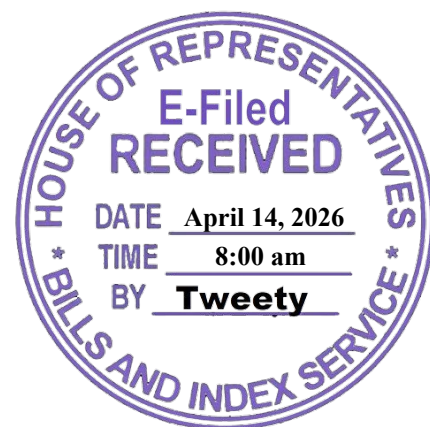


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 8851



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

EXPLANATORY NOTE

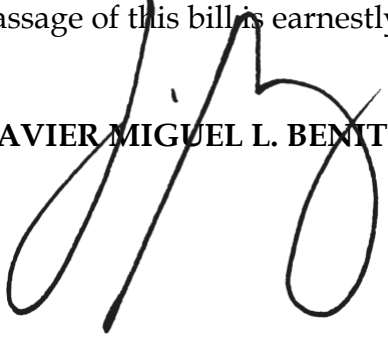
The Philippines has continued to make significant progress toward a cash-lite economy. According to the 2024 Report on E-Payments Measurement of the Bangko Sentral ng Pilipinas (BSP), digital retail payments accounted for 57.4% of total transaction volume, surpassing the 2024 target of 52-54% under the Philippine Development Plan 2023-2028. Payments made by government agencies were the most digitalized, with 97.2% conducted electronically, while person-to-person payments reached 72.2% of total transactions. The total value of monthly digital payments amounted to USD 136 billion, or 59% of the nation's overall retail transaction value.¹ These figures demonstrate growing public trust and reliance on digital payment systems as the country advances toward a more digitally integrated economy.

Despite these gains, a large segment of government transactions, local merchants, and small enterprises remain dependent on cash-based systems, creating inefficiencies, higher transaction costs, and opportunities for graft. This bill institutionalizes the universal adoption of safe, interoperable, and efficient digital payment systems across all government agencies, Government-Owned or -Controlled Corporations (GOCC), Local Government Units (LGUs), and merchants nationwide. It requires public entities to enable electronic collection and disbursement systems and mandates merchants to establish digital payment capability as a prerequisite for business permit approval or renewal.

¹ Mesina-Romero, B., et al. (2024). From Surge to Stability: Digital Payments Driving a Steady Transition. Bangko Sentral ng Pilipinas. https://www.bsp.gov.ph/PaymentAndSettlement/2024_Report_on_E-payments_Measurement.pdf. (Date last accessed: October 21, 2025).

This measure aligns with the mandate of Republic Act No. 11032 (2018), or the *Ease of Doing Business and Efficient Government Service Delivery Act of 2018*, which directs all government offices and instrumentalities to simplify procedures and adopt measures to promote efficiency and transparency. By institutionalizing the use of digital payment systems for all financial transactions of the government and merchants, this measure will reduce bureaucratic delays, curb opportunities for corruption, and strengthen the government's transition to cash-lite, interoperable, and technology-driven processes.

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


JAVIER MIGUEL L. BENITEZ

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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 and cited as the
"Promotion of Digital Payments 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. 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 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 devices* 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 Bangko Sentral ng Pilipinas (BSP), which shall be governed by specific BSP regulations and requirements on digital services;

(d) *Payment system* refers to the set payment instruments, processes, procedures and participants that ensures the circulations 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 payments services to end-users, such as consumers, merchants, and billers, including government institutions.

SEC 5. Use of Digital Payments. - All National Government Agencies (“NGAs”), Government-Owned or -Controlled Corporations (“GOCCs”), and Local Government Units (“LGUs”) are hereby mandated to utilized 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 transitions 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 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 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 pre-requisite 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 shall remain in full force and effect.

SEC. 10. *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. 11. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of national circulation.

Approved,