



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Intramuros, Manila



Certificate Number: AJA15-0048

LABOR ADVISORY NO. 26
Series of 2020

[Signature]
DOLE-AS 3NUC20 1450

PAYMENT OF WAGES AND OTHER MONETARY BENEFITS THROUGH TRANSACTION ACCOUNTS

Pursuant to Article 5 of the Labor Code of the Philippines, as amended, the following guidelines are hereby issued:

Section 1. Objective. – This Advisory seeks to encourage and enable all private establishments to timely pay wages and other monetary benefits through transaction accounts, to afford their employees access to formal financial services for the promotion of their welfare, to reduce the costs and risks of physical cash disbursements, and to promote digital payments as a safer alternative to the physical exchange of bills and coins, thereby reducing physical contact and minimizing transmission or spread of viruses such as COVID-19.

Section 2. Definition of terms – The terms used herein are defined as follows:

- a. **Basic Deposit Account (BDA)** – refers to interest or non-interest-bearing bank account with a minimal initial deposit of no more than one hundred pesos (Php100.00), no minimum maintaining balance, no dormancy charges, maximum balance of fifty thousand pesos (Php50,000) and with simplified know-your-customer or KYC requirements. The list of banks offering BDA can be found on the BSP website (<http://www.bsp.gov.ph/banking/BDA.pdf>).
- b. **Electronic Money (E-money)** – a monetary value electronically stored in convenient payment instruments that consumers can use to buy or pay for goods and services, to transfer or remit funds, and/or to withdraw funds. E-money instruments include cash cards, e-wallets accessible via mobile phones or other access device, stored value cards, and other similar products. The list of e-money issuers (EMI) or entities authorized by the BSP to offer e-money account can be found on the BSP website (<http://www.bsp.gov.ph/banking/emi.pdf>).
- c. **Financial service access points** – refer to physical touch points where clients can transact their bank or e-money account, such as but not limited to deposit, withdrawal, bills payment and fund transfer. Examples of financial service access points of banks and e-money are ATM, bank branches, and e-money and cash agents such as pawnshops, cooperatives, convenience stores, pharmacies, and other retail outlets.

- d. **PESONet** – an electronic fund transfer facility offered by a participating bank or EMI to its clients to allow them to transfer funds from their account to another held in other participating banks and EMI in the Philippines. Designed for bulk disbursements and payments, PESONet is useful for payment of wages from the employer's transaction account to the accounts of employees in other PESONet participating FIs. The list of institutions participating in PESONet can be downloaded from the BSP website (http://www.bsp.gov.ph/payments/PESONet_P.pdf).
- e. **Transaction account** – a bank or e-money account held with a BSP-regulated financial service provider that can be used to store, send and receive funds.

Section 3. Initiatives towards the Use of Transaction Accounts – In an effort to promote the use of transaction accounts as a preferred mode of payment of wages and other monetary benefits on account of its advantages in terms of safety, security, and financial inclusivity, employers in the private sector are highly encouraged to explore and/or undertake the following initiatives in support thereof:

- a. Communicate to their employees the benefits of using transaction accounts for receiving wages and other remunerations;
- b. Assist employees who have no existing transaction accounts in applying for transaction accounts which can be used for the payment of their wages and other monetary benefits. Employers may recommend a bank account (such as a BDA) or e-money account taking into consideration the transactional needs of their employees and the payment arrangement of the employers with their bank or EMI, if any;
- c. Endeavor to provide their employees who have existing transaction accounts the option to receive their wages and other monetary benefits in their existing transaction accounts held in a PESONet-participating bank. If providing such option is not yet feasible, assist them in opening transaction accounts in the bank or EMI where the employer maintains an account;
- d. Require their partner banks or EMIs to provide their employees with information on the features of their transaction accounts and updated list of nearest financial service access points;
- e. Ensure that opening, maintaining, and usage of transaction accounts shall in no case result in any additional expenses/fees or diminution of wages and other monetary benefits being received by the employees;
- f. Ensure compliance with wage protection provisions of laws and regulations; and,
- g. Issue to their employees payslip or a record of payment of wages and other monetary benefits as well as deductions for a particular period.

Section 4. Opening of Transaction Accounts – In view of numerous safety and security considerations, and in support of efforts to advance financial inclusivity in the country, employees in the private sector are highly encouraged to explore and/or initiate the opening of transaction accounts as a mode of receiving their wages and other monetary benefits. In this regard, employees may coordinate with their employer to facilitate the opening of transaction accounts in the bank or EMI where their employer maintains an account, or to use their existing transaction account held in a PESONet-participating bank, if any.

Section 5. Miscellaneous – Upon request, the BSP's Center for Learning and Inclusion Advocacy shall make available reference materials and conduct financial literacy seminars for employees and employers.


SILVESTRE H. BELLO III
Secretary

Dept. of Labor & Employment
Office of the Secretary



034062

03 AUG 2020