providing, agreeing, and complying with a dispute resolution mechanism, which shall be included in their contractual agreements. They shall exert earnest efforts to settle any currency discrepancy dispute. The following shall serve as guide in resolving disputes relating to CSA transactions:

- a. Closed Circuit Television (CCTV) cameras, which should be regularly checked and maintained, must be strategically positioned in the areas where currency bags are to be unloaded and opened;
- b. Both Source bank and Client bank are required to designate their authorized representatives to witness the opening and inspection of currency bags;
- c. Reporting of any currency shortage or overage by the Client bank to the Source bank shall be made upon discovery during delivery/pick-up or within two (2) banking days from date of delivery/pick-up; if not done within the prescribed period, Source bank or Client bank is deemed to have waived its right to seek remedy. The Client bank shall inform Source bank through email of the alleged discrepancy and details of the transaction (i.e., amount, denomination, number of pieces, name of Authorized Representative or Witness) copy furnished the Bangko Sentral CD or Bangko Sentral ROB. Source bank needs to confirm receipt of report on discrepancy within two (2) banking days and discuss course/s of action to resolve the issue.
- d. The Client bank or Source bank may request viewing of CCTV footages and/or recount of delivered currency within the prescribed period, or as may still be deemed practical under the circumstances, and with witnesses from both parties;
- e. Restitution of the shortage or return of the overage shall be made based on the validation results from CCTV footage and religious compliance with quality and standard packaging; and
- f. Source bank shall provide the Bangko Sentral CD or Bangko Sentral ROB with information on the resolution of the case (e.g., shortage replaced; overage returned) within two banking days after resolution.

Upon receipt of complaint from Client bank of the Source bank's non-adherence to the prescribed banknote quality, the Bangko Sentral CD or BSP ROB shall look into the matter and endorse to the appropriate supervising department of the Bangko Sentral to ascertain if enforcement actions may be deployed for non-compliance with provisions of Secs. 1111 and 1112, and other pertinent Bangko Sentral regulations.

VIII. Amendment and Separability Clause

The CSA general guidelines may be amended or modified by the Bangko Sentral upon consultation with Source banks and Client banks. Each provision of this CSA Guidelines shall be considered separable. If, for any reason, any provisions hereof are determined to be invalid, unenforceable, or contrary to any existing or future Bangko Sentral regulations or law, such invalidity shall not impair the operation of or affect those portions of the guidelines that are valid.

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