

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5226



Introduced by **Representative AGATHA PAULA "AGAY" A. CRUZ**

EXPLANATORY NOTE

Filipinos know the routine all too well: rise at dawn, only to spend the rest of the day shuffling from one line to another in a government office. One line to get a number, another for verification, another to pay fees or remit contributions, and still another just to ask why nothing has been processed—only to be told that the cash-based, manual receipt system is down.

The truth, however, is harsher: the system is not down, it is obsolete. In an age when technology has made it possible to transfer funds instantly, track payments in real time, and deliver assistance with a few clicks, the persistence of outdated, cash-bound transactions is not merely inconvenient; it is a disservice to the Filipino people.

This proposed Digital Payments Act ends this inefficiency by institutionalizing the use of secure, reliable, and interoperable digital payment systems for all government disbursements and collections, while encouraging merchants of all sizes to do the same. Its aim is simple: to modernize public service and to democratize financial access.

More than a measure on technology, this bill is a measure on:

- (1) *Efficiency* - Digital payments cut red tape, reduce processing time, and minimize costs for both citizens and government;
- (2) *Transparency* - Unlike cash, digital transactions leave an audit trail that strengthens accountability and safeguards public funds;
- (3) *Financial Inclusion* - Account-based disbursements and interoperable payment systems allow unbanked and underserved Filipinos to participate in the financial system with dignity; and
- (4) *Resilience* - Digital platforms ensure the continuity of government transactions during calamities, emergencies, or disruptions.

The measure likewise provides safeguards for data privacy and information security, establishes a government payment gateway, and empowers local governments

to support small and micro-merchants in their transition to digital transactions.

No Filipino should be made to endure endless queues or antiquated processes simply to pay fees, remit monthly contributions, receive assistance, or claim what is rightfully theirs. What was once tolerated as inefficiency must now be recognized as obsolescence.

Filipinos should not waste time, money, and opportunity waiting for the system to work. The immediate enactment of this bill is fervently sought so that the system can finally work for them.


AGATHA PAULA "AGAY" AGUILAR CRUZ
Representative, Fifth Legislative District of Bulacan



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AN ACT
PROMOTING THE ADOPTION OF DIGITAL PAYMENTS FOR FINANCIAL
TRANSACTIONS OF THE GOVERNMENT AND MERCHANTS, PROVIDING
REGULATORY AND INSTITUTIONAL FRAMEWORKS, AND FOR OTHER
PURPOSES

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

1 **Section 1. Short Title.** – This Act shall be known as the “Digital Payments Act of
2 2025.”
3

4 **Section 2. Declaration of Policy.** – It is the declared policy of the State to
5 modernize public service and commerce by promoting the universal adoption of safe,
6 secure, reliable, and efficient digital payment systems. The State shall advance financial
7 inclusion, ease of doing business, and good governance by ensuring that all government
8 and merchant transactions are transparent, traceable, and accessible to every Filipino. In
9 doing so, the State shall encourage innovation in a technology-neutral manner, guarantee
10 resilience of financial services during disruptions, and create an enabling environment
11 where digital payments empower citizens, strengthen accountability, and drive
12 sustainable national development.
13

14 Pursuant to this policy, the State shall:
15

16 (a) Advance financial inclusion by ensuring that every Filipino, particularly the
17 unbanked and underserved, has access to account-based services and digital
18 payment platforms that enable secure participation in the formal economy;
19

20 (b) Promote ease of doing business by minimizing bureaucratic red tape, lowering
21 transaction costs, and enabling faster and more convenient payment channels
22 for citizens, enterprises, and government;
23

- 1 (c) Strengthen good governance and accountability by requiring digital
2 transactions in government collections and disbursements to be transparent,
3 traceable, and auditable, thereby reducing opportunities for corruption and
4 leakages;
5
6 (d) Encourage innovation in a technology-neutral manner by allowing market
7 competition, ensuring interoperability of systems, and avoiding dependence
8 on any single platform or service provider;
9
10 (e) Guarantee resilience and continuity of financial services by ensuring that
11 digital transactions remain functional and accessible during public
12 emergencies, calamities, or other disruptions; and
13
14 (f) Create an enabling regulatory and institutional environment that empowers
15 both government and merchants, particularly micro-, small, and medium
16 enterprises, to adopt and scale digital payment solutions in line with
17 international best practices.
18

19 Through these measures, the State affirms its commitment to build a digital
20 payment ecosystem and to create an enabling regulatory and institutional environment
21 to accelerate its adoption across all levels of government and among merchants
22 nationwide.
23

24 **Section 3. Objective.** – This Act aims to facilitate transactions, arrangements, or
25 exchanges of goods and services by promoting the universal use of safe, affordable,
26 reliable, and efficient digital payments in financial transactions of the government and the
27 general public.
28

29 **Section 4. Definition of Terms.** – As used in this Act:
30

- 31 (a) *Access Device* refers to any card, plate, code, account number, electronic serial
32 number, personal identification number, mobile device, or other information
33 and communications technology service, equipment or instrumental identifier,
34 or other means of account access that can be used to obtain money, goods,
35 services, or any other thing of value, or to initiate a transfer of funds in
36 electronic form;
37
38 (b) *Account-based Disbursement* refers to the disbursement of funds such as salaries,
39 wages, allowances, and social benefits, among others, directly into the
40 transaction account of the intended recipient held in any Bangko Sentral ng
41 Pilipinas (BSP)-supervised entity as chosen by the recipient;
42
43 (c) *Basic Deposit Account (BDA)* refers to the deposit product offered by banks as
44 defined under the BSP Manual of Regulations for Banks and its implementing

guidelines, as may be amended;

- (d) *Digital Collection* refers to payments made to the government, including but not limited to taxes, fees, and tolls, through digital devices such as mobile phones, point-of-sale systems, or computers, using bank transfers, electronic money, and payment cards including credit, debit, prepaid, or stored-value cards, among others;
- (e) *Digital disbursement* refers to a mode of payment whereby disbursement of money or equivalent electronic representations of legal tender, for purposes of paying government expenditures, is made by crediting the target recipient's transaction account through advice to debit or electronic fund transfer facilitated by any government agency or instrumentality through their respective servicing bank;
- (f) *Digital Payment* refers to monetary payment transactions between two parties through a digital payment instrument by which both the payor and the payee use an electronic channel;
- (g) *Electronic Fund Transfer* refers to a transfer of funds between two transaction accounts in the same or different BSP-supervised financial institutions, which are initiated and received using electronic devices and channels to transmit payment instructions;
- (h) *Electronic money (e-money)* refers to electronically stored monetary value issued in accordance with the BSP Manual of Regulations for Banks and the Manual of Regulations for Non-Bank Financial Institutions;
- (i) *Financial inclusion* refers to the state wherein there is effective access to a wide range of financial products and services for all Filipinos;
- (j) *Government Servicing Payment Service Provider (PSP)* refers to bank and non-bank PSPs authorized to accept government funds and perform payment services on behalf of government entities, including authorized government depository banks (AGDBs), as defined under Department of Finance (DOF) regulations;
- (k) *Information security standards* refer to standards that protect the confidentiality, integrity, availability, authenticity, and nonrepudiation of information and ensure the data privacy of users of any digital payment platforms and other parties involved therein;
- (l) *Merchant* refers to a person or entity engaged in buying and selling goods, services, skills, or expertise, including those engaged in leasing;

(m) *Micro-payment Transactions* refers to low-value payments, including payments to small vendors and public transport operators, with thresholds to be determined by the BSP, pursuant to the objectives of this Act;

(n) *Payment Service Provider (PSP)* refers to a bank or non-bank e-money issuer that provides payment services to end-users, including consumers, merchants, and billers, such as government institutions;

(o) *Payment System* refers to the set of payment instruments, processes, procedures, and participants that ensure the circulation of money or movement of funds, as defined under Republic Act No. 11127 or the National Payment System Act;

(p) *Transaction Account* refers to an account, such as but not limited to a BDA or e-money account held with a BSP-supervised financial institution that store, send, and receive funds.

Section 5. Adoption of Digital Payment for Government Disbursements. – All government entities, including but not limited to national government agencies (NGAs), foreign-based government agencies, government corporations, local government units (LGUs), state universities and colleges (SUCs), and local universities and colleges (LUCs), are hereby mandated to utilize safe, reliable, and efficient digital disbursement as the primary mode of payment of goods, services, and other financial obligations, including but not limited to salaries, wages, allowances, and cash assistance.

Government entities shall be allowed to disburse funds directly into the recipient's or beneficiary's transaction account held in government or private financial institutions without the need for special arrangements with each of these financial institutions. For this purpose, said government entities may use the automatic debit arrangement, interoperable electronic fund transfer, or other appropriate facility of its government servicing PSP: *Provided, That* for individuals who, despite assistance, remain unable to access transaction accounts, alternative payout channels may be provided, subject to safeguards prescribed by the BSP and Commission on Audit (COA).

Accountable officers of the government entities shall observe due diligence in ensuring the accuracy of the recipient's or beneficiary's identity. Use of government funds through direct crediting shall remain transparent to state auditors.

Government entities shall be responsible for preparing the payment instruction with the necessary details, including the recipient's or beneficiary's name, transaction account details, and amount, among others, only after proper authorization in accordance with established accounting and auditing rules and regulations.

In case of successful digital disbursement, there shall be a recovery mechanism

1 that will ensure the continuity of delivery of payment services: *Provided*, That in cases of
2 calamities or other emergencies, where payments through digital means may be affected,
3 non-digital pay-out channels may be explored.

4
5 **Section 6. Adoption of Digital Payments for Government Collections.** – All
6 government entities shall offer digital collection as an alternative mode of payment, in
7 addition to cash, for the collection of taxes, fees, tolls, imposts, and other revenues,
8 including non-income collections and receipts.

9
10 Government entities shall utilize secure payment processing solutions to ensure
11 acceptance of various digital payment methods. For this purpose, government entities
12 may engage the services of established PSPs: *Provided*, That government entities shall avail
13 only of interoperable digital payment solutions. Notwithstanding any law to the contrary,
14 a partner PSP of a government entity shall not be limited to government servicing banks.

15
16 **Section 7. Adoption of Interoperable Digital Payment Solutions.** – The BSP shall
17 implement initiatives to accelerate the adoption by all PSPs of interoperable digital
18 payment technologies and appropriate standards thereof, such as but not limited to the
19 National Quick Response (QR) Code Standard meant to hasten the interoperability of QR-
20 driven payment services and eliminate the need for the merchants and clients to maintain
21 several accounts.

22
23 In addition, government entities shall undertake measures to promote the
24 adoption of the Open Finance Framework in accordance with the guidelines set forth
25 under the applicable BSP rules and regulations which will enable sharing of customer-
26 permissioned financial data and foster adherence to data security and privacy standards.

27
28 The digital payment solutions adopted by government entities shall allow real-
29 time receipt of funds by the recipient government entity, immediate issuance of electronic
30 invoices and/or official receipts to payors, regular audit reports, and other technical
31 features that will aid in the fulfillment of the objectives of this Act. To ensure that these
32 digital payment solutions adhere to applicable international standards on information
33 security, data privacy, and electronic data interchange between financial institutions,
34 among others, government entities shall avail of digital payment solutions under the
35 BSP's National Retail Payment System Framework.

36
37 Existing agreements between government entities and PSPs shall be honored until
38 the respective terms thereof expire: *Provided*, That parties concerned shall endeavor,
39 within one year from the effectivity of this Act, to implement amendments to such
40 agreements with the intention of removing provisions detrimental to public interest. In
41 all instances, collection and payment schemes that prevent transparency and
42 accountability over public funds, as well as arrangements disadvantageous to the
43 governments, shall be discontinued.

Section 8. Technical Working Group (TWG). – There shall be a technical working group (TWG) composed of the COA, Department of Budget and Management (DBM), Department of Finance (DOF), Bureau of Treasury (BTr), Bureau of Internal Revenue (BIR), the Government Procurement Policy Board (GPPB) and other relevant agencies that will provide guidance and promote cost-efficiency and transparency in the procurement of digital payment solutions by government entities. Consistent with the respective mandates of the member-agencies, and in coordination with the COA, the TWG shall have the following powers and functions:

- (a) Oversee and monitor the procurement of digital payment solutions by government entities and ensure that the same is in accordance with existing laws, rules and regulations;
- (b) Formulate and recommend standard minimum terms and conditions for the engagement of PSPs, in consultation with the BSP and COA. Pursuant to its mandate, the GPPB may issue procurement guidelines specific to PSPs;
- (c) Resolve implementation issues, without prejudice to the individual member-agencies resolving such concerns pursuant to their respective mandates;
- (d) Call on any department, agency or office under the Executive Branch for technical assistance in implementing this Act; and
- (e) Perform such other functions pursuant to the fulfillment of the objectives of this Act.

Section 9. Establishment of a Government Payment Gateway. – The BSP, in consultation with the DOF, DBM, COA, Department of Information and Communications Technology (DICT), BIR, Bureau of Customs (BOC), BTr, digital banking experts, academe and other appropriate public sector and banking industry stakeholders, may establish a government payment gateway through which all government entities may process digital payments made to them through PSPs, websites, mobile phone applications, or other access devices.

The government payment gateway shall allow for real-time settlement of accounts and receipt of funds by the recipient government entity, immediate issuance of electronic invoices and/or official receipts to payors, regular audit reports, interoperability between digital payment technologies, and other technical features that will aid in the fulfillment of the objectives of this Act. Said gateway shall adhere to relevant international standards on information security, data privacy, and electronic data interchange between financial institutions.

Section 10. Role of LGUs. – To accelerate the adoption of digital payment, LGUs shall, by ordinance, encourage and grant monetary and non-monetary incentives to

1 merchants within their jurisdictions to adopt digital payment systems.

2
3 LGUs shall ensure that merchants in their jurisdictions have access to appropriate
4 digital payment solutions and have the capacity to effectively use the same, with due
5 consideration to small and micro-merchants, including but not limited to market vendors,
6 tricycle operators and food stalls. The LGUs shall extend assistance to small and micro-
7 merchants to facilitate their adoption of digital transaction capability.

8
9 **Section 11. *Capacity Building.*** – The BSP, Department of Trade and Industry
10 (DTI), DILG and DICT shall provide capacity-building programs to support government
11 entities and merchants in using digital payments.

12
13 **Section 12. *Promotion of Digital Payment Transactions.*** – To optimize the
14 benefits of digital payments, scale up financial inclusion, and promote sustainability, all
15 government entities shall prioritize the use of safe, reliable and efficient digital payment
16 in their financial transactions.

17
18 All government entities covered by this Act shall also adopt a comprehensive
19 incentive framework to encourage the use of digital payments. LGUs shall likewise grant
20 incentives to merchants providing efficient digital payment systems.

21
22 To enable the general public to adopt digital payments, micro-payment
23 transactions shall be subject to graduated pricing or rendered free of any service charge
24 as determined by the BSP in consultation with the merchants and the payment services
25 industry, as may be represented by the BSP-accredited payment system management
26 body.

27
28 The DICT shall implement measures to further enhance the availability,
29 accessibility, reliability, and cost-efficiency of internet services to support the digital
30 financial transactions.

31
32 **Section 13. *Consumer Protection and Redress Mechanism.*** – All PSPs and
33 government entities shall establish accessible complaint-handling, refund, and redress
34 mechanisms for digital payment users. Such mechanisms shall include timelines for
35 acknowledgment and resolution of complaints, and procedures for refunds in cases of
36 erroneous, unauthorized, or failed transactions. The BSP, in coordination with the
37 National Privacy Commission (NPC) and the DTI, shall issue the implementing rules for
38 this Section.

39
40 **Section 14. *Multi-Year Roadmap for Digital Payment Adoption.*** – The BSP, in
41 collaboration with relevant government entities, shall prepare and regularly update a
42 multi-year roadmap on digital payments to ensure the timely implementation and
43 optimal realization of the objectives of this Act.

1 Subject to annual review, this multi-year roadmap shall be aligned with the e-
2 government masterplan formulated by the DICT in consultation with other key
3 government agencies, and shall, among others, set targets and outcomes, such as but not
4 limited to the widespread adoption of digital payments by merchants, for a minimum
5 period of five (5) years, and include strategic public and private interventions and possible
6 government programs and projects.
7

8 **Section 15. *Transitory Provision.*** – Government entities shall be responsible for
9 ensuring proper transition of their respective agency’s disbursement and collection
10 procedures and policies to digital payments.
11

12 Digital disbursement shall be implemented within one (1) year from the issuance
13 of the IRR of this Act: *Provided*, that agencies deemed capable by the BSP and COA may
14 be required to comply within six (6) months.
15

16 Digital collections shall be implemented within three (3) years from the issuance
17 of the IRR, subject to tiered transition timelines to be established by the TWG as part of
18 the IRR based on the readiness and capability of government entities.
19

20 **Section 16. *Information Security and Data Privacy.*** – All digital payment systems
21 shall be secured and protected at all times. The DICT, in consultation with the BSP and
22 NPC, shall develop a National Digital Payment Security Framework which shall include,
23 at a minimum, requirements for regular vulnerability assessments, incident reporting,
24 and compliance with international cybersecurity standards.
25

26 **Section 17. *Obligations of Payment Systems Providers.*** – All PSPs shall:
27

- 28 (a) Integrate security and data privacy by design and by default in the
29 development stage of the payment systems;
- 30 (b) Process personal and sensitive personal information in the system in
31 accordance with any of the criteria for lawful processing provided for under
32 relevant laws, rules and regulations;
- 33 (c) Implement reasonable and appropriate organizational, physical, and technical
34 security measures for the protection of personal data and uphold the rights of
35 data subjects;
- 36 (d) Provide reasonable and timely assistance to NGAs, government corporations,
37 LCDs, SUCs, LUCs, and/or merchants, in accordance with relevant rules and
38 regulations, to enable them to respond to a request from clients to exercise any
39 of their rights and any other correspondence, inquiry or complaint received
40 from a client or other third party in connection with the processing of the
41 personal data in the payment system;
- 42 (e) The PSP performing the function of collection of money and/or payment of
43 transaction on behalf of the government agency shall, to the extent necessary,
44 cooperate with the COA for the examination, audit, and settlement of all

- 1 accounts pertaining to the revenue and receipts, and expenditures or uses of
2 funds of all NGAs, government corporations, SUCs, LUCs, and LGUs. The PSP
3 shall allow COA to perform its audit procedures and to determine whether
4 collections are complete, and the use of funds are authorized; and
5 (f) Comply with the requirements indicated in the standard terms of reference or
6 standard minimum terms and conditions that may be issued by the TWG.
7

8 **Section 18. *Penalties and Sanctions.*** – Without prejudice to the penalties and
9 sanctions provided in Republic Act No. 11127 or “The National Payment Systems Act”
10 and other laws, whenever any person or entity willfully violates this Act, its implementing
11 rules or regulation, or directives or orders duly promulgated by the BSP pursuant hereto,
12 the person or persons responsible for such violation shall be punished by a fine of not less
13 than Two hundred thousand pesos (Php200,000.00) but not more than Two million pesos
14 (Php2,000,000.00), or by imprisonment of not less than two (2) years but not more than
15 ten (10) years, or both, at the discretion of the court.
16

17 **Section 19. *Interpretation.*** – Nothing in this Act shall be construed to exempt any
18 government funds in the possession of private entities from the constitutional authority
19 and duty of the COA to examine, audit, and settle all accounts pertaining to the revenue
20 and receipts of, and expenditures or uses of, funds and property owned or held in trust
21 by, or pertaining to, the government. All digital payments involving government
22 transactions under this Act shall be subject to post-audit of the COA. Accordingly, the
23 COA shall promulgate the pertinent rules and regulations for all transactions covered by
24 this Act.
25

26 **Section 20. *Appropriations.*** – Government entities may include in their respective
27 budget amounts for establishing and maintaining digital payment infrastructure, systems,
28 and processes, including transaction fees: *Provided,* That the release of funds may be
29 conditioned on the actual adoption of digital payments by the concerned government
30 entities.
31

32 Government entities may also top-up cash assistance with a standard amount to
33 cover any transaction fees that may be incurred by recipients or beneficiaries when
34 claiming or withdrawing said cash assistance from their respective transaction accounts.
35

36 The amount necessary for the implementation of the provisions of this Act shall be
37 taken from the current year’s budgets of the NGAs, government corporations, SUCs,
38 LUCs, and LGUs. Thereafter, such sums as may be necessary for the continued
39 implementation of the Act shall be incorporated in the annual General Appropriations
40 Act, corporate operating budget, or appropriation ordinance, as the case may be.
41

42 **Section 21. *Congressional Oversight.*** – Five (5) years after the effectivity of this
43 Act, and every five (5) years thereafter, Congress shall conduct a review of the
44 implementation and impact of this Act to ensure its responsiveness to technological

1 developments, financial inclusion goals, and consumer protection standards.
2

3 **Section 22. *Implementing Rules and Regulations.*** – The BSP, in coordination with
4 the DBM, COA, DOF, BTr, BIR, DICT, DOST, DILG, DTI, and other relevant agencies,
5 shall promulgate the rules and regulations implementing the provisions of this Act within
6 ninety (90) days from its effectivity.
7

8 **Section 23. *Separability Clause.*** – If any part or provision of this Act is held
9 unconstitutional or invalid, the remainder thereof not otherwise affected shall remain in
10 full force and effect.
11

12 **Section 24. *Repealing Clause.*** – All laws, decrees, executive orders, rules, and
13 regulations, or parts thereof inconsistent with the provisions of this Act are hereby
14 repealed or modified accordingly.
15

16 **Section 25. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
17 publication in the *Official Gazette* or in any newspaper of general circulation.
18

19 *Approved,*