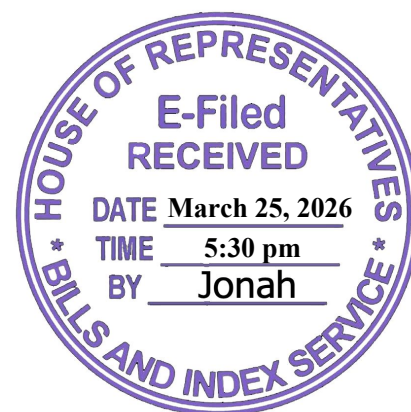


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **8795**



Introduced by **REP. NATHANIEL “Atty. Nat” M. ODUCAO**

EXPLANATORY NOTE

The Universal Financial Account Act seeks to dramatically expand financial inclusion for Filipinos by establishing a zero-balance Universal Financial Account (UFA) automatically linked to each citizen’s PhilSys ID from birth, with privacy, security, and interoperability at the core of its design. The measure is especially urgent given that around 44 percent of the adult population—about 34.3 million Filipinos—remains unbanked, despite the share of adults owning a financial-account rising from 29 percent in 2019 to 56 percent in 2021, largely driven by the COVID-19-induced shift toward digital payments.

The policy explicitly targets these unbanked and underbanked segments by creating a UFA for every Filipino at birth, designed to be interoperable across accredited banks and e-wallets and to support offline channels such as USSD so that even remote and low-connectivity areas can participate. By embedding the UFA within the national digital infrastructure, the State aims to streamline the delivery of social protection programs, healthcare subsidies, and cash transfers, thereby reducing the substantial leakage that plagues many social assistance schemes; international and local studies on social protection suggest that better targeting and digital-account delivery can cut leakage and improve cost-benefit ratios, which aligns with the bill’s projected annual savings of ₱15–20 billion in reduced leakage from social programs and an estimated rise in tax compliance yielding ₱25–35 billion in additional government revenue per year.

The Act likewise reinforces data privacy and cybersecurity, echoing broader regulatory and policy concerns given the increasing number of financial-account scams and digital-payment frauds in the Philippines. Under the measure, the newly created Universal Financial Account Authority (UFAA), placed under the Department of Finance, will oversee standards for interoperability, ensure that adequate cybersecurity and data-protection controls are in place, supervise the Financial Inclusion Subsidy Fund (FISF), and coordinate with the Bangko Sentral ng Pilipinas and PhilSys. The FISF, funded through the General Appropriations Act, donor grants, and other lawful sources, is intended to compensate banks and financial institutions for the costs of maintaining zero-balance accounts, which is critical because the current unbanked population—if brought into the formal system—represents a large, untapped segment of the “bankable” population whose inclusion could help triple the country’s banking revenue pools by 2030.

Implementation will proceed in phases over five to seven years, beginning with newborns and prioritizing regions with the highest unbanked populations, which is consistent

¹Sunstar (2022) BSP: Over 50% of Filipinos own financial transaction account. Available at <https://www.sunstar.com.ph/cebu/business/bsp-over-50-of-filipinos-own-financial-transaction-account>

with evidence that rural and low-income areas remain the most underserved. Alongside this rollout, the UFAA will conduct nationwide financial-literacy and public-awareness campaigns to educate citizens on how to use their UFA safely and effectively, addressing one of the key barriers to financial inclusion identified in the BSP's Financial Inclusion Surveys. Annual monitoring and evaluation reports to Congress will track progress in expanding account ownership, improving social-protection targeting, and strengthening tax compliance, thereby anchoring the UFA system as a long-term pillar of the State's strategy to deepen financial inclusion and build a more resilient, inclusive digital economy.

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

A handwritten signature in black ink, appearing to read 'N. Oducado', with a small circular stamp containing the number '18' to the right.

REP. NATHANIEL "ATTY. NAT" M. ODUCADO
1Tahanan Party List

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HOUSE BILL NO. **8795**

Introduced by **REP. NATHANIEL “ATTY. NAT” M. ODUCAO**

**AN ACT ESTABLISHING A UNIVERSAL FINANCIAL ACCOUNT SYSTEM FOR
ALL FILIPINOS, CREATING THE UNIVERSAL FINANCIAL ACCOUNT
AUTHORITY, AND PROVIDING FUNDS AND MECHANISMS FOR
IMPLEMENTATION**

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 as the “*Universal Financial Account*
2 *Act.*”

3 **SEC. 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to financial
4 inclusion by providing accessible banking services to all Filipinos, ensuring that every citizen, from
5 birth, has the opportunity to participate in the formal financial system. The State shall facilitate the
6 efficient delivery of social protection programs, healthcare services, and government subsidies
7 through secure and interoperable digital financial accounts. Furthermore, the State recognizes the
8 importance of strengthening the digital economy and enabling safe, convenient, and reliable digital
9 transactions for all citizens. In implementing these measures, the State shall uphold the highest
10 standards of data privacy and cybersecurity to protect the financial information of its people.

11 **SEC. 3. *Definition of Terms.*** - For purposes of this Act:

- 12 a) *Universal Financial Account (UFA)* - refers to a zero-balance digital account
13 automatically created for every Filipino at birth, linked to their PhilSys ID;
14 b) *PhilSys ID* - The official national identification number issued under Republic Act
15 No. 11055;
16 c) *Universal Financial Account Authority (UFAA)* - refers to the government body
17 responsible for implementing, regulating, and supervising the UFA system;
18 d) *Financial Inclusion Subsidy Fund (FISF)* - refers to the fund to support banks and
19 financial institutions for costs associated with maintaining zero-balance accounts;
20 e) *Interoperability* - refers to the ability of the UFA to conduct transactions across
21 different banks, e-wallets, and financial platforms.

22 **SEC. 4. *Creation of Universal Financial Accounts.*** - Every Filipino shall be automatically
23 provided a zero-balance Universal Financial Account linked to the PhilSys ID, with optional opt-
24 out, as follows:

- a) Every Filipino shall be automatically provided a Universal Financial Account at birth.
- b) The UFA shall be linked to the PhilSys ID and shall be interoperable across accredited banks and e-wallets.
- c) Accounts shall have zero balance upon creation and shall include offline transaction capabilities (e.g., USSD-based services) for unbanked or remote areas.
- d) Citizens shall have the option to opt-out of the UFA system, following guidelines set by the UFAA.

SEC. 5. Universal Financial Account Authority (UFAA). - The Universal Financial Account Authority under the Department of Finance is created to oversee UFAs and related functions, as follows:

- a) There is hereby created the Universal Financial Account Authority, under the Department of Finance, which shall oversee the implementation, security, and regulation of all UFAs.
- b) The UFAA shall:
 - i) Establish standards for interoperability across financial institutions;
 - ii) Ensure data privacy and cybersecurity measures are in place;
 - iii) Supervise the disbursement and management of the Financial Inclusion Subsidy Fund;
 - iv) Coordinate with the Bangko Sentral ng Pilipinas (BSP), PhilSys, and other relevant agencies.

SEC. 6. Financial Inclusion Subsidy Fund (FISF). - The Financial Inclusion Subsidy Fund is established to support banks maintaining zero-balance accounts and shall be sourced as follows:

- a) The FISF is hereby established to provide subsidies to banks and financial institutions maintaining zero-balance accounts under this Act.
- b) The Fund shall be sourced from the General Appropriations Act, donor grants, and any other lawful sources.

SEC. 7. Phased Implementation. - The UFAA shall implement the UFA system in phases over five to seven years, prioritizing high-unbanked regions, as follows:

- a) The UFAA shall implement the UFA system in a phased approach over five (5) to seven (7) years, starting with newborns.
- b) The UFAA shall prioritize regions with the highest unbanked populations.

SEC. 8. Financial Literacy and Public Awareness. - The UFAA shall implement nationwide financial literacy programs to educate citizens on the use, benefits, and security measures of their Universal Financial Accounts.

SEC. 9. Appropriations. - The amount necessary to carry out the provisions of this Act, estimated at Fifteen Billion Pesos (₱15,000,000,000.00) to Twenty-Three Billion Pesos (₱23,000,000,000.00), shall be included in the annual General Appropriations Act for the purpose

1 of developing the Universal Financial Account platform, funding the Financial Inclusion Subsidy
2 Fund, and implementing financial literacy and public awareness programs. Savings and benefits
3 are projected to include an annual reduction in leakage of social protection programs amounting to
4 Fifteen to Twenty Billion Pesos (₱15–20B) and increased government revenue from tax
5 compliance estimated at Twenty-Five to Thirty-Five Billion Pesos (₱25–35B) annually.

6 **SEC. 10. *Monitoring and Evaluation.*** - The UFAA shall submit annual reports to
7 Congress on the status, impact, and security of the UFA system.

8 **SEC. 11. *Implementing Rules and Regulations (IRR).*** - Within ninety (90) days from the
9 effectivity of this Act, the Universal Financial Account Authority (UFAA), in coordination with
10 the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), Credit
11 Information Corporation (CIC), Philippine Statistics Authority (PSA), and National Privacy
12 Commission (NPC), shall issue the IRR to provide standards for UFA interoperability and APIs,
13 cybersecurity and data privacy measures including encryption and fraud detection, FISF
14 operational guidelines, phased implementation timelines and opt-out procedures, and
15 reporting/audit requirements for Congress.

16 **SEC. 12. *Separability Clause.*** - If any provision of this Act is declared unconstitutional or
17 invalid, the remaining provisions shall continue in full force and effect.

18 **SEC. 13. *Repealing Clause.*** - All laws, rules, and regulations inconsistent with this Act
19 are hereby repealed or modified accordingly.

20 **SEC. 14. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication in
21 the *Official Gazette* or in a newspaper of general circulation.

22 *Approved,*