

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7760



Introduced by REP. JOEY SARTE SALCEDA

AN ACT
TO DEVELOP THE FINANCIAL TECHNOLOGY INDUSTRY
IN THE PHILIPPINES, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Asia's financial sector is experiencing a massive redrawing, due to significant political and economic developments. Some of the most notable of these developments include the accelerated shift to the digital economy due to COVID-19, regulatory risks in key centers of financial technology development, and the saturation of financial technology markets and the emergence of new markets for innovative financial products such as the Philippines.

With a more robust identification system following the implementation of the National Identification System, as well as significant internet use in the country (as much as 10 hours a day for the average Filipino internet user), the Philippines is a "blue ocean" for financial technology enterprises seeking new markets. There are also as many as 74 million smartphone users in the Philippines, a promising statistic for financial technology enterprises seeking to establish a presence in the country.

The presence of a strong and thriving financial technology sector in the Philippines aligns with our national development goals. Financial technology enterprises develop technologies and innovation that aim to compete with or complement traditional financial methods in the delivery of financial services. Because their costs tend to be cheaper and their operations more optimized, they are also potent exponents of financial inclusion.

A thriving financial technology sector would also create high-quality jobs for Filipinos. Financial technology enterprises require highly specialized skills in data management and analysis, technology development, process optimization, among others. Filipino worker interface with financial technology firms would help develop new skills among our labor force, which, in turn, would help make the country and its workers better prepared for a more digital global economy.

With regulatory risks as well as market saturation in traditional financial technology centers like Hong Kong and Singapore, the Philippines stands to benefit from promoting its potential as a market and location for financial technology enterprises.

To realize the country's potential as a financial technology center, this bill contains the following provisions:

1. Creation of a Financial Technology Office (FTO) in the Bangko Sentral ng Pilipinas (BSP) to promote the financial technology industry;
2. Mandate to the FTO to form a Financial Technology Industry Roadmap;
3. Extension of the eligibility for a Special Investors Resident Visa (SIRV) to financial technology investors and management staff, regardless of investment size, provided that they are given a recommendation by the BSP Governor;
4. Inclusion of the financial technology industry in the Investment Priorities Plan (IPP), for ten years; and
5. Annual review of policies and infrastructure for data management and security, to ensure that the country's infrastructure and policies are compatible with basic standards for the development of a sophisticated financial technology sector.

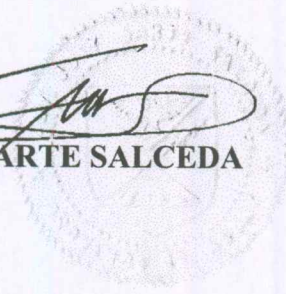
With these provisions, the bill aims to:

- (a) Develop a thriving financial technology sector in the country, and attract skills, talent, capital, and technology from presently leading centers for financial technology enterprises;
- (b) Help attain greater financial inclusion by encouraging the use of financial technology in offering fairer, more equitable, and more accessible financial products across a broader segment of the population;
- (c) Facilitate the transfer of knowledge and skills from leading and promising financial technology enterprises to the Filipino labor force;
- (d) Maximize the economic benefits of the shift to the digital economy; and
- (e) Enhance the country's competitiveness in areas of innovation, technological development, and digital readiness.

In view of the foregoing, the approval of this bill is urgently sought.



JOEY SARTE SALCEDA



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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Short title.* This Act shall also be known as the “Financial Technology Industry Development Act of 2020.”

SEC. 2. *Objectives.* – The financial technology sector is an emerging global industry whose potentials align with the country’s national development objectives, particularly in the areas of financial inclusion, innovation, technological development, and readiness for and resiliency in the digital economy. In view of this alignment, this Act aims to:

- (a) Develop a thriving financial technology sector in the country, and attract skills, talent, capital, and technology from presently leading centers for financial technology enterprises;
- (b) Help attain greater financial inclusion by encouraging the use of financial technology in offering fairer, more equitable, and more accessible financial products across a broader segment of the population;
- (c) Facilitate the transfer of knowledge and skills from leading and promising financial technology enterprises to the Filipino labor force;
- (d) Maximize the economic benefits of the shift to the digital economy; and
- (e) Enhance the country’s competitiveness in areas of innovation, technological development, and digital readiness.

SEC. 3. *Definition of terms.* – For purposes of this Act,

- (a) “Financial technology” shall refer to technology and innovation that aims to compete with or complement traditional financial methods in the delivery of financial services;
- (b) “Financial technology industry” shall refer to the emerging industry that employs financial technology to optimize activities in finance;
- (c) “Regulatory sandboxing” shall refer to the establishment and maintenance of frameworks by a regulator that allows financial technology enterprises and other innovators to conduct live experiments in a controlled environment under close Bangko Sentral ng Pilipinas supervision.

SEC. 4. *Financial Technology Industry Promotion.* – There shall be established within the Bangko Sentral ng Pilipinas (BSP) a Financial Technology Office (FTO), which shall perform the following functions and powers:

- (a) Recommend policies for the development and regulation of the financial technology sector, to the Governor and the Monetary Board;
- (b) Develop a regular Financial Technology Industry Roadmap, which shall serve as the basis for policymaking on the sector, and which shall be submitted to Congress;
- (c) Establish mechanisms for regulatory sandboxing for new financial technology enterprises;
- (d) Promote the Philippines as a location for financial technology firms;
- (e) Endorse to the Governor the issuance of a recommendation for Special Investors Resident Visa (SIRV) pursuant to Section 5 of this Act to investors in critically-needed financial technology enterprises, and facilitate the endorsement of a duly-issued Governor's Recommendation to the Board of Investments (BOI);
- (f) Recommend policies and programs for financial technology development, including knowledge transfer to Filipino workers, to the Congress and to government agencies and instrumentalities other than the BSP;
- (g) Encourage financial technology firms to undertake financial inclusion initiatives;
- (h) Develop programs to assist financial technology enterprises with technologies, investments, and other qualities that would be useful in national development; and
- (i) Perform such other roles and functions as may be designated by the Governor and/or the Monetary Board.

The BSP shall issue the rules and regulations, including the organizational mechanisms and personnel arrangements and specifications, necessary for the full and effective implementation of this Section.

SEC. 5. *Special Investors Resident Visa (SIRV) for Financial Technology Investors.* – Article 74 of Executive Order No. 226 is hereby amended to read as follows:

Article 74. Qualifications. Any alien who possesses the following qualifications may be issued a Special Investors Resident Visa.

1. He had not been convicted of a crime involving moral turpitude;
2. He is not afflicted with any loathsome, dangerous, or contagious disease;
3. He has not been institutionalized for any mental disorder or disability;
4. He is willing and able to invest the amount of at least US\$75,000.00 in the Philippines; Provided, That the foregoing invested amount shall be lowered to US\$50,000 for aliens availing of Executive Order No. 63 and Executive Order No. 1037 subject to the conditions imposed by said legislations: Provided, further, That for purposes of compliance with this particular condition, the alien-applicant should prove that he has remitted such amount in acceptable foreign currency to the Philippines: **PROVIDED, FINALLY, THAT THE FOREGOING CONDITION MAY BE WAIVED UPON THE RECOMMENDATION OF THE GOVERNOR OF THE BSP, FOR QUALIFIED INVESTORS IN THE FINANCIAL TECHNOLOGY INDUSTRY.**

SEC. 6. *Conditions for the issuance of Governor's Recommendation for the Issuance of SIRV.* – The Governor shall issue a recommendation for an SIRV for Financial Technology Investors once the following qualifications are satisfied:

- (a) The applicant is determined to be applying for a recommendation in good faith;
- (b) The applicant and the investment in which the applicant is an investor, or a manager does not pose risks to the strength and stability of the financial system; and
- (c) The investment in which the applicant is an investor, or a manager will be uniquely beneficial to the economy and to the country's development objectives.

The Governor may impose other conditions for the issuance of a recommendation for an SIRV. The BSP, in consultation with the BOI, shall issue the rules and regulations necessary for the implementation of this Section.

SEC. 7. *Inclusion in priority areas for investment.* – The financial technology sector shall be included in the Investment Priorities Plan (IPP) and its successor plans for ten (10) years upon the effectivity of this Act. As a priority sector, the financial technology sector shall qualify for investment incentives and other benefits applicable to sectors included in the IPP and its successor plans. *Provided*, that nothing in this Act shall be construed as to prevent the financial technology sector's inclusion in the IPP beyond the ten (10) years mandated under this Act.

The BSP and the BOI shall issue the rules and regulations necessary for the implementation of this Section.

SEC. 8. *Regulatory and enabling environment.* – The Department of Information and Communication Technology (DICT) and the BSP shall conduct an annual review of the country's data security laws and capabilities pertaining to financial technology, to ensure that the government shall not excessively and unduly regulate data storage, transfer, and security among financial technology enterprises, and to ensure that the country's data infrastructure meets the minimum standards required to develop a sophisticated financial technology sector. The annual review shall be submitted to Congress on or before the thirtieth day of June of each year.

SEC. 9. *Implementing Rules and Regulations.* – Unless otherwise stated, the BSP shall issue the rules and regulations necessary for the implementation of this Act, within thirty (30) days upon its effectivity.

SEC. 10. *Separability Clause.* – If any part or provision of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 11. *Repealing Clause.* – All laws, decrees, orders, rules, and regulations inconsistent with the provisions of this Decree are hereby repealed or modified accordingly.

SEC. 12. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,