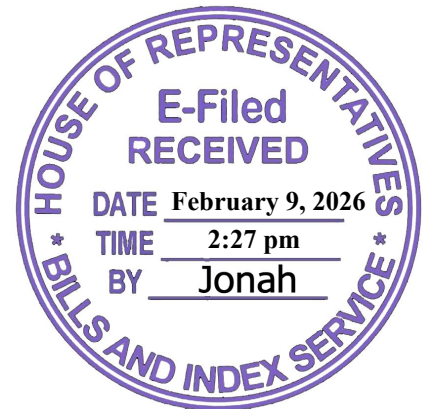




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 7672



**Introduced by: Representatives Irwin C. Tieng, Bienvenido M. Abante, Jr., Joel R. Chua,
Ernesto “Ernix” M. Dionisio, Jr., Giselle Mary L. Maceda, Rolando M. Valeriano**

EXPLANATORY NOTE

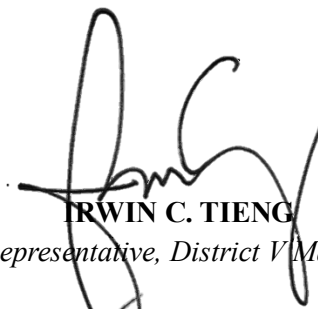
The proposed measure, entitled “*e-Bayad Act*” seeks to institutionalize the use of safe and efficient digital payment systems in financial transactions of the government and merchants. This initiative aligns with the State’s policy in promoting ease of doing business, financial inclusion, and technological innovation in public service delivery.

As government and private transactions increasingly move online, the bill seeks to establish clear standards that ensure faster, safer, and more transparent financial processes. Digital payments for government disbursements and collections will reduce delays, minimize risks from cash handling, and enhance compliance with auditing and accounting rules.

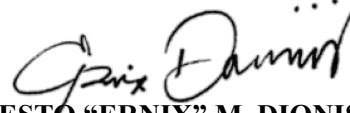
The measure also promotes inclusive digital finance by helping small merchants, micro-entrepreneurs, transport operators, and other everyday earners adopt digital payment tools with assistance from local and national agencies. It ensures interoperability across payment service providers and strengthens information security and data privacy.

Through a multi-year roadmap, a national steering committee, and a structured transition for government agencies, the bill lays the foundation for nationwide digital payment adoption. It aims to modernize financial systems, improve transparency in government funds, and create a safer and more inclusive digital economy for all Filipinos.

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



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**AN ACT ADOPTING AND REGULATING THE USE OF DIGITAL PAYMENT SYSTEMS
FOR GOVERNMENT FINANCIAL TRANSACTIONS AND ALL MERCHANTS**

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

SECTION 1. *Short Title.* – This Act shall be known and cited as the “*e-Bayad 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 of promoting ease of doing business and efficient delivery of goods and services to the general public, and access to credit especially for entrepreneurs and other financial services to promote financial health of Filipinos. 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. The State shall also promote sustainable payment options aligned with the global movement to reduce carbon footprint and curb global environmental concerns.

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, mobile devices such as smart phones or tablet, or other information and communications technology service, equipment or instrumental identifier, or other means of account access that can be used to obtain money, pay for goods, services, or any other thing of value, or to initiate a transfer of funds in electronic form, or tool/equipment that enable payments or fund transfers;

- b. **Account-Based Disbursement** refers to the disbursement of funds such as salaries, wages, allowances, and social benefits, among others, directly into the transaction account of the intended recipient held in any *Bangko Sentral ng Pilipinas* (BSP)-supervised institution as chosen and specified by the intended recipient;
- c. **Basic Deposit Account (BDA)** refers to the deposit product offered by banks as defined under the BSP Manual of Regulations for Banks and its implementing guidelines;
- d. **Digital Collection** refers to a mode of collection wherein businesses and citizens make payments to the government, including but not limited to taxes, fees, and tolls, using a digital device such as mobile phone, point of sale, or computer. Collections can be made with bank transfers, electronic money, and payment cards including credit, debit, prepaid, or storedvalue cards, among others made to the government;
- 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 instruction to debit or electronic fund transfer facilitated by any government agency or instrumentality through their respective Payment Service Provider;
- f. **Electronic Fund Transfer** refers to a transfer of funds between two transaction accounts in the same or different BSP supervised institutions which are initiated and received using electronic devices and channels to transmit payment instructions;
- g. **Electronic Money (E-money)** refers to electronically stored monetary value which is issued in accordance with BSP regulations;
- h. **Financial Inclusion** refers to the state in which everyone, especially the vulnerable sectors, has effective access to a wide range of financial services. Effective access means not only the availability of financial products and services, but that these products and services are appropriately designed, of good quality, and responsive to the varied needs of individuals and businesses—whether for saving, payments, financing, investing, or getting insured;
- i. **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 by Department of Finance regulations;
- j. **Information Security Standards** refers to standards that aim to protect and secure the confidentiality, integrity, availability, authenticity, and non-repudiation of information and the data privacy of users of any digital payment platforms and other parties involved therein; k. **Interoperable-** refers to Digital Payments that can be made between payors and payees even if they maintain accounts with different payment service providers (PSPs);
- l. **Merchant** refers to a person or entity engaged in buying and selling merchandise, offering goods and services, skills, or expertise, and leasing of goods and services.
- m. **Micro-payment Transactions** refers to low-value payments including but not limited to payments to sari-sari store owners, wet market vendors, as well as tricycle and jeepney drivers, the actual thresholds of which shall be determined by the BSP, pursuant to the objectives of this Act;

- n. **Payment Service Provider (PSP)** refers to a BSP-supervised institution, such as a bank or non-bank electronic money issuer, that provides payment services to end-users such as consumers, merchants, and billers, including 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, which comply with the requirements set forth under Republic Act No. 11127 or the National Payment Systems Act;
- p. **Transaction Account** refers to an account, such as but not limited to a current account, regular savings account, BDA or e-money account, held with a BSP-supervised institution that can be used to store, send, and receive funds.

SEC. 5. Adoption of Digital Payments for Government Disbursements. – All government entities, including but not limited to national government agencies (NGAs), foreign-based government agencies, all government corporations, local government units (LGUs), State Universities and Colleges (SUCs), and local universities and colleges (LUCs) (collectively called Covered Agencies), are hereby mandated to utilize safe and efficient digital disbursement in the payment of goods, services, and other disbursements, including but not limited to cash assistance and payment of salaries, wages, allowances, and honoraria of their employees, whatever the nature of appointment.

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 arrangement with each of these financial institutions. For this purpose, government entities may use automatic debit arrangements, interoperable electronic fund transfers, or any other appropriate facility of their government servicing PSP.

Accountable officers of government entities shall observe due diligence in ensuring the accuracy of the recipient's or beneficiary's identity. Uses 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.

The government servicing PSP shall carry out the payment instruction and submit the verified list of successful and failed fund transfers and other relevant details to the government entity disbursing the fund. Subject to agreement with the government entity, the government servicing PSP may collect fees from the government entity for the electronic fund transfer services.

In case of unsuccessful digital disbursement, there shall be a recovery mechanism that will ensure the continuity of delivery of payment services; Provided, that in cases of calamities or other emergencies where payments through digital means may be affected, non-digital payout channels may be explored.

SEC. 6. Adoption of Digital Payments for Government Collections. – All Covered Agencies shall offer digital collection as a mode, in addition to acceptance of cash payment, for the collection of taxes, fees, tolls, imposts, and other revenues, including non-income collections and receipts.

Government entities shall utilize secure payment processing solutions to ensure acceptance of various digital payment methods. For this purpose, government entities may engage the services of established PSPs: *Provided*, That government entities shall avail only of interoperable digital payment solutions.

Notwithstanding any law to the contrary, partner PSPs of a government entity shall not be limited to government servicing PSPs.

SEC. 7. *Adoption of Interoperable Digital Payment Solutions.* – The digital payment solutions adopted by government entities shall allow for real-time receipt of funds by the recipient government entity, immediate issuance of electronic invoices and/or official receipts to payors, regular audit reports, and other technical features that will aid in the fulfillment of the objectives of this Act.

Existing agreements between government entities and PSPs shall be honored until the respective terms thereof expire: *Provided*, That parties concerned shall endeavor, within one (1) year from the effectivity of this Act, to implement amendments to such agreements with the intention to remove provisions detrimental to public interest.

In all instances, collection and payment schemes that prevent transparency and accountability over public funds, as well as arrangements disadvantageous to the government, shall be discontinued.

SEC. 8. *Issuance and Acceptability of Electronic Official Invoice/Receipts.* – To support the adoption of digital payments and enhance transparency and efficiency in financial transactions, Covered Agencies and merchants accepting digital payments shall ensure the issuance and acceptability of electronic official invoice/receipts or equivalent digital proof of payment for transactions conducted through electronic or digital means.

Electronic official invoice/receipts issued pursuant to this section shall be recognized as valid proof of payment, subject to compliance with applicable accounting, audit, tax, and other relevant laws, rules, and regulations. The cost for the issuance of electronic proofs of payment shall not result in a separate charge on the electronic or digital payment of a transaction. The relevant costs for the issuance of electronic proofs of payment shall form part of the operational expenditures in the appropriate budgets of government entities as provided in Section 17 of this Act.

The use of electronic official receipts shall be without prejudice to the continued acceptance of other forms of official receipts.

SEC. 9. *Creation and Membership of the Steering Committee on the Adoption of Digital Payments for Digital Collections.* – There shall be a Steering Committee composed of the Bangko Sentral ng Pilipinas (BSP) as Chair, Commission on Audit (COA), Department of Budget and Management (DBM), Department of Finance (DOF), Bureau of the Treasury (BTr), Bureau of Internal Revenue (BIR), Government Procurement Policy Board (GPPB), Department of Information and Communications Technology (DICT), Department of Trade and Industry (DTI), Securities and Exchange Commission (SEC) and other relevant agencies as members that will provide guidance and promote cost-efficiency and transparency in procurement of digital payment solutions by government entities.

Consistent with the respective mandates of the member-agencies, the Steering Committee shall have the following powers and functions:

- a. Provide overall policy and strategic direction and oversee the implementation of this Act, including the monitoring of progress of digital payment activities to support evidence-based policymaking;
- b. Oversee and monitor the procurement of digital payment solutions by government entities, and ensure that such procurement is in accordance with existing laws, rules, and regulations; c. Resolve issues arising from the implementation of this Act, without prejudice to the authority of member-agencies to address such matters pursuant to their respective mandates; d. Call on, coordinate with, or request the assistance of any department, agency, or office, consistent with their respective mandates, for the effective implementation of this Act;
- e. Consider the formulation of standard terms and conditions for payment service providers (PSPs): Provided, That pursuant to its mandate, the Government Procurement Policy Board (GPPB) may issue specific procurement guidelines for the engagement of PSPs;
- f. Collaborate with public and private sector entities for data collection, research, and policy development, and for the provision of digital financial education and literacy programs, as well as training and capacity-building opportunities for micro, small, and medium enterprises;
- g. Communicate and promote the multi-year digital payments roadmap to the public and private sectors; and
- h. Formulate and adopt its governance framework, operational guidelines, and rules of procedure, as may be necessary to carry out its functions and duties.

SEC. 10. *Digital Payment Capability of Merchants.* – To accelerate the adoption of digital payment, LGUs shall, by ordinance, encourage and grant monetary and non-monetary incentives to 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 using digital channels.

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 DICT shall also facilitate measures to provide capacity building for the Covered Agencies, and merchants on the use of digital payments.

Further, LGUs are authorized to formulate and implement incentive frameworks within their respective jurisdictions to encourage merchant adoption and use of digital payment systems.

The Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue (BIR) are likewise authorized and directed to craft and implement incentive programs, consistent with their respective mandates, to promote the adoption of digital payments. Such measures may include, among others, prioritizing regulatory or audit activities toward businesses whose disbursements and collections remain predominantly cash-based, in order to encourage the shift toward digital payment transactions.

SEC. 11. *Promotion of Digital Payment Transactions.* – To optimize the benefits of this technological innovation, scale up financial inclusion, and promote sustainability, Covered Agencies shall prioritize the use of safe and efficient digital payment in their financial transactions.

The Covered Agencies 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, and implementing agencies, promote measures on financial and digital literacy, and consumer protection to strengthen the public's trust in digital payment transactions.

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

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

This multi-year roadmap shall be aligned with the e-government masterplan formulated by the DICT in consultation with other key government agencies and shall, among others, set targets and outcomes, including but not limited to the widespread adoption of digital payments by merchants, for a minimum period of five (5) years, and include strategic public and private interventions and possible government programs and projects.

The roadmap shall be subject to annual review.

SEC. 13. *Transitory Provision.* – All Covered Agencies shall ensure the proper transition of their respective agencies' payment procedures and policies to accommodate digital payment towards the full implementation of this law.

The implementation of digital payments may be subject to a tiered transition approach that utilizes a differentiated transition timeframe based on the operational readiness and capability of the concerned Covered Agency. Such tiered transition shall be in accordance with the tiering guidelines to be provided in the implementing rules and regulations of this Act and the transition period shall not exceed three (3) years from the issuance of the tiering guidelines. Covered Agencies which are deemed capable of fully adopting digital payments may do so within a shorter period, while those which are incapable may be allowed a longer period.

SEC. 14. *Information Security and Data Privacy.* – All data information and information and communications technology systems and networks used for digital payments pursuant to the objectives of this Act shall be secured and protected at all times.

The BSP, in consultation with the DICT and the National Privacy Commission, shall define and prescribe the minimum information security standards for compliance of PSPs who are covered by this Act and are not under the oversight and regulatory authority of the BSP.

SEC. 15. *Obligations of Payment System Providers.* – In line with the declared policy in this Act, all Payment Service Providers (PSPs) shall have the following obligations:

- a. Integrate security and data privacy by design and by default in the development stage of the payment systems;
- b. Process personal and sensitive personal information in the system in accordance with any of the criteria for lawful processing provided for under relevant laws, rules, and regulations; c. Implement reasonable and appropriate organizational, physical, and technical security measures for the protection of personal data and uphold the rights of data subjects;
- d. Provide reasonable and timely assistance to NGAs, government corporations, LGUs, SUCs, and/or merchants, in accordance with relevant rules and regulations, to enable them to respond to requests from clients to exercise any of their rights and to address any correspondence, inquiry, or complaint received from a client or other third party in connection with the processing of personal data in the payment system;
- e. The PSP performing the function of collection of money and/or payment of transactions on behalf of a government agency shall, to the extent necessary, cooperate with the Commission on Audit (COA) for the examination, audit, and settlement of all accounts pertaining to the revenue and receipts, and expenditures or uses of funds of all NGAs, government corporations, SUCs, and LGUs. The PSP shall allow COA to perform its audit procedures and to determine whether collections are complete and use of funds are authorized; and
- f. Comply with the requirements indicated in the standard terms of reference or standard minimum terms and conditions that may be issued by the appropriate authority.
- g. Comply with reporting obligations to the appropriate government agencies, including but not limited to concerned LGUs, NGAs, and the COA, as may be required under this Act and its implementing rules and regulations, which reporting obligations shall, as applicable, be aligned with and consistent with the regulations, circulars, and standards issued by the BSP governing payment system participants.

SEC. 16. *Penalties and Sanctions.* – Without prejudice to the penalties and sanctions provided in Republic Act No. 11127, otherwise known as the “National Payment Systems Act,” and other laws, whenever any person or entity willfully violates this Act, rules or regulations, directives, or orders duly promulgated by the BSP pursuant hereto, the person or persons responsible for such violation shall be punished by a fine of not less than Two hundred thousand pesos (₱200,000.00) nor more than Two million pesos (₱2,000,000.00), or by imprisonment of not less than two (2) years nor more than ten (10) years, or both, at the discretion of the court.

SEC. 17. *Interpretation.* – Nothing in this Act shall be construed to exempt any government funds in the possession of private entities from the constitutional authority and duty of the Commission on Audit to examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the government.

All digital payments involving government transactions under this Act shall be subject to post-audit of the COA. Accordingly, the COA shall promulgate the pertinent rules and regulations for all transactions covered by this Act.

SEC. 18. *Appropriations.* – Government entities may be allowed to include in their respective budgets amounts that will cover the reasonable costs of establishing and maintaining the infrastructure, system, and/or process adjustments, as well as 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.

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

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

SEC. 19. Oversight Committee. – There is hereby created a Joint Congressional Oversight Committee (JCOC) to oversee, monitor, and evaluate the implementation of this Act. The JCOC shall be composed of five (5) members each from the House of Representatives and the Senate. The JCOC shall be co-chaired by the Chairpersons of the House Committee on Banks and Financial Intermediaries and the Senate Committee on Banks, Financial Institutions and Currencies.

The Speaker and the Senate President shall designate the other four members of the JCOC of the House and the Senate from among the members of the House Committee on Banks and Financial Intermediaries and the Senate Committee on Banks, Financial Institutions and Currencies, at least one (1) member of which shall be from the minority.

SEC. 20. Implementing Rules and Regulations. – The BSP shall, in coordination with the DBM, COA, DOF, BTr, BIR, DOST DTI, DICT, and DILG, promulgate the rules and regulations implementing the provisions of this Act within one hundred eighty (180) days from its effectivity.

SEC. 21. 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 shall remain in full force and effect.

SEC. 22. Repealing Clause. – All laws, presidential decrees, executive orders, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

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

Approved,