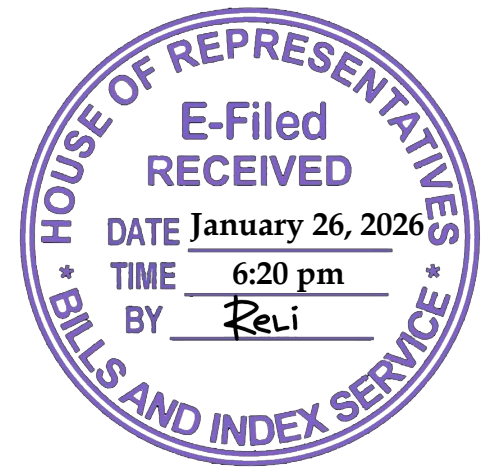


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **7370**



Introduced by **REP. JAVIER MIGUEL L. BENITEZ**

EXPLANATORY NOTE

One of the persistent barriers to inclusive economic growth in the Philippines is the limited adoption of secure and efficient digital payment systems, especially in public financial transactions and among small-scale enterprises. Despite advances in financial technology, many government agencies and microenterprises remain reliant on cash-based transactions, which impede service delivery, reduce transparency, and exclude unbanked or underserved populations from participating in the digital economy.

A 2022 study by the University of the Philippines Mindanao found that over half of micro and small businesses nationwide only began using digital payment systems during the pandemic.¹ However, the same study revealed that many of the smallest businesses, especially sole proprietorships with little or no internet infrastructure or formal employees, struggled to make the transition.² These firms were already in decline even before the pandemic and are now at risk of being left behind in the shift to a digital economy. Unless these gaps are addressed through public policy, digital transformation could widen, rather than narrow, existing inequalities in financial access.

¹ Acopiado, I., et. al. (June 2022). Digital Payment Adoption during the COVID-19 Pandemic in the Philippines. Philippine Journal of Science Vol. 151 No. 3. https://www.researchgate.net/profile/Jon-Marx-Sarmiento/publication/362780624_Digital_Payment_Adoption_during_the_COVID-19_Pandemic_in_the_Philippines/links/63886f3c2c563722f2297436/Digital-Payment-Adoption-during-the-COVID-19-Pandemic-in-the-Philippines.pdf?_sg%5B0%5D=started_experiment_milestone&origin=journalDetail&_rtd=e30%3D. (Date last accessed: August 1, 2025).

² Id. at 8-9.

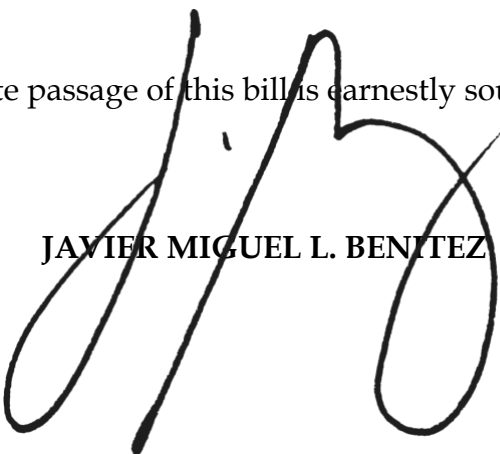
Parallel findings from the Bangko Sentral ng Pilipinas (“BSP”) show that digital payments now account for 30.3% of all retail financial transactions in the country, a significant increase from 20.1% just a year earlier.³ While this is clear progress, the BSP had originally targeted 50% by 2023, meaning more effort is still needed, particularly among local governments and smaller merchants.

This bill addresses these gaps by requiring all National Government Agencies (“NGAs”), Government-Owned or -Controlled Corporations (“GOCCs”), and Local Government Units (“LGUs”) to adopt digital payments for both revenue collection and public disbursements. It also mandates that LGUs require digital payment capability as a condition for new or renewed business permits, while ensuring support for small merchants such as market vendors and tricycle operators.

This measure is grounded in the State's constitutional duty to promote equitable access to economic opportunities and modernize governance systems.⁴ It also reinforces the objectives of Republic Act No. 11127 (2018) or the National Payment Systems Act, which empowers the Bangko Sentral ng Pilipinas to oversee secure and interoperable digital payment networks, and Republic Act No. 11032 (2018) or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, which requires the simplification of government procedures and integration of digital solutions.

This bill is filed as a counterpart to a Senate Bill introduced by Senator Mark Villar and is consistent with similar measures filed in both chambers of Congress. Its filing affirms the Congress’ shared commitment to institutionalizing digital payments in public transactions, to enhance transparency, efficiency, and financial inclusion for all Filipinos.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



JAVIER MIGUEL L. BENITEZ

³ Estioko, R., et al. (2019). State of Digital Payments in the Philippines. Bangko Sentral ng Pilipinas. [https://www.bsp.gov.ph/PaymentAndSettlement/State_of_Digital_Payments_in_the_Philippines_\(2021_Edition\).pdf](https://www.bsp.gov.ph/PaymentAndSettlement/State_of_Digital_Payments_in_the_Philippines_(2021_Edition).pdf). (Date last accessed: August 1, 2025).

⁴ 1987 Constitution, Article XII, Section 1; Article II, Section 24.

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Introduced by **REP. JAVIER MIGUEL L. BENITEZ**

**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:*

SECTION 1. *Short Title.* – This Act shall be known as the “*Digi-Pay Act.*”

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

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

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

(a) *Access device* – refers to any card, plate, code, account number, electronic serial number, 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* – refer to monetary payment transactions between two (2) parties through a digital payment instrument in which both the payer and the payee use an electronic channel;

(c) *Merchant* – refers to a person or entity engaged in buying and selling merchandise, purchasing goods and 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, except financial institutions supervised by the BSP, which shall be governed by specific BSP regulations and requirements on digital services;

(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, otherwise known as "The National Payment Systems Act"; and

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

SEC. 5. *Use of Digital Payments.* – All NGAs, GOCCS, and LGUs are hereby mandated to utilize safe and efficient electronic or digital means of receiving payment for taxes, fees, tolls, imposts, and other revenues and for the payment of goods, services, and other disbursements. To this end, government entities may be allowed to include in their respective budgets the amounts that will cover the cost of establishing and maintaining the infrastructure, system and process adjustments as well as transaction fees that they may shoulder in connection with the implementation of digital payments, including merchant discount rate, processing fees, cash out fees, administration fees: Provided, That the release of said budget may be conditioned on the actual adoption of digital payments by the concerned government entities.

To facilitate compliance with this Act, NGAs, GOCCs, and LGUs shall adopt account-based disbursements whereby target recipients directly receive government payments into their transaction accounts. These government entities

may create their respective digital payment technical support and maintenance service units which shall be responsible for troubleshooting and 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 digital payments. The creation of the technical support and maintenance service units shall be without prejudice to any technical support arrangement between the agency and the PSP partner pursuant to a contract or agreement: *Provided*, That, the contract or agreement shall be subject to the applicable regulations of the BSP.

The BSP 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 shall, in coordination with the BSP, issue guidelines to be observed when procuring the services of a PSP that provide digital payment: *Provided*, That, government entities shall avail only of interoperable digital payment solutions.

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

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

The LGUs shall ensure that merchants in their jurisdictions have access to appropriate digital payment solutions and have the capacity to effectively use the same, with due consideration to small and micro-merchants, including market vendors, tricycle operators and food stalls. The LGU shall extend assistance to small and micro-merchants to facilitate their adoption of digital transaction capability. The BSP, Department of Trade and Industry ("DTI"), Department of Interior and Local Government ("DILG"), and the Department of Information and Communications Technology ("DICT") shall also facilitate measures to provide

capacity building for the NGAS, GOCCs, LGUs, and merchants on the use of digital payments.

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

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

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

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

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

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

SEC. 10. *Repealing Clause.* - All laws, presidential decrees, executive orders, memoranda, circulars and other issuances or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

SEC. 11. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or at least two (2) newspapers of general circulation.

Approved,