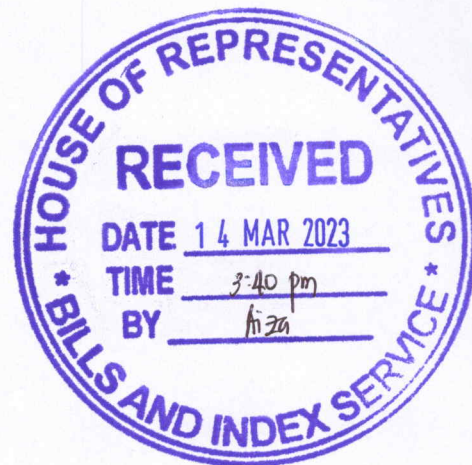


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

House Bill No. **7582**



INTRODUCED BY REPRESENTATIVES RALPH WENDEL P. TULFO
AND JOCELYN P. TULFO

EXPLANATORY NOTE

The pandemic, coupled with fast-paced developments in the digital financial landscape, saw the rise of digital transactions which call for digital and cashless payments. The share of digital payments against the total volume of retail payment transactions doubled to 20% in 2020 from 10% in 2018.

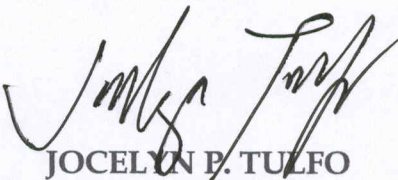
In February 2022, the Bangko Sentral ng Pilipinas, along with the Financial Inclusion Steering Committee composed of representatives from different concerned agencies, launched the National Strategy for Financial Inclusion (NSFI) 2022-2028 for a more financially-included and -empowered citizenry.

In support of this framework, this Representation seeks to accelerate the nationwide adoption of digital and cashless payments for purposes of cost savings through increased efficiency and speed in transactions and transparency and security by increasing accountability and tracking. This bill also seeks to extend the benefits of digital and cashless payments to the financially excluded, or those underserved and unserved sectors, including micro, small, and medium enterprises (MSMEs), farmers and fisherfolks, informal sector workers, senior citizens, persons with disabilities, forcibly displaced persons, indigenous peoples, and migrant workers and their families.

Financial inclusion does not only pertain to account ownership, but also to the ability to access a wide-range of fit-for-purpose financial services in line with one's capabilities and needs. With increasing digitalization, there must also be an increase in consumer protection capabilities and resources.

In view of the foregoing, the urgent passing of this bill is earnestly sought.


RALPH WENDEL P. TULFO
Representative
2nd District of Quezon City


JOCELYN P. TULFO
Representative
ACT-CIS Partylist

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INTRODUCED BY REPRESENTATIVES RALPH WENDEL P. TULFO
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1 **AN ACT PROMOTING THE ADOPTION OF DIGITAL PAYMENTS FOR FINANCIAL**
2 **TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS AND FOR**
3 **OTHER PURPOSES**
4

5 *Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:*
6

7 **SECTION 1. *Short Title.*** – This Act shall be known as the “Use of Digital Payments Act”.
8

9 **SEC. 2. *Declaration of Policy.*** – The State recognizes the vital role of information and
10 communications technology in nation-building. The State also recognizes the need of promoting
11 ease of doing business and efficient delivery of goods and services to the general public.
12 Towards this end, the State shall promote the use of safe and efficient digital payments in
13 various transactions of the government and the public – particularly for payments to
14 government, government payments to the public, and payments to business and merchants –
15 to optimize the use of technology and innovative payment system for financial transactions and
16 to strengthen financial inclusion.
17

18 **SEC. 3. *Statement of Objective.*** – This Act aims to facilitate transactions, arrangements, or
19 exchanges of goods and services by promoting the universal use of safe and efficient digital
20 payments in financial transactions of the government and the general public.
21

22 **SEC. 4. *Definition of Terms.*** – As used in this Act, the following terms shall mean:

- 23 (a) “*Access device*” refers to any card, plate, code, account number, electronic serial number,
24 personal identification number, or other telecommunications service, equipment or

instrumental identifier, or other means of account access that can be used to obtain money, goods, services, or any other thing of value or to initiate a transfer of funds (other than a transfer originated solely by paper instrument);

(b) *"Digital Payments"* refers to the monetary transaction between two parties through a digital instrument in which both the payer and the payee use an electronic medium.

(c) *"Merchant"* refers to a person or entity engaged in buying and selling merchandise, purchasing of services, skills, or expertise, and leasing of goods and services. It also includes credit-granting entities, lending institutions, pawnshops, remittance companies and other money service business; and

(d) *"Payment system"* refers to the set of payment instruments, processes, procedures and participants that ensures the circulation of money or movement of funds, which comply with the requirements set forth under Republic Act No. 11127, or "the National Payment Systems Act".

SEC. 5. Use of Digital Payments. – All national government agencies (NGAs), government-owned and -controlled corporations (GOCCs), and local government units (LGUs) are hereby mandated to utilize safe and efficient digital payment in the collection of taxes, fees, tolls, imposts and other revenues and in the payment of goods, services, and other disbursements. To this end, these government entities may be allowed to include in their respective budgets amounts that will cover transaction fees that they may shoulder in connection with the implementation of digital payments, including but not limited to, merchant discount rate, processing fees, cash-out fees and administration fees: Provided, That the release of said budget may be conditioned on the actual adoption of digital payments by the concerned government entities.

The NGAs, GOCCs, and LGUs are likewise mandated to utilize secure payment processing solutions to ensure acceptance of various digital payment methods. For this purpose, said government entities may engage the services of established digital payment system providers (PSP).

To facilitate compliance with this Act, NGAs, GOCCs, and LGUs must adopt account-based disbursements whereby target recipients directly receive government payments into their bank or digital accounts. These government entities may create their respective digital payment technical support and maintenance service. The technical support and maintenance service shall be responsible for troubleshooting and in maintaining coordination with the PSP partner for technical and other concerns within the agency. They shall also be responsible for ensuring the proper transition of their respective agency's payments and disbursement procedures and policies to electronic payments. The creation of the technical support and maintenance services shall be without prejudice to any technical support arrangement between the agency and the PSP partner pursuant to a contract or agreement.

The Bangko Sentral ng Pilipinas shall accelerate the adoption by all PSPs of the national Quick Response (QR) code standard to hasten the interoperability of QR-driven payment services and eliminate the need for merchants and clients to maintain several accounts.

The Government Procurement Policy Board, in coordination with the Bangko Sentral ng Pilipinas, shall issue guidelines to be observed when procuring the services of a PSP that provides electronic payment: Provided, That only PSPs duly authorized and accredited by the Bangko Sentral ng Pilipinas may be engaged by agencies to service their digital payment transactions; Provided, Further, That the interoperability of differing infrastructures supporting the digital payments shall be pursued.

Notwithstanding any law to the contrary, the partner PSP of a government entity is not limited to government financial institutions.

SEC. 6. Accreditation. – The Bangko Sentral ng Pilipinas shall accredit PSPs in accordance with the requirements provided under Republic Act No. 11127, otherwise known as the “National Payment Systems Act”.

SEC. 7. Digital Payment Capability of Merchants. –To accelerate the adoption of digital payment, LGUs shall, by ordinance, require merchants within their localities to establish and/or outsource arrangements and/or mechanisms that would enable them to receive payments from clients and make payments to creditors and suppliers in digital form as a pre-requisite for the

1 approval or renewal of their business permits. No new or renewal of business permit shall be
2 approved unless the merchant concerned show to the satisfaction of the LGU that a functional
3 digital payment system accessible by mobile phone or other access devices is installed or
4 provided by a duly registered PSP in the merchant partner's place of business.

5
6 The LGUs shall extend assistance to the merchants to facilitate their adoption of digital payment
7 transaction capability. The Department of Trade and Industry and the Bangko Sentral ng
8 Pilipinas shall also facilitate measures to provide capacity building for the NGAs, GOCCs,
9 LGUs, and merchants on the use of digital payments.

10
11 **SEC. 8. *Promotion of Digital Payment Transactions.*** – Utilizing digital payment in financial
12 transactions provides clients with convenient, transparent, safe, expeditious, and efficient mode
13 of transacting business. To optimize the benefits of this technological innovation, scale up
14 financial inclusion, and promote sustainability. NGAs , GOCCs, and LGUs shall prioritize the
15 use of safe and efficient digital payment in their financial transactions.

16
17 NGAs, GOCCs, and LGUs shall also explore the feasibility of adopting a comprehensive
18 incentive framework for selected financial transactions to encourage the availment of digital
19 payments. LGUs may, likewise, impose reduced fees or grant other incentives for merchants
20 providing efficient digital payment system.

21
22 The Department of Science and Technology and the Department of Information and
23 Communications Technology shall implement measures to further enhance the availability and
24 cost of internet connection to support the Government's program on the digitalization of
25 financial transactions.

26
27 **SEC. 9. *Penalties and Sanctions.*** – Without prejudice to the penalties and sanctions provided in
28 Republic Act No. 11127 or "the National Payment Systems Act" and other laws, whenever any
29 person or entity willfully violates this Act, rule or regulation, directives or orders duly
30 promulgated by the Bangko Sentral ng Pilipinas pursuant hereto, the person or persons
31 responsible for such violation shall be punished by a fine of not less than Two Hundred
32 Thousand Pesos (PhP200,000.00) or more than Two Million Pesos (PhP2,000,000.00) or by

1 imprisonment of not less than two (2) years nor more than ten (10) years, or both, at the
2 discretion of the court.

3
4 **SEC. 10. *Appropriation.*** – The amount necessary for the implementation of the provisions of
5 this Act shall be taken from the current year's budgets of the NGAAs, GOCCs, and LGUs.
6 Thereafter, such sums as may be necessary for the continued implementation of the Act shall be
7 incorporated in the annual General Appropriations Act, corporate operating budget, or
8 appropriation ordinance, as the case may be.

9
10 **SEC. 11. *Implementing Rules and Regulations.*** – The Bangko Sentral ng Pilipinas shall
11 promulgate the rules and regulations implementing the provisions of this Act within ninety (90)
12 days from its effectivity.

13
14 **SEC. 12. *Separability Clause.*** – If, for any reason, any part or provision of this Act is declared
15 invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full
16 force and effect.

17
18 **SEC. 13. *Repealing Clause.*** – All laws, presidential decrees, executive orders, rules and
19 regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or
20 modified accordingly.

21
22 **SEC. 14. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the
23 Official Gazette or in a newspaper of national circulation.

24
25 Approved,