

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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 2568



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

AN ACT
**PROMOTING THE ADOPTION OF DIGITAL PAYMENTS FOR FINANCIAL
TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS**

EXPLANATORY NOTE

Fast-paced developments in the digital financial landscape has led to the rise of digital transactions which call for digital and cashless payments. Notably, the Philippines has once again surpassed its 2024 target of 52-54% for digital payments, as set under the Philippine Development Plan 2023-2025. According to the 2024 e-payments measurement conducted by the Bangko Sentral ng Pilipinas, digital payments have accounted for 57.4% of total transaction volume. This marks a significant year-on-year increase of 4.6 percentage points, highlighting the continued momentum in the country's shift toward electronic payment channels.¹

Among the three primary payment use cases - payments made by the government (G2X), payments made by persons (P2X), and payments made by businesses (B2X) - G2X have consistently remained the most cash-lite with 97.2% of transactions conducted digitally as of 2024. Payments from persons to the government show opportunities for digitalization since digital government collections in 2024 was only at 24.6%. Meanwhile, P2X have made a remarkable leap toward digitalization with 72.2% of total transactions processed through digital channels. This increase is accompanied by a decrease in the volume of non-digital payments which could indicate a shifting preference to pay digitally. On the other hand, B2X digitally represent 38.6% of the overall transaction value, with business-to-business supplier payments contributing significantly to this growth as more formal industries transition toward cash-lite ecosystems.²

¹ Mesina-Romero, Bridget Rose, et al.; "From Surge to Stability: Digital Payments Driving A Steady Transition (2024 Status of Digital Payments in the Philippines); BANGKO SENTRAL NG PILIPINAS, 2024, https://www.bsp.gov.ph/PaymentAndSettlement/2024_Report_on_E-payments_Measurement.pdf.

² Ibid.

In support of this framework, we seek 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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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 and cited as the “*Promotion*
2 *of Digital Payments Act*”.

3
4 **SEC. 2. *Declaration of Policy.*** – The State recognizes the vital role of
5 information and communications technology in nation-building. The State also
6 recognizes the need of promoting ease of doing business and efficient delivery of
7 goods and services to the general public. Towards this end, the State shall promote
8 financial inclusion, optimize the use of technology and innovative payment systems
9 for financial transactions, and promote the electronic conveyance of payment for
10 various transactions with the government, to and among business entities merchants,
11 and among the general public.

12
13 **SEC. 3. *Objective.*** – This act aims to facilitate transactions, arrangements, or
14 exchanges of goods and services by promoting the universal use of safe and efficient
15 digital payments in financial transactions of the government and the general public.

16
17 **SEC. 4. *Definition of Terms.*** – As used in this Act:

18
19 (a) *Access devices* refers to any card, plate, code, account number, electronic
20 serial number, personal identification number, or other telecommunications service,
21 equipment or instrumental identifier, or other means of account access that can be
22 used to obtain money, goods, services, or any other thing of value or to initiate a
23 transfer of funds other than a transfer originated solely by paper instrument;

1 (b) *Digital payments* refer to monetary payment transactions between two (2)
2 parties through a digital payment instrument in which both the payer and the payee
3 use an electronic channel;
4

5 (c) *Merchant* refers to a person or entity engaged in buying and selling
6 merchandise, purchasing goods and services, skills, or expertise, and leasing of goods
7 and services. It also includes credit-granting entities, lending institutions, pawnshops,
8 remittance companies and other money service business, except financial institutions
9 supervised by the Bangko Sentral ng Pilipinas (BSP), which shall be governed by
10 specific BSP regulations and requirements on digital services;
11

12 (d) *Payment system* refers to the set payment instruments, processes, procedures
13 and participants that ensures the circulations of money or movement of funds which
14 comply with the requirements set forth under Republic Act No. 11127, otherwise
15 known as "The National Payment Systems Act"; and
16

17 (e) *Payment service provider (PSP)* refers to an entity that provides payments
18 services to end-users, such as consumers, merchants, and billers, including
19 government institutions.
20

21 **SEC 5. Use of Digital Payments.** - All national government agencies (NGAs),
22 government-owned or -controlled corporations (GOCCs), and local government units
23 (LGUs) are hereby mandated to utilized safe and efficient electronic or digital means
24 of receiving payment for taxes, fees, tolls, imposts, and other revenues and for the
25 payment of goods, services, and other disbursements. To this end, government
26 entities may be allowed to include in their respective budgets the amounts that will
27 cover the cost of establishing and maintaining the infrastructure, system and process
28 adjustments as well as transaction fees that they may shoulder in connection with the
29 implementation of digital payments, including merchant discount rate, processing
30 fees, cash out fees, administration fees: *Provided*, That the release of said budget may
31 be conditioned on the actual adoption of digital payments by the concerned
32 government entities.
33

34 To facilitate compliance with this Act, NGAs, GOCCs, and LGUs shall adopt
35 account-based disbursements whereby target recipients directly receive government
36 payments into their transaction accounts. These government entities may create their
37 respective digital payment technical support and maintenance service units which
38 shall be responsible for troubleshooting and maintaining coordination with the PSP
39 partner for technical and other concerns within the agency. They shall also be
40 responsible for ensuring the proper transitions of their respective agency's payments
41 and disbursement procedures and policies to digital payments. The creation of the
42 technical support and maintenance service units shall be without prejudice to any
43 technical support arrangement between the agency and the PSP partner pursuant to a
44 contract or agreement: *Provided*, That, the contract or agreement shall be subject to the
45 applicable regulations of the BSP.

1 The BSP shall accelerate the adoption by all PSPs of the national quick response
2 (QR) code standard to hasten the interoperability of QR-driven payment services and
3 eliminate the need for merchants and clients to maintain several accounts.
4

5 The Government Procurement Policy Board shall, in coordination with the BSP,
6 issue guidelines to be observed when procuring the services of a PSP that provide
7 digital payment: *Provided, That*, government entities shall avail only of interoperable
8 digital payment solutions.
9

10 Notwithstanding any law to the contrary, a partner PSP of a government entity
11 shall not be limited government financial institutions.
12

13 **SEC. 6. Digital Payment Capability of Merchants.** – To accelerate the adoption
14 of digital payment, LGUs shall, by ordinance, require merchants within their localities
15 establish or outsource arrangements or mechanisms that would enable them to receive
16 payments from clients and make payments to creditors and suppliers in digital form
17 as a pre-requisite for the approval or renewal of their business permits. No new or
18 renewal of business permit shall be approved unless the merchant concerned show to
19 the satisfaction of the LGU that a functional digital payment system accessible by
20 mobile phone or other access devices is installed or provided by a duly registered PSP
21 in the merchant partner’s place of business.
22

23 The LGUs shall ensure that merchants in their jurisdictions have access to
24 appropriate digital payment solutions and have the capacity to effectively use the
25 same, with due consideration to small and micro-merchants, including market
26 vendors, tricycle operators and food stalls. The LGU shall extend assistance to small
27 and micro-merchants to facilitate their adoption of digital transaction capability. The
28 BSP, Department of Trade and Industry (DTI), Department of Interior and Local
29 Government (DILG), and the Department of Information and Communications
30 Technology (DICT) shall also facilitate measures to provide capacity building for the
31 NGAs, GOCCs, LGUs, and merchants on the use of digital payments.
32

33 **SEC. 7. Promotion of Digital Payment Transactions.** – To optimize the benefits
34 of this technological innovation, scale up financial inclusion, and promote
35 sustainability, NGAs, GOCCs, and LGUs shall prioritize the use of safe and efficient
36 digital payment in their financial transactions.
37

38 The NGAs, GOCCs, and LGUs shall also explore the feasibility of adopting a
39 comprehensive incentive framework for selected financial transactions to encourage
40 the availment of digital payments. Moreover, LGUs may impose reduced fees or grant
41 other incentives for merchants providing efficient digital payment systems.
42

43 The BSP shall in coordination with relevant stakeholders, promote measures
44 on financial and digital literacy, and consumer protection to strengthen the public’s
45 trust in digital payment transactions.

1
2 The Department of Science and Technology and the DICT shall implement
3 measures to further enhance the availability and cost of internet connection to support
4 the government's program on the digitalization of financial transactions.
5

6 **SEC. 8. *Implementing Rules and Regulations.*** - The BSP shall in, coordination
7 with the Department of Budget and Management, DTI, DICT, and DILG, promulgate
8 the rules and regulations implementing the provisions of this Act within ninety (90)
9 days from its effectivity.
10

11 **SEC. 9. *Separability Clause.*** - If for any reason, any part or provision of this
12 Act is declared invalid or unconstitutional, the remaining parts or provisions not
13 affected shall remain in full force and effect.
14

15 **SEC. 10. *Repealing Clause.*** - All laws, presidential decrees, executive orders,
16 rules and regulations contrary to or inconsistent with the provisions of this Act are
17 hereby repealed or modified accordingly.
18

19 **SEC. 11. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
20 publication in the *Official Gazette* or in a newspaper of national circulation.
21

22 Approved,