

# DEVELOPING AN AGENT REGISTRY SYSTEM AS A REGTECH TOOL IN THE PHILIPPINES





# INTRODUCTION

## Context and Overview of Digital Financial Services and Agent Network in the Philippines.

The Bangko Sentral ng Pilipinas (BSP) has played a critical role in advancing financial inclusion in the Philippines.

56%

According to the 2021 BSP Financial Inclusion Survey, 56 percent of adult Filipinos now have an account, almost doubled from 29 percent in 2019.

As the Chair of the Financial Inclusion Steering Committee (FISC)<sup>1</sup>, the BSP is leading the implementation of the National Strategy for Financial Inclusion (NSFI) 2022-2028. Strengthening the digital financial services (DFS) ecosystem is crucial for achieving the vision of broad-based growth and financial resilience by leveraging digital innovation.

The DFS ecosystem includes various players such as Universal and Commercial Banks (U/KBs), Thrift Banks (TBs), Rural and Cooperative Banks (R/CBs), Digital Banks, Electronic Money Issuers (EMIs), Remittance and Transfer Companies (RTCs), Operators of Payment

Systems (OPSs), Microfinance Institutions, Pawnshops, Cash-in Cash-out (CICO) Agents, Non-Stock Savings and Loan Associations (NSSLAs), other Non-Bank Financial Institutions (NBFIs), and Insurance Providers.

Acting as intermediaries, agents have a central role in extending access to and use of financial services to the last mile, especially underserved populations by establishing agent outlets in remote and underserved areas.<sup>2</sup> In the Philippines, various types of agents exist, including cash agents, Remittance Sub-Agents (RSAs), and e-money agents. Agents can conduct various permissible activities, including:

- > CICO transactions, fund transfer, and bills payment for e-money agents;
- > deposit and withdrawals;
- > bills payments;
- > know-your-customer (KYC);
- > facilitating savings and loan accounts;
- > marketing, selling, and servicing insurance products for cash agents; and
- > remittances for RSAs.

- 1 The FISC is the interagency governing body that leads the coordinated and collaborative approach in implementing the NSFI and provides guidance in the development of its various policies, regulations, supervisory frameworks, programs, and initiatives.
- 2 Nègre, A., Kiamba, E.M. 2021. "Rural Agent Networks: An Opportunity for Development Funders". CGAP Blog. 22 July. Available at: <https://www.cgap.org/blog/rural-agent-networks-opportunity-for-development-funders>

FIGURE 1. A SNAPSHOT OF AGENTS IN THE PHILIPPINES

### TYPE OF AGENTS

#### CASH AGENTS



58,417 (2020)

BANKS  
BSP Circular No. 940

#### E-MONEY AGENTS



84,299 (2020)

E-MONEY ISSUERS  
BSP Circular No. 1166

#### REMITTANCE SUB-AGENTS



6,004 (2022)

RTCs  
BSP Circular No. 942

Agents' localized presence enables convenient service access, reduces travel for formal banking, and promotes digital payment adoption by onboarding individuals onto digital platforms, guiding them in using mobile money, and assisting with CICO transactions<sup>3</sup>.

The benefits also extend to the agents themselves, as becoming an agent provides economic opportunities for vulnerable segments of society. Agents can enhance their livelihood by earning transaction commissions from providing financial services on behalf of their principal financial institutions. Recent global findings also indicate a favorable correlation between the quality of agent networks and gender inclusivity, attributed to the contributions of women agents and the potential for female customers to enhance transaction volumes for agents regardless of gender<sup>4</sup>.

Recognizing the agents' critical role in the DFS ecosystem, the BSP has issued specific circulars<sup>5</sup> to balance financial inclusion promotion with financial stability, integrity, and consumer protection. The agents' operation is subject to applicable rules and regulations such as electronic banking, IT and operational risk management, anti-money laundering and counter-terrorist financing (AML/CFT), and consumer protection.

3 Hernandez, E., Unnikrishnan, S., Pan, S., Kim, D. 2021. "Why Do CICO Agent Networks Matter and How Do We Promote Them?" CGAP Blog. 12 October. Available at: <https://www.cgap.org/blog/why-do-cico-agent-networks-matter-and-how-do-we-promote-them>

4 Schiff, H. 2021. Gender and Cash In/ Cash Out (CICO) Networks. Washington D.C., Consultative Group to Assist the Poor (CGAP). Available at: <https://www.findevgateway.org/slide-deck/2021/06/gender-and-cash-cash-out-cico-networks>

5 The circulars include the Guidelines on Deposit and Cash Servicing Outside of Bank Premises, the Regulations on Electronic Money (E-money) and the Operations of Electronic Money Issuers (EMI), and the Manual of Regulations for Non-Bank Financial Institutions.

6 Marwa, C. 2016. "The importance of data for financial inclusion". Opening remarks delivered at the Financial Inclusion Data Working Group Meeting, on 2 April 2016 in San Salvador, El Salvador. Available at: [https://www.afi-global.org/newsroom\\_speeches/charles-marwa-the-importance-of-data-for-financial-inclusion/](https://www.afi-global.org/newsroom_speeches/charles-marwa-the-importance-of-data-for-financial-inclusion/)

7 As explained in AFI's "Regional Policy Framework to Strengthen Agent Networks for Digital Financial Services", the risk assessment considers factors such as services offered, transaction volume, geographical spread, etc. and should leverage technology platforms and data analytics for remote supervision and geolocation mapping of agent networks. These measures which aim to guard against money laundering and terrorism financing will be specified, while simplifying KYC for low-income customers.

8 The detailed information on risks inherent in the agency business can be accessed in this publication: MicroSave's Helix Institute of Digital Finance. 2018. Measuring Risk in Agent Networks – What Risks Are Inherent in Agency Business and How to Track Them. Available at: <https://www.microsave.net/2018/03/06/measuring-risk-in-agent-networks-what-risks-are-inherent-in-agency-business-and-how-to-track-them/>

## BACKGROUND

### CHALLENGES OF AGENT NETWORK IN THE PHILIPPINES

Despite the strategic significance of agents in promoting inclusive digital finance, certain gaps pose challenges for effective monitoring and decision-making.

#### VISIBILITY, PERFORMANCE EVALUATION, AND MONITORING

The BSP acknowledges the significance of monitoring both the total number of agents and their distributed presence across the archipelago. However, a visibility gap exists regarding geographical and locational information, hindering comprehensive understanding. Data analysis provides insights into the agent network's performance, empowering financial institutions and regulators to assess effectiveness in expanding services and promoting financial inclusion.<sup>6</sup>

#### BIFURCATION OF EXCLUSIVE AND SHARED AGENTS, RISK MANAGEMENT, AND CONSUMER PROTECTION

Efficient monitoring and risk management<sup>7</sup> require identifying agents with agreements across multiple financial institutions to avoid double-counting. Data enables risks identification and management<sup>8</sup>, potential instances of misconduct, irregularities, potential fraud, and compliance issues by cross-checking data on agent risk ranking, blacklisting, and consumer complaints.

#### LACK OF PUBLIC DIRECTORY

Currently, no publicly accessible registry provides information about nearby accredited agents and their services. A public directory is vital for promoting financial inclusion, enhancing transparency, visibility, accessibility, and trust by offering comprehensive details about principal FI partners, type and location of service points, and available services. It empowers individuals to make informed financial decisions and boosts agents' visibility, attracting customers, fostering competition, and assuring accreditation.

#### MANUAL AND DISPARATE DATA COLLECTION

The Excel-based data collection system for agents presents issues of inflexibility, time-consuming processes, and non-uniform reportorial requirements across different types of agents. The system's inflexibility hinders adaptation to changing data needs, potentially leading to data gaps and inconsistencies, especially when capturing new data points or modifying existing ones.



Manual processes slow data collection and analysis, hindering monitoring and decision-making efficiency. The absence of standardized reporting guidelines for different agent types further complicates data comparison.

### OBJECTIVE OF THE AGENT REGISTRY REGTECH TOOL

To address the gaps and facilitate the ongoing development of the agent network ecosystem, the BSP spearheaded the creation of an Agent Registry System (ARS) in the Philippines.

This Regulatory Technology (RegTech) tool aims to improve the monitoring of agent networks and bolster the BSP's capabilities in strengthening financial supervision, consumer protection, and advancing financial inclusion. Enhancing financial inclusion in this context required the streamlining agent data, mapping agent networks for accessibility and penetration, implementing central monitoring, and providing public access to an agent directory.

The ARS provides a detailed list of active service providers, encompassing essential information such as the Name of the Service Point, Service Point Unique ID, Partner Financial Institution, Type of Partner Outlet, Services Offered, Region, Province, City, Municipality,

Barangay, and Address. These particulars play a crucial role in addressing the challenges associated with managing the agent network in the Philippines.

### BSP AND AFI ENGAGEMENT

The BSP has been a founding member of the Alliance for Financial Inclusion (AFI) since 2009, consistently playing a crucial role within AFI by actively engaging in leadership and governance activities, as well as advocating for financial inclusion at regional and global levels. The BSP and AFI have collaborated on several projects to advance financial inclusion in the Philippines. The development of the Agent Registry System (ARS) as a RegTech solution represents the latest collaboration effort between the BSP and AFI under the In-Country Implementation (ICI) program.

As part of the ICI's technical support program, AFI provided funding for the development of the ARS system. AFI also supported the facilitation of peer learning and exchange among other AFI member countries with a similar tool in place. Additionally, AFI assisted with vendor procurement and overall project management, supervision, and guidelines.

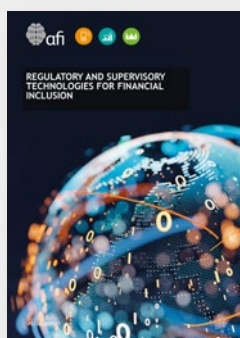


Colleagues working together in the office. (Pixfly/iStock)

## METHODOLOGY

The implementation of the tool follows AFI's Five-Step Policy Framework for RegTech for Financial Inclusion<sup>9</sup>:

1. **Analysis of local context:** Plan and execute a comprehensive diagnosis of the market, industry, and regulatory landscape to identify needs, gaps, and challenges.
2. **Assess capabilities:** Perform an honest assessment of internal and external (industry) capabilities for talent, resources, process, and systems.
3. **Stakeholders' engagement:** Adopt a bottom-up approach to engagement, cooperation, and collaboration with stakeholders to ensure buy-in.
4. **Design:** Design for purpose, selecting appropriate technologies aligned with industry and jurisdiction needs, and financial inclusion goals.
5. **Implement:** Employ an appropriate implementation approach (phase, experimental, etc.) suitable for the country's context, use case, and NFIS targets.



For more information, read: Regulatory and Supervisory Technologies for Financial Inclusion.

> [View here](#)

The development of ARS followed a systematic approach and methodology to ensure successful implementation. The process included active engagement with stakeholders, rigorous consultation processes, well-executed project management and implementation, and thorough user acceptance testing and pilot testing. This approach was vital for understanding the needs and requirements of financial institutions, regulatory bodies, customers, agents, and other key players involved in the agent network ecosystem. By fostering collaboration and gathering valuable insights, this methodology created a comprehensive and effective solution that addresses the challenges of agent data management and promotes financial inclusion.

## STAKEHOLDER ENGAGEMENTS

To gather inputs for the development of the ARS, the project implemented structured scoping and assessment engagements to understand the data collection, submission, and reporting processes, current issues, challenges, and the need for an agent registry.

- > **Key informant interviews (KIIs)** with relevant BSP units.
- > **External stakeholders' engagements** with financial institutions and global counterparts such as the Consultative Group to Assist the Poor (CGAP) and the Bill and Melinda Gates Foundation (BMGF).
- > **Three peer learning exchange sessions** were organized by the project partner, AFI, in collaboration with the State Bank of Pakistan (SBP) for Agent Chex Application, Bank of Ghana (BOG) for Agent Registry, and Bangladesh Bank (BB) for Mobile Financial Services (MFS) data collection, to facilitate knowledge sharing and learning.

## USER ACCEPTANCE TESTS AND PILOT TESTING

During the project execution, the project team engaged various target users from the BSP in user acceptance tests to acquaint them with the access and operations of the Agent Registry System. Several briefings were conducted for the industry to enhance their familiarity with the agent registry report and the reporting process through the agent registry web portal. After the production phase (post-production), industry players (a combination of banks and non-bank financial institutions with significant agent operations) will participate in a pilot testing program and provide feedback. This feedback will then inform the issuance of policies that institutionalize the agent registry report.

9 Alliance for Financial Inclusion (AFI). 2022. Regulatory and Supervisory Technologies for Financial Inclusion. Available at: <https://www.afi-global.org/publications/regulatory-and-supervisory-technologies-for-financial-inclusion/>

## SOLUTION DESIGN

### ABOUT THE AGENT REGISTRY REGTECH TOOL

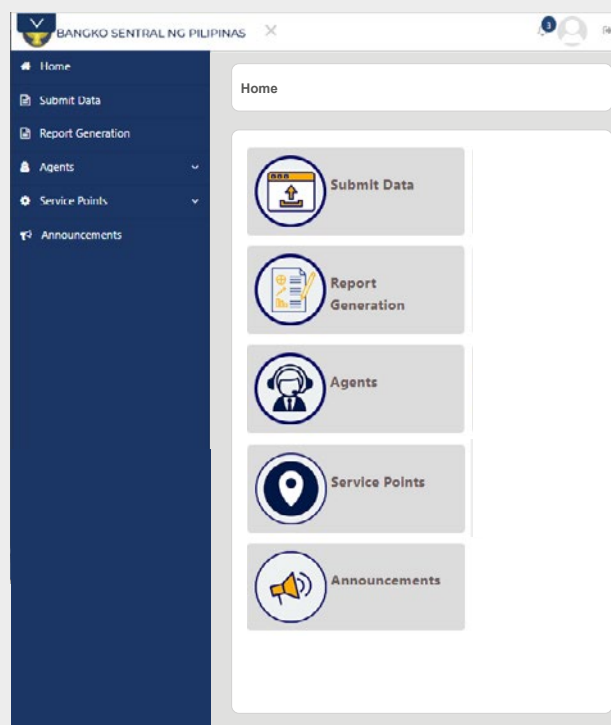
The Agent Registry will function as a consolidated web portal encompassing all types of agents, including cash agents, e-money agents, and Remittance Sub-Agents (RSAs).

The registry's objective is to streamline the submission of agent data by BSP-Supervised Financial Institutions (BSFIs)<sup>10</sup> and provide timely access to dynamic agent data for effective analysis on both an aggregate and individual basis. It will provide information about the depth and reach of agents and service points, as well as their penetration down to the barangay level. Additionally, the public will have access to a searchable service point database, enabling them to locate nearby accredited service points and their available services.

The introduction of the Agent Registry RegTech Tool aims to enhance data management, monitoring, and reporting capabilities for agents, thereby facilitating more efficient operations and analysis within the agent network ecosystem. Some of the key modules of the RegTech tool are as follows:

- > **Data Submission:** The web-based system will enable the BSFIs to upload an Excel form containing their agents' and service points data.
- > **Data Validation and Deduplication:** The system and the embedded Agent Registry Form are designed to screen and separate submissions that adhere to a set of validation rules. It will prompt BSFIs for erroneous entries or required fields, displaying the data on the screen. The system will also identify duplicate agents and service points that are shared by multiple BSFIs.
- > **Generation of Unique ID and QR Code:** The system will generate a unique ID for agents mapped to BSFIs and a unique ID for service points linked to agents. Additionally, it will generate a QR code for each agent and service point, displaying their name and unique ID when scanned.
- > **Report Generation:** The System is equipped to generate various reports on BSFIs, agents, and service points. BSP and BSFIs can generate and download the Agent Profile Report (APR), containing basic information on agents and service points, including their unique ID.<sup>11</sup> The system also enables BSP and BSFIs to generate and download the

FIGURE 2: THE ARS INTERFACE



Blacklisted Agents Report (BAR), containing a list of blacklisted agents and service points. Additionally, BSP can generate and download the Active Service Point Report (ASPR), which can be uploaded to the BSP website. Users can view, filter, and download summary statistics on agents and service points, including totals and disaggregation by geographical area, agent type, status, services offered, channel and available solution, BSFI, and agent.

- > **Dashboard:** The system includes a dashboard module that provides a visual overview of agents and service points. It presents summary statistics and a geospatial map of service points. Users can filter and download displayed data.

<sup>10</sup> BSFIs stands for "Bangko Sentral ng Pilipinas (BSP)-Supervised Financial Institutions" and refer to financial institutions that are under the regulatory oversight and supervision of the BSP. These institutions include banks, electronic money issuers, remittance agents, payment system operators, and other entities operating in the financial sector that are licensed and regulated by the BSP. The BSP-Supervised Financial Institutions play a crucial role in the Philippine financial system and are subject to regulatory requirements and guidelines set by the BSP to ensure the stability and integrity of the financial sector.

<sup>11</sup> BSFIs can generate Agent Profile Reports (APRs) for their own agents and service points only.

# IMPLEMENTATION

## PROJECT MANAGEMENT AND GOVERNANCE

The implementation of the Agent Registry System (ARS) project was carried out in systematic phases, with effective project management and governance based on the BSP IT Project Management Framework (ITPMF). The project's foundation ensured consistent execution within approved constraints, adhering to Project Management principles and best practices.

In terms of project management roles and responsibilities, the ARS project involved a Project Organization composed of BSP, AFI, and vendor personnel (see Figure 2 and Annex A for details). The BSP team consisted of Project Sponsors, Project Advisors, Project Managers, Assistant Project Managers, Project Secretariat, Business and Technical Team Members. The vendor had Leads for the two (2) main components of the project: Thematic Area Lead and Technology Lead. The Thematic Lead shepherded the development of the scoping report and business requirement document, while Technology Lead managed

the development of the ARS RegTech tool based on the business requirements and specifications. They were responsible for executing activities and delivering contractual obligations, with progress reporting to both the BSP Project Management Team and AFI.

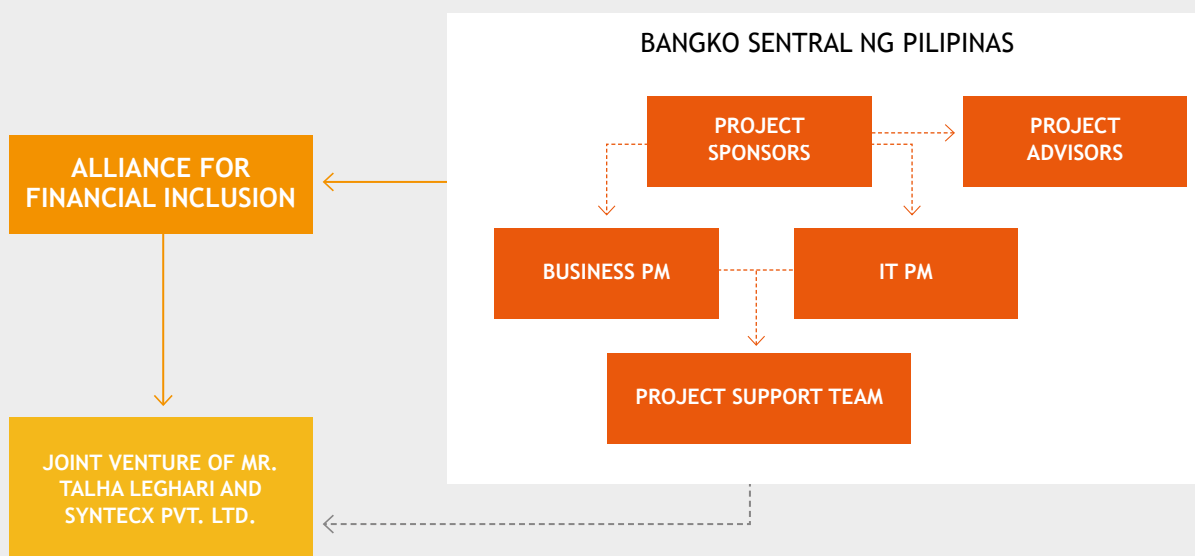
The AFI team was composed of a dedicated project implementation lead, supported by a project sponsor and a project coordinator (see Annex A for details). As part of the engagement, AFI supported BSP in the procurement and management of the vendor as per the agreed Terms of Reference (ToR). Furthermore, AFI was responsible for overall project coordination, supervision, and quality control.

## REGTECH TOOL DEVELOPMENT

The implementation of the ARS project consists of four systematic phases:

1. The Inception Phase determined the project's feasibility, scope, and objectives as well as the overall direction and approach.
2. The Scoping and Assessment of the DFS and agent network landscape fostered a clear understanding of the issues and establish the need for agent registry. This was complemented by a thorough exercise to develop key elements and specifications that should be incorporated into the development of an ARS tool.

FIGURE 3: PROJECT MANAGEMENT AND GOVERNANCE IN THE ARS PROJECT





3. The RegTech Tool Development was then undertaken in four sprints, interspersed with User Acceptance Testings (UATs), to ensure the success of each sprint.
4. The Project Handover and Post-Tool Development included knowledge transfer and handover of various project documents.

The detailed implementation timeline is shown in the figure below.

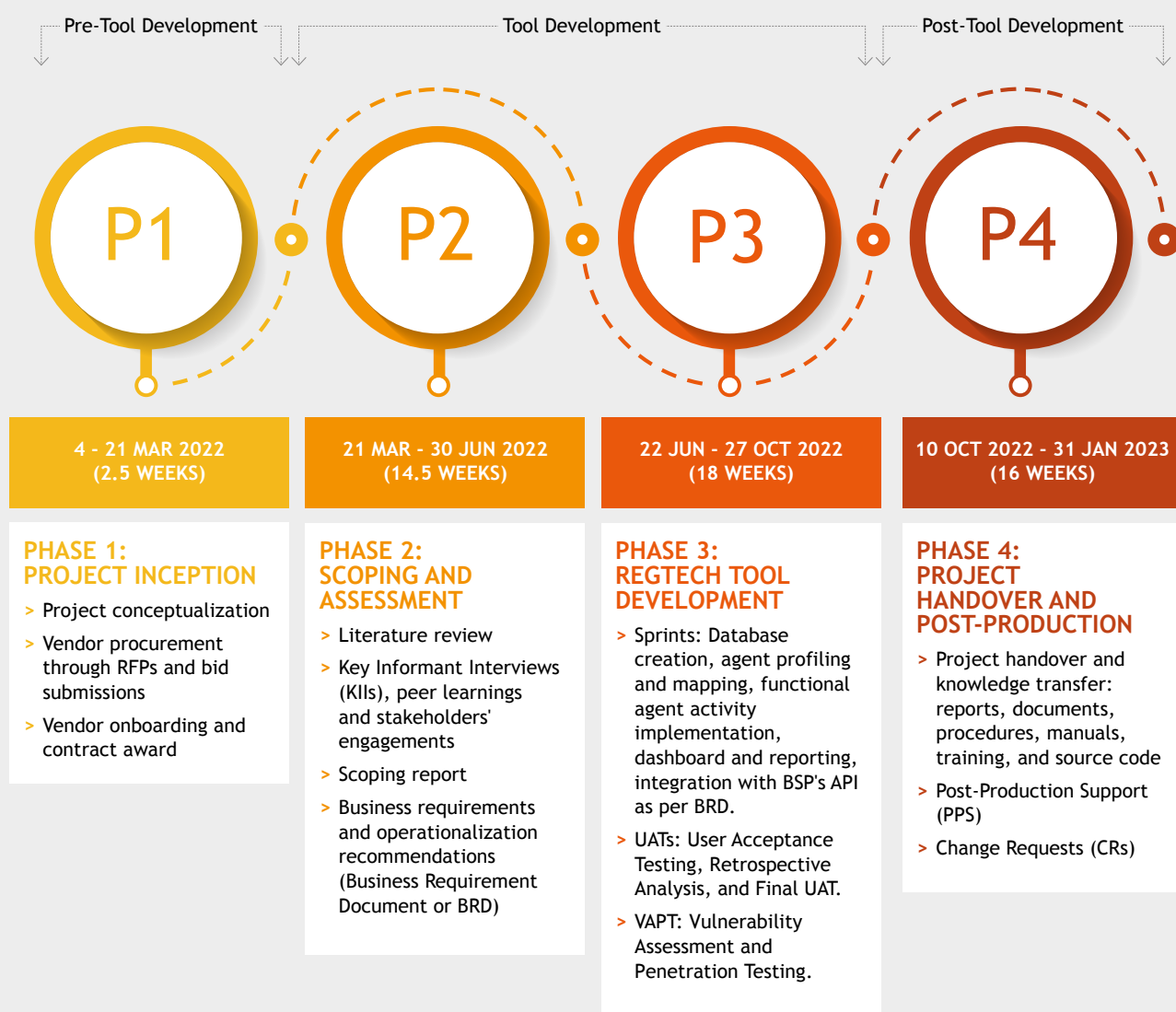
#### PHASE 1: PROJECT INCEPTION

The project's inception phase entailed the initial step in response to the identified gaps within the agent network monitoring landscape in the Philippines.

This phase involved the conceptualization of the project, driven by the need to address these gaps comprehensively. To formalize this conceptualization, the BSP prepared a comprehensive concept note, which articulated the gaps and outlined the envisioned features of the proposed agent registry.

This concept note served as the basis for bilateral cooperation between AFI and BSP. Combined with consultative discussions, it assisted in developing the Request for Proposals (RFPs) and Terms of Reference (ToR) for vendor procurement. The vendor procurement process was led by AFI in close collaboration with BSP. The vendor, a consortium made of a consultant,

FIGURE 4: TIMELINE OF THE IMPLEMENTATION



Mr. Talha Leghari, and SyntecX based in Pakistan, was selected through a competitive bidding process. This meticulous selection ensured the vendor aligned seamlessly with the project's objectives and vision, setting the stage for the project's progression into the subsequent phases.

## PHASE 2: SCOPING AND ASSESSMENT

### Scoping and Assessment

The first component involved a literature review aimed at comprehending the DFS and agent network landscape, along with the geographic and socio-cultural context. Additionally, it aimed to understand the requirements of the actors and financial institutions operating within the country. Key Informative Interviews (KIIs) were conducted to gather information on the domains, services, and coverage of the institutions at the core of the system. The analysis of agent networks and their geographic and service coverage was conducted to map the needs and requirements of the public.

The first component involved literature review to understand the DFS and agent network landscape, the geographic and socio-cultural context, and the requirements of the actors and financial institutions operating in the country. This was achieved through Key Informative Interviews (KIIs) to gather information on the domains, services, and coverage of the institutions at the core of the system. The agent networks and their geographic and service coverage were analyzed to map the needs and requirements of the public.

To provide a comprehensive solution, an assessment was conducted to address outstanding issues and stakeholders' needs. The scope of the proposed agent registry technology solution was defined after analyzing the present structure within the country and engaging in detailed discussions with stakeholders from BSP, public and private sector banks, and other financial institutions.

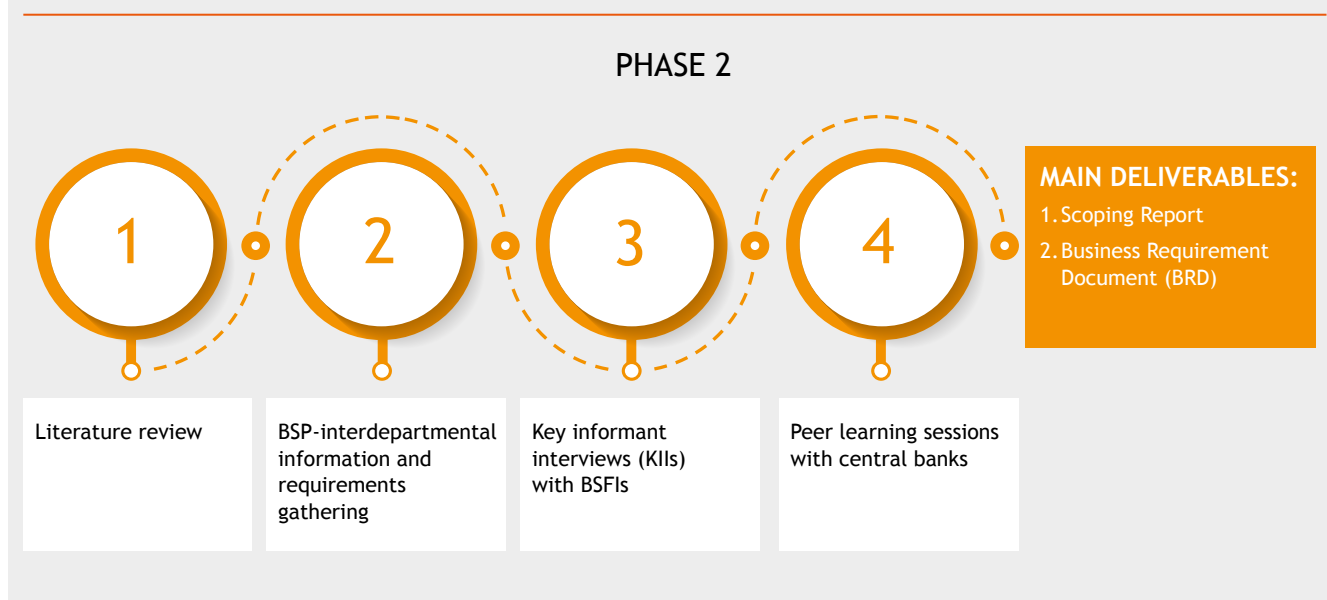
Internal stakeholders within BSP, including the Financial Inclusion Office (FIO), the Department of Supervisory Analytics (DSA), the Technology & Digital Innovation Office (TDIO), the Payments Policy and Development Department (PPDD), the Technology Risk and Innovation Supervision Department (TRISD), the Financial Supervision Department (IX), and the Consumer Protection and Market Conduct Office (CPMCO), were involved through a comprehensive consultative process.

Key banks such as BDO Unibank, Inc., CARD MRI Rizal Bank, Inc., Cebuana Lhuillier Rural Bank, and Union Bank of the Philippines, along with two E-Money Issuers (True Money Philippines, Inc. and Maya Philippines, Inc.) participated in the project-scoping phase.

To understand and study established best practices in other financial systems, peer exchanges were conducted with countries with similar resources, including the Bangladesh Bank, the State Bank of Pakistan (SBP), and the Bank of Ghana (BoG).

The SBP introduced branchless banking and authorized 16 financial institutions to offer branchless banking

FIGURE 5: COMPONENT-1 PROCESS AND DELIVERABLES



services. As of 2021, Pakistan recorded 45 million active users of mobile wallets and around 200,000 registered and active unique agents in the digital financial system. Agent Chex is a system through which the Principal Financial Institutions report to the SBP, facilitating screening and monitoring.

The BoG developed an Agent Registry to supervise agent networks and ensure consumer protection while working toward financial inclusion in the country. While initially data was gathered through Excel sheets, future data will be collected through a properly designed Application Programming Interface (API). The Agent Registry aims to inter-connect national digital assets with a unique identifier for real-time monitoring and tracking. As of March 2022, Ghana had 620,000 registered agents and 457,000 active agents.

#### The Business Requirement Document (BRD)

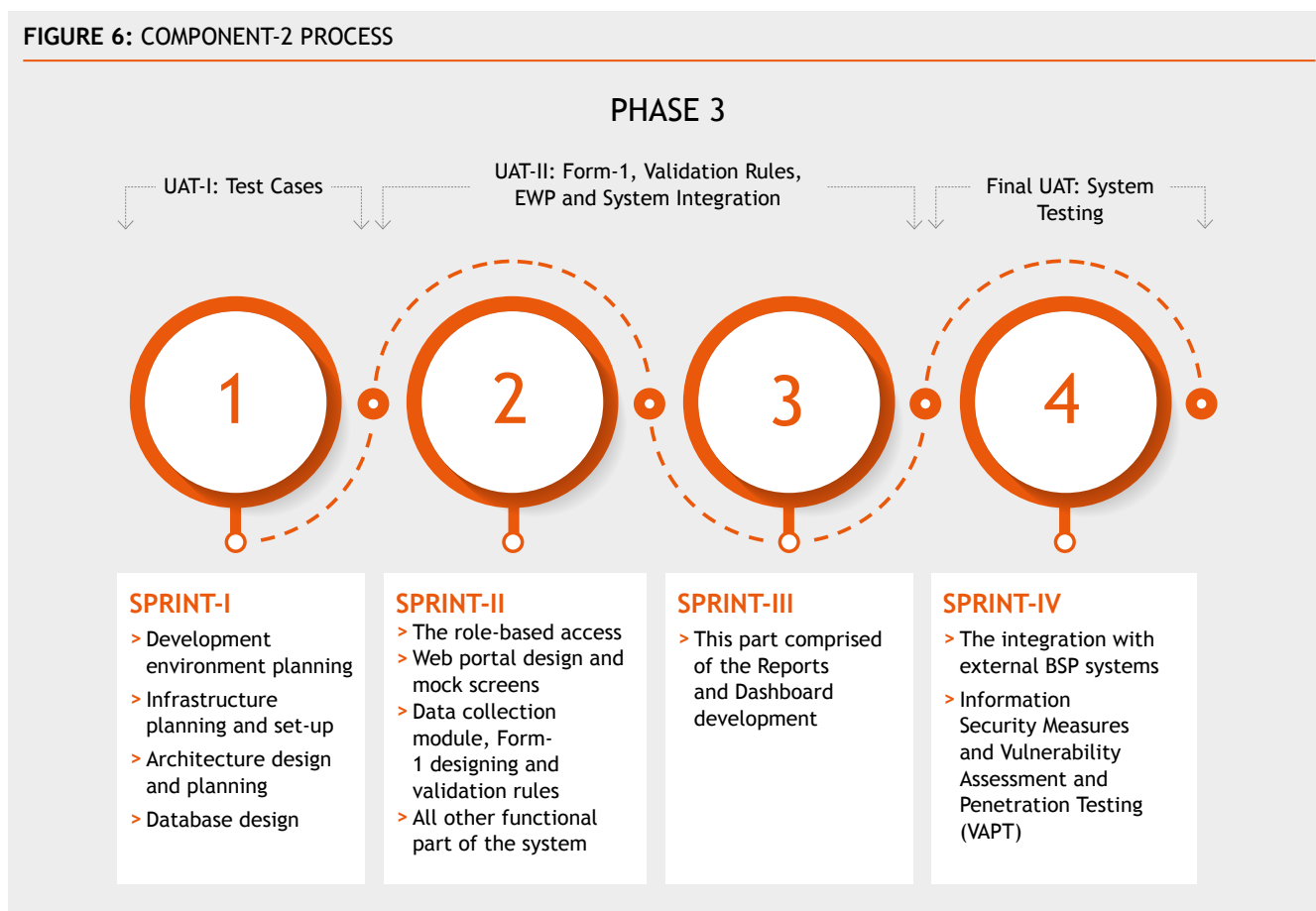
The conclusions drawn from these consultations in the first phase included an agreement on the need for regular reporting by BSFIs on agents and service points. The focus was on identifying unique and shared agents, their permissible services, and their current working

status. The importance of a publicly available directory of service points, including their geolocation, was also recognized. Furthermore, there was an identified need for establishing a fast, direct, and efficient channel for data submission from BSFIs. Other areas of concern included existing data cleansing, system-based data validations, unique IDs and QR codes generation, reporting, and the development of a dashboard. The BRD served as a foundational reference document in the development of the ARS RegTech tool.

#### PHASE 3: REGTECH TOOL DEVELOPMENT

The third phase involved the development of the Agent Registry System (ARS) RegTech tool. This process was divided into four Sprints, each interspersed with User Acceptance Testing (UAT) to ensure that every sprint achieved its goal, and that the platform was prepared for subsequent stages. The BSP IT Project Management Framework (ITPMF) served as the foundation for the ARS project. The vendor, SyntecX, maintained extensive coordination with internal BSP stakeholders, including the BSP's Financial Inclusion Office (FIO), ensuring their ownership and comprehension of each sprint and the overall project. UATs were conducted rigorously, with

FIGURE 6: COMPONENT-2 PROCESS



comprehensive and detailed test case documents shared promptly. Clear articulation of anticipated goals and outcomes allowed for the effective evaluation of each sprint's success. The following outlines the sequence and crucial steps:

### Sprints

A total of four (4) sprints were conducted, encompassing the following activities:

- > **Development Environment Planning and Availability:** This involved selecting the development language, platform specifications, infrastructure planning, and database design. The design aimed to eliminate data duplication, ensure the submission of clean data, and facilitate report generation.
- > **Development and Integration of APIs:** The system integrated varying levels of accessibility and dashboard versions based on roles and authorities within BSP and key stakeholders (BSFIs). At this stage, the tool collected and incorporated detailed information about agents and service points, such as agent profiles, geolocations, types of services offered. Additionally, dashboards were created to display and retrieve different types of data, such as agent distribution and details of products and services offered.

### > Integration with BSP Reporting Systems:

Simultaneously, the team worked on integrating the ARS tool with the BSP reporting systems.

- > **Implementation of Security Measures:** The sprints culminated with the implementation of security measures, including access controls, multi-factor authentication (MFA), data transfer, and communication protocols. These measures were aligned with industry security standards and security policies within the portal.

### User Acceptance Tests (UATs)

Alongside the sprints, User Acceptance Tests (UATs) were conducted to thoroughly test the major functionalities of the system. The testing also covered report generation and dashboard creation for BSP and BSFI users. Most importantly, this process focused on Vulnerability Assessment and Penetration Testing (VAPT) to ensure system security and prevent potential breaches of system information.



Using smartphone, Antipolo City, Philippines. (junpinzon/iStock)



## PHASE 4: PROJECT HANDOVER AND PRODUCTION SUPPORT

### Project Handover and Knowledge Transfer

The project handover phase encompassed comprehensive system training and a session to understand the source code. Upon system implementation, the BSP team received the source code along with several accompanying documents, including the Scoping Report, BRD, System Requirements Document, System Design Document, Mock Screens, and various manuals, among others.

Knowledge transfer stands as a crucial milestone in any project, facilitating the seamless transition of expertise and understanding from one team or individual to another. Several activities herein were undertaken to ensure a comprehensive transfer of knowledge. Initially, partial system training sessions were conducted before each User Acceptance Testing (UAT) session, enabling key stakeholders to familiarize themselves with specific aspects of the system's functionality. Subsequently, an all-encompassing system training session occurred upon the complete implementation of the system, ensuring that all involved parties gained a holistic understanding of its operation.

Furthermore, dedicated sessions were conducted to comprehensively explore the project's documentation, fostering clarity and proficiency in navigating essential project materials. These knowledge transfer activities played a pivotal role in empowering the team and stakeholders with the necessary expertise to effectively support the project's success. As part of the knowledge transfer, the source code was handed over to BSP who can manage future requirements that may necessitate system enhancement.

### Production Support

The vendor, SyntecX, provided production support for three months after the BSP's acceptance of the full system go-live, following the successful deployment of the system. During this period, the vendor identified and resolved system errors and bugs, ensuring resolution within 48 hours upon notification. This ensured that any unforeseen issues were promptly addressed to maintain seamless system functionality. Moreover, the support phase extended beyond bug fixes, encompassing essential documentation updates that served to enhance the system's usability and accessibility. This approach ensured system reliability and demonstrated a commitment to continuous improvement.

### Service Warranty

In addition to the post-production support provided, the vendor will offer service warranty for 12 months after the production support period. This warranty covers all technical-related services related to the project. The commitment to swift and cost-free error resolution during the warranty period reinforces the project's dedication to maintaining the system's excellence and ensuring its continuous reliability.

During the implementation, the project successfully addressed several critical change requests which underscore not only the project's commitment to continuous improvement but also highlight its capacity to adapt to evolving needs and challenges. The following change requests were addressed during the project implementation:

- > **Design enhancements:** The system design and icons were updated to improve user experience and navigation. These refinements not only enhance the visual appeal but also streamline user interactions, contributing to a more intuitive and efficient workflow.
- > **Internal development environment:** A dedicated environment for BSP teams was set up, ensuring self-sufficiency and sustainability. This specialized environment empowers BSP team to undertake future developments and modifications seamlessly, fostering continuous improvement.
- > **Regulatory compliance:** Data submission rules and validation were improved for multiple quarters reporting, enhancing accuracy and adherence to the reporting requirements. These enhancements strengthen the system's robustness in ensuring data integrity and regulatory compliance, further instilling confidence in the reported information.

## LESSONS LEARNED

### SUCCESS FACTORS

The successful completion of the project can be attributed to several key factors:

- > high-level commitment from BSP
- > inclusive stakeholder consultation
- > robust project management approach
- > open and transparent communication among all stakeholders

These elements synergistically drove the Agent Registry Project to success, delivering a robust, impactful, and successful RegTech solution.

#### HIGH-LEVEL COMMITMENT

BSP's principal role and unwavering commitment, along with the dedication of all relevant parties, sustained the project's determination, momentum, and ultimate success. The project could count on BSP and AFI's full support and oversight at leadership levels. For example, leaders diligently participated in periodic project review and update meetings and provided substantial inputs. This nudged the implementation teams to adhere to agreed deliverables and timelines.

#### INCLUSIVE STAKEHOLDER CONSULTATION

The project team actively engaged with stakeholders, including internal departments, external partners, and end-users. This broad stakeholder engagement yielded valuable insights for designing and implementing the RegTech solution. AFI organized peer learning exchange sessions involving three Central Banks experienced in Agent Registry or Agent-related systems, informing a comprehensive project management plan. This consultative approach extended to BSP's target users and industry representatives, fostering open and transparent communication with prospective system users. These comprehensive consultations facilitated a profound grasp of distinct perspectives and requirements, resulting in a more robust and tailored solution.

#### ROBUST PROJECT MANAGEMENT APPROACH

The project team, comprising BSP, SyntecX, and AFI members, executed a formidable project management strategy, working cohesively to attain project objectives. Active engagement of the project team stood as another critical factor in sustaining

momentum toward the completion of the Agent Registry Project. The team's dedicated pursuit of deliverables within stipulated timelines showcased unwavering commitment to the project's success. This dedicated project management team ensured that activities were well-coordinated, milestones were met, and challenges were addressed promptly.

#### OPEN AND TRANSPARENT COMMUNICATION

Regular updates provided to the Project Steering Committee (PSC) were instrumental in elucidating the latest progress, sustaining stakeholder engagement, and ensuring well-informed decision-making throughout the project's life cycle. Progress reports to the PSC served as effective tools for identifying and addressing risks, issues, and changes, which were promptly escalated to Project Advisors and Sponsors for resolutions. Their strategic decision-making and timely interventions significantly contributed to project alignment with broader organizational goals.

Timely identification and transparent communication on risks and issues played a vital role in facilitating their mitigation and minimizing any potential negative impacts on the project. Regular and candid exchanges of information, updates, and feedback fostered a strong sense of collaboration and trust among team members. This transparent communication enabled swift issue resolution and empowered stakeholders to make well-informed decisions at each project stage.

### CHALLENGES

Retrospectively, certain project activities took longer than initially anticipated due to challenges that were effectively resolved through the collaborative efforts of the project team.

#### ADMINISTRATIVE AND PROCEDURAL REQUIREMENTS

Complexities arose from processing specific project documents, particularly because the vendor was based in a different country, necessitating remote collaboration. For example, the Non-Disclosure Agreement (NDA), which is crucial for data sharing and system access, faced unique stipulations set forth by relevant stakeholders from two distinct countries. While digital signatures were utilized for mutual consent and approval, aligning with these cross-border requirements highlighted the importance of comprehending administrative processes related to contract signing. Notably, specific requirements were set forth by relevant stakeholders (such as the Ministry of Foreign Affairs) from these two different countries.

A key lesson from this experience is the need to enhance familiarity with administrative processes concerning cross-border contracts and documents, expediting the process. Enhancing timeliness in completing other project documentations can be achieved through clear communication at the outset, coupled with direct incorporation into the ToR, bolstering compliance with agreed timelines. This approach could strengthen shared understanding and alignment of project requirements within the project team.

#### SYSTEM INTEGRATION

Challenges arose during the integration of the ARS with BSP's existing IT systems, including the Enhanced Financial Institution Library System (EFILS) and API-based reporting system. BSP's ARS project team and SyntecX coordinated with BSP's service provider for the API-based reporting project to resolve this challenge.

Moreover, access-related issues emerged during key testing phases and project team collaboration, compounded by time zone disparities that hindered extended working hours.

These challenges were resolved through measures such as providing user access to third-party team members prior to conducting crucial project activities and leveraging a unified work ecosystem. This approach streamlined collaboration and facilitated efficient execution of deliverables. Notably, clear communication of detailed technical and functional requirements for solution design and development is critical in mitigating potential system compatibility and integration concerns that might arise during project implementation.



Interacting with digital technology. (Michael Edwards/iStock)

## NEXT STEPS AND THE WAY FORWARD

The Agent Registry System can be further enhanced by integrating APIs with BSFIs for direct reporting, replacing Excel-based reporting with more efficient practices. To enhance the effectiveness and efficiency of the ARS project, future recommendations encompass several crucial aspects:

### AGENT-RELATED COMPLAINTS

Collect direct feedback from the public regarding the quality of services provided by service points, notably through developing a robust complaint management system for agent-related customer complaints. Such measures will enable prompt issues resolution, thereby improving customer satisfaction and fostering trust in the financial services. As part of their Consumer Assistance Mechanism (CAM), BSFIs can establish a dedicated customer helpline, an online complaint form, or a mobile app feature that allows customers to easily register their grievances regarding agent services.

### SURVEY MOBILE APP DEVELOPMENT

The user-friendly mobile app should enable customers to provide feedback on agent interactions, service quality, and overall satisfaction. This data will help identify areas for improvement and ensure compliance with service standards.

### CAMPAIGN MANAGER

Create a dedicated tool for targeted communications related to agents, utilizing email and SMS delivery mechanisms that include tracking and delivery reports. This tool should enable the BSFIs/BSP to send personalized emails and SMS messages to agents, delivering important updates, training materials, and regulatory information. The campaign manager should also include tracking and delivery reports to measure the effectiveness of communication strategies and ensure timely dissemination of critical information.

### QUALITY OF SERVICE (QoS) ASSURANCE

Establish a comprehensive QoS assurance tool that involves mystery shopping and agent location inspections. Mystery shopping entails sending trained evaluators to assess agent performance, product

knowledge, pricing, and other crucial aspects of service delivery. Additionally, the BSP can conduct regular inspections at agent locations to ensure compliance with regulations and service standards. These measures will improve the quality of services provided by agents and foster a culture of continuous improvement.

### UNUSUAL TRANSACTIONS IDENTIFICATION

Implement a tool for direct data submission regarding the value and volume of transactions, as well as the identification of unusual transactions. The tool should utilize advanced technologies such as Artificial Intelligence (AI) to develop real-time transactional trend monitoring and vigilance mechanisms to identify unusual patterns and potential fraudulent activities. By promptly detecting and preventing malicious transactions, the ARS can bolster security, ensure consumer protection, and maintain the integrity of the financial ecosystem, i.e., in compliance with Financial Action Task Force (FATF)<sup>12</sup> recommendations.

By implementing these future recommendations, the ARS project will be better equipped to address customer concerns, improve agent performance, and strengthen its overall impact on financial inclusion and regulatory compliance.

Additionally, BSP stands ready to share the learnings from the implementation of the project with other regulators across the AFI network. This will help in scaling of similar RegTech and SupTech projects in other jurisdictions to support regulators in leveraging technology tools towards effective supervision and in accelerating financial inclusion.

<sup>12</sup> Financial Action Task Force (FATF) is an intergovernmental organization established in 1989 to combat money laundering, terrorist financing, and other threats to the integrity of the global financial system. The FATF sets international standards and promotes the implementation of legal, regulatory, and operational measures to combat financial crimes. It conducts mutual evaluations of member countries to assess their compliance with these standards and provides guidance and recommendations for strengthening anti-money laundering and counter-terrorist financing frameworks.



## CONCLUSION

In response to the rapid digitization of financial services, developing Regulatory Technology (RegTech) and Supervisory Technology (SupTech) tools has become crucial. These tools are designed to optimize data collection and supervisory processes, ultimately enhancing effectiveness and inclusivity within the financial sector.

Therefore, a collaborative and peer-learning approach emerges as a pivotal strategy for scaling the implementation of such transformative projects across AFI member countries. The success of initiatives like the Agent Registry System (ARS) in the Philippines underscores the potential of shared knowledge and best practices.

By fostering inclusive partnerships and promoting cross-border learning, financial institutions can collectively tackle common challenges, embrace innovative solutions, and pave the way for a more inclusive and digitally empowered financial ecosystem.

## ANNEX

### ANNEX A. PROJECT MANAGEMENT AND GOVERNANCE

The BSP IT Project Management Framework (ITPMF) served to manage the ARS project throughout its entire lifecycle to ensure consistent project execution within the approved scope, time, cost, and quality constraints, and acceptable risks, using generally accepted PM principles and best practices.

The Business Proponent (BSP Financial Inclusion Office) submitted the requirements for evaluation of its inclusion in the project portfolio and alignment with BSP's Enterprise Architecture (EA) Methodology.

A Project Kick-Off was conducted and a Project Organization composed of BSP and Vendor personnel was constituted and approved via a Project Charter.

| ROLE                                    | NUMBER OF PERSONNEL |
|---|---------------------|
| <b>BANGKO SENTRAL NG PILIPINAS</b>      |                     |
| Project Sponsor                         | 2                   |
| Project Advisor                         | 7                   |
| Project Manager                         | 2                   |
| Associate Project Manager               | 3                   |
| Project Secretariat                     | 2                   |
| Business Team Member                    | 10                  |
| Technical Team Member                   | 11                  |
| <b>ALLIANCE FOR FINANCIAL INCLUSION</b> |                     |
| Project Sponsor                         | 1                   |
| Project Implementation Leader           | 1                   |
| Project Coordinator                     | 2                   |
| <b>SYNTECX</b>                          |                     |
| Component 1 Lead                        | 1                   |
| Component 2 Lead                        | 2                   |
| Technical Team                          | 9                   |

## ABBREVIATIONS SAND ACRONYMS

|                |   |
|----------------|---|
| <b>AFI</b>     | Alliance for Financial Inclusion                  |
| <b>AML/CFT</b> | Anti-money laundering/Counter-terrorist financing |
| <b>API</b>     | Application Programming Interface                 |
| <b>ARS</b>     | Agent Registry System                             |
| <b>ASPR</b>    | Active Service Point Report                       |
| <b>BAR</b>     | Blacklisted Agents Report                         |
| <b>BB</b>      | Bangladesh Bank                                   |
| <b>BMGF</b>    | Bill and Melinda Gates Foundations                |
| <b>BOG</b>     | Bank of Ghana                                     |
| <b>BSFIs</b>   | BSP-Supervised Financial Institutions             |
| <b>BSP</b>     | Bangko Sentral ng Pilipinas                       |
| <b>CGAP</b>    | Consultative Group to Assist the Poor             |
| <b>CICO</b>    | Cash-in Cash-out                                  |
| <b>EMIs</b>    | Electronic Money Issuers                          |
| <b>FIO</b>     | Financial Inclusion Office                        |
| <b>FISC</b>    | Financial Inclusion Steering Committee            |
| <b>ICI</b>     | In-Country Implementation Program                 |
| <b>ITPMF</b>   | IT Project Management Framework                   |
| <b>KIIs</b>    | Key Informant Interviews                          |
| <b>KYC</b>     | Know-Your-Customer                                |
| <b>MFS</b>     | Mobile Financial Services                         |
| <b>NBFIs</b>   | Non-Bank Financial Institutions                   |
| <b>NSFI</b>    | National Strategy for Financial Inclusion         |
| <b>NSSLAs</b>  | Non-Stock Savings and Loans Associations          |
| <b>OPSs</b>    | Operators of Payment Systems                      |
| <b>PSC</b>     | Project Steering Committee                        |
| <b>R/CBs</b>   | Rural and Cooperative Banks                       |
| <b>RegTech</b> | Regulatory Technology                             |
| <b>RSAs</b>    | Remittance Sub-Agents                             |
| <b>RTCs</b>    | Remittance and Transfer Companies                 |
| <b>SBP</b>     | State Bank of Pakistan                            |
| <b>SupTech</b> | Supervisory Technology                            |
| <b>TBs</b>     | Thrift Banks                                      |
| <b>U/KBs</b>   | Universal and Commercial Banks                    |
| <b>UATs</b>    | User Acceptance Testings                          |
| <b>VAPT</b>    | Vulnerability Assessment and Penetration Testing  |

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