

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

H. B. No. 2568

Introduced by Representative Ralph G. Recto

**AN ACT
REQUIRING THE DIGITALIZATION OF FRONTLINE SERVICES OF ALL
GOVERNMENT AGENCIES AND APPROPRIATING FUNDS THEREFOR**

EXPLANATORY NOTE

The restrained mobility of people due to the imposed physical distancing brought on by the COVID-19 pandemic, radically changed consumer behavior towards digital transactions, for both private and public goods alike. Barred from leaving homes and wary of using cash as it is tagged as an agent for transmitting the virus, there was an increase in online transactions for buying goods and services.

Despite limited digital adoption, recent trends have shown that the Filipino people have accelerated their uptake of digital transactions in light of the COVID-19 pandemic. According to the *State of Digital Payments in the Philippines*, digital transactions made by individuals in the Philippines have increased from 1% of total transactions in 2013, to 20.1% in 2020¹. For 2020, Union Bank noted over one million fund transfer transactions in the month of March alone; while the Bank of the Philippine Islands noted a 25% increase in digital transactions including inter-bank transfers and bills payments during the first two weeks of the enhanced community quarantine.² Similarly, the *Bangko Sentral ng Pilipinas* noted a 57% increase in

¹ Bangko Sentral ng Pilipinas. (2021). *State of Digital Payments in the Philippines - Highlights Report* (2021 edition). Retrieved from [https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging_pathways_to_a_cash-lite_society-Status_of_Digital_Payments_in_the_Philippines_\(2021_edition\).pdf](https://www.bsp.gov.ph/PaymentAndSettlement/BSP-Forging_pathways_to_a_cash-lite_society-Status_of_Digital_Payments_in_the_Philippines_(2021_edition).pdf)

² Digital banking grows sharply during lockdown (2020, April 17), *Philippine Star*. Retrieved from <https://www.philstar.com/business/2020/04/17/2007762/digital-banking-grows-sharply-during-lockdown>

transactions using the fund transfer service InstaPay from April to May, and a 325% increase for PesoNet for the same period.³

In addition, some government offices have recognized the pressing need to go digital and have looked into the transition from analog to digital transactions. These include the Department of Trade and Industry for Business Name Registration System, the Philippine Statistics Authority for requesting civil registry documents, and Pag-IBIG for applications for and payments of loans, among others.

Despite limitations in internet penetration, the number of internet users in the Philippines has leapt from 55 million in 2015, to 76 million as of January 2022, with internet penetration at 68% for the same period⁴. In a report by HootSuite and We Are Social, as of February 2022, internet users from the Philippines aged 16 to 64 years utilizing any device spent an average of 10 hours and 27 minutes per day on the internet, signifying that Filipinos have begun embracing the internet as a significant part of their daily lives. Moreover, 97% of Filipino internet users access the internet via their mobile phones⁵.

Digitalization can reduce the costs of transactions at government offices—including the cost of travelling to and extended time spent at a government office that could have otherwise been used for more productive endeavors. In particular, face to-face transactions now come with a higher potential cost during the time of pandemic, as public transportation remains limited, offices operate on limited capacity and time, and the potential to get infected by COVID-19 remains high.

The proactive citizen-centric redesigning of frontline services across agencies, with health, safety, and convenience in mind provides significant gains to public welfare. In particular, ensuring safety of citizens and improving productivity in the public sector over the long term will justify the funding for digitalization program that will also be in line with the Department of Information and Communications Technology's (DICT) Philippine Digital Transformation Strategy 2022, which aims to

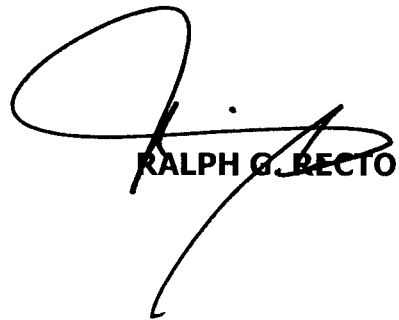
³ BSP chief: COVID-19 pandemic shows 'increasing importance' of digital transactions (2020, July 08), *Inquirer.Net*. Retrieved from <https://business.inquirer.net/302013/bsp-chief-covid-19-pandemic-showsincreasing-importance-of-digital-transactions>

⁴ We Are Social. (2022). Digital 2022: The Philippines. Retrieved from <https://datareportal.com/reports/digital-2022-philippines>

⁵ We Are Social. (2022). Digital 2022: The Philippines. Retrieved from <https://datareportal.com/reports/digital-2022-philippines>

transform the government into a digital platform providing transparent and accountable governance, efficient operations, direct citizen engagement, and innovation; as well as supportive of the agency's National Government Portal, which will contain all online information and public services of the government.

In light of the foregoing, the immediate approval of this bill is earnestly sought.



RALPH G. RECTO

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

1 Section 1. *Short Title.* – This Act shall be known as the “E-Government
2 Services Act”.

3 Sec. 2. *Declaration of Policy and Objectives.* – It is hereby declared a policy of
4 the State to:

5 (a) Recognize the vital role of information and communications technology in
6 the social and economic development of the country;

7 (b) Promote and support innovations in providing better service to citizens and
8 in raising efficiency and productivity in the public sector;

9 (c) Build resilience in the face of external shocks such as natural disasters and
10 pandemics where the mobility of citizens is restricted; and

11 (d) Encourage the use of electronic documents and digital payments.

12 For these purposes, the State shall pursue a citizen-centric digitalization of
13 frontline services that will make government transactions more accessible and
14 responsive to the changing needs of the people.

15 Sec. 3. *Coverage.* – This Act shall apply to National Government Agencies,
16 Local Government Units, and Government-Owned or -Controlled Corporations
17 and other government instrumentalities that provide frontline services.

18 Sec. 4. *Definition of Terms.* – As used in this Act,

- 1 (a) *Digitalization* refers to the adoption of information and communication
2 technologies to upgrade processes for better ease and accessibility;
- 3 (b) *Frontline Services* refer to the process or transaction between citizens as
4 clients and government offices or agencies involving applications for any
5 privilege, right, permit, reward, license, concession, or for any
6 modification, renewal or extension of the enumerated applications and/or
7 requests which are acted upon in the ordinary course of business of the
8 agency or office concerned;
- 9 (c) *Electronic Documents* refer to information or the representation of
10 information, data, figures, symbols or other modes of written expression,
11 described or however represented, by which a right is established or an
12 obligation extinguished, or by which a fact may be proved and affirmed,
13 which is received, recorded, transmitted, stored, processed, retrieved, or
14 produced electronically;
- 15 (d) *Electronic Signatures* refer to any distinctive mark, characteristic and/or
16 sound in electronic form, representing the identity of a person and
17 attached to or logically associated with the electronic data message or
18 electronic document, or any methodology or procedures employed or
19 adopted by a person and executed or adopted by such person with the
20 intention of authenticating or approving an electronic data message or
21 electronic document; and
- 22 (e) *Digital Payments* refer to monetary transaction between two parties
23 through a digital payment instrument in which both payer and payee use
24 an electronic medium.

25 Sec. 5. *Digitalization of Government Frontline Services*. – All government
26 offices, in coordination with the Department of Information and Communications
27 Technology (DICT), shall establish an electronic transaction system online which
28 shall:

- 29 (a) Accept the creation and filing of electronic documents with electronic
30 signatures for the application for any privilege, right, permit, reward,
31 license, concession, or for any modification, renewal, or extension of the
32 enumerated applications and/or requests;

1 (b) Restrict face-to-face transactions with a requesting party during the
2 assessment and evaluation of submitted electronic documents for an
3 application or request, unless such interaction is strictly necessary for the
4 processing of the request or application; and

5 (c) Require and/or accept payments, and issue receipts acknowledging such
6 payments, through an online payment system accessible anytime and
7 anywhere through any device connected to the internet.

8 Sec. 6. *Appropriations.* – The amount necessary for the implementation of the
9 provisions of this Act shall be included in the regular appropriations of the DICT
10 following its enactment into law. The Local Government Units (LGUs) shall include in
11 their respective appropriation ordinances such amounts needed for the
12 implementation of this Act in their LGUs.

13 Sec. 7. *Implementing Rules and Regulations (IRR).* – Within sixty (60) days
14 upon approval of this Act, the DICT shall promulgate the necessary rules and
15 regulations for the effective implementation of the provisions of the digitalization of
16 frontline services.

17 Sec. 8. *Separability Clause.* – If any provision, section, or part of this Act shall
18 be declared unconstitutional or invalid, such judgement shall not affect, invalidate,
19 or impair any other provisions, sections, or parts hereof.

20 Sec. 9. *Repealing Clause.* – All provisions of existing laws, orders, rules and
21 regulations or parts thereof which are in conflict or inconsistent with the provisions
22 of this Act are hereby repealed or modified accordingly.

23 Sec. 10. *Effectivity.* – This Act shall take effect fifteen (15) days following its
24 publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,