

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

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 6621

Introduced by Representative **JESUS R. MARQUEZ**

EXPLANATORY NOTE

According to the *Bangko Sentral ng Pilipinas* (BSP), digital transactions accounted for 57.4% of monthly retail payment volume and 59.0% of retail payment value in 2024, up from 52.8% volume in 2023. These data show that the Philippines is experiencing a structural shift from cash to digital retail payments. Filipinos nowadays have already adopted the use of digital payment channels nationwide, making it a part of their daily lives. However, in order for our country to harmonize with the demands of the rapid progress of digital technology, our government agencies must also conform with the mandate for digital acceptance for transactions and routine payments.

The primary objective of this bill is to institutionalize digital payments as a standard, secure, and accessible option for all government-to-citizen (G2C), citizen-to-government (C2G), and government-to-business (G2B) transactions. This is in line with our state policy to adopt, prioritize, and scale secure digital payment channels for all government transactions involving fees, fines, taxes, permits, social transfers, and other collectible items, consistent with RA 11127 or the National Payment Systems Act and RA 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act.

The passage of this proposed measure shall streamline and speed up government service delivery. Recent BSP data show the payments ecosystem is now mature and expanding promptly, making this an opportune moment for the State to require and support digital payment adoption across national agencies and LGUs. The Promotion of Digital Payments Act ensures that digitalization advances efficiency, transparency, inclusion, and compliance with existing laws while providing guardrails for security and access to all Filipinos. Hence the approval of this bill is earnestly sought.


JESUS "JESS" R. MARQUEZ

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

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 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 goods
7 and services to the general public. Towards this end, the State shall promote financial
8 inclusion, optimize the use of technology and innovative payment systems for financial
9 transactions, and promote the electronic conveyance of payment for various transactions
10 with the government, to and among business entities and merchants, and among the
11 general public.

12
13 **SEC 3. Definition of Terms.** – As used in this Act, the following terms shall
14 mean:

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

20 (b) *Digital Payments* refers to the monetary payment transaction between two
21 parties through a digital payment instrument in which both the payer and the payee use
22 an electronic channel;

23 (c) *Merchant* refers to a person or entity engaged in buying and selling
24 merchandise, purchasing goods and services, skills, or expertise, and leasing of goods and

1 services. It also includes credit-granting entities, lending institutions, pawnshops,
2 remittance companies and other money service business, except financial institutions
3 supervised by the *Bangko Sentral ng Pilipinas* (BSP), which shall be governed by specific
4 BSP regulations and requirements on digital services;

5 (d) *Payment system* refers to the set of payment instruments, processes,
6 procedures and participants that ensures the circulation of money or movement of funds
7 which comply with the requirements set forth under Republic Act No. 11127, otherwise
8 known as “The National Payment Systems Act”; and

9 (e) *Payment service providers (PSP)* refers to an entity that provides payment
10 services to end-users, such as consumers, merchants, and billers, including government
11 institutions.

12
13 ***SEC 4. Use of Digital Payments.*** – All national government agencies (NGAs),
14 government-owned or -controlled corporations (GOCCs), and local government units
15 (LGUs) are hereby mandated to utilize safe and efficient electronic or digital means of
16 receiving payment for taxes, fees, tolls, imposts, and other revenues and for the payment
17 of goods, services, and other disbursements. To this end, government entities may be
18 allowed to include in their respective budgets the amounts that will cover the cost of
19 establishing and maintaining the infrastructure, system and process adjustments as well
20 as transaction fees that they may shoulder in connection with the implementation of
21 digital payments, including merchant discount rate, processing fees, cash out fees,
22 administration fees: Provided, That the release of said budget may be conditioned on the
23 actual adoption of digital payments by the concerned government entities.

24 To facilitate compliance with this Act, NGAs, GOCCs, and LGUs shall adopt
25 account- based disbursements whereby target recipients directly receive government
26 payments into their transaction accounts. These government entities may create their
27 respective digital payment technical support and maintenance service units which shall
28 be responsible for troubleshooting and maintaining coordination with the PSP partner
29 for technical and other concerns within the agency. They shall also be responsible for
30 ensuring the proper transition of their respective agency’s payments and disbursement
31 procedures and policies to digital payments. The creation of the technical support and
32 maintenance service units shall be without prejudice to any technical support
33 arrangement between the agency and the PSP partner pursuant to a contract or
34 agreement: Provided, That, the contract or agreement shall be subject to the applicable
35 regulations of the BSP.

36
37 The BSP shall accelerate the adoption by all PSPs of the national quick response
38 (QR) code standard to hasten the interoperability of QR-driven payment services and
39 eliminate the need for merchants and clients to maintain several accounts.

1 The Government Procurement Policy Board shall, in coordination with the BSP,
2 issue guidelines to be observed when procuring the services of a PSP that provide digital
3 payment: Provided, That, government entities shall avail only of interoperable digital
4 payment solutions.

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

7
8 ***SEC 5. Digital Payment Capability of Merchants.*** – To accelerate the
9 adoption of digital payment, LGUs shall, by ordinance, require merchants within their
10 localities to establish or outsource arrangements or mechanisms that would enable them
11 to receive payments from clients and make payments to creditors and suppliers in digital
12 form as a pre-requisite for the approval or renewal of their business permits. No new or
13 renewal of business permit shall be approved unless the merchant concerned show to the
14 satisfaction of the LGU that a functional digital payment system accessible by mobile
15 phone or other access devices is installed or provided by a duly registered PSP in the
16 merchant partner’s place of business.

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

26
27 ***SEC 6. Promotion of Digital Payment Transactions.*** – To optimize the
28 benefits of this technological innovation, scale up financial inclusion, and promote
29 sustainability, NGAs, GOCCs, and LGUs shall prioritize the use of safe and efficient digital
30 payment in their financial transactions.

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

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

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

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

10 ***SEC 8. Separability Clause.*** - Should any provision herein be declared invalid
11 or unconstitutional, other provisions not affected thereby shall continue to be in full force
12 and effect.
13

14 ***SEC 9. Repealing Clause.*** -All laws, executive orders, presidential decrees,
15 rules and regulation or parts thereof inconsistent with any provisions of this Act are
16 hereby repealed, amended, or modified accordingly.
17

18 ***SEC 10. Effectivity.*** -This Act shall take effect fifteen (15) days after its
19 publication in the official Gazette or in a newspaper of general circulation.
20

Approved,