



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session



House Bill No. 8986

Introduced by CIBAC Party-List Representative
EDUARDO "BRO. EDDIE" C. VILLANUEVA

EXPLANATORY NOTE

The rapid advancement of digital technology has transformed the way economies function, particularly in the movement of money and financial services. Digital payment systems have become essential tools for improving financial efficiency, reducing transaction costs, strengthening transparency, and expanding financial inclusion. For governments, the adoption of digital payments also enhances accountability in the handling of public funds and minimizes leakages associated with manual and cash-based transactions.

In the Philippines, while significant progress has been made in promoting digital financial services, the adoption of digital payments across government institutions and among merchants remains uneven. Many government collections and disbursements are still conducted through traditional processes that are time-consuming, costly, and vulnerable to inefficiencies. Likewise, many micro, small, and medium enterprises, particularly in the informal sector, still lack access to safe and affordable digital payment systems that would allow them to participate fully in the modern digital economy.

This proposed measure seeks to institutionalize the adoption of digital payments in government transactions and promote their wider use among merchants and enterprises. By mandating the use of secure and interoperable digital payment systems for government disbursements and collections, the measure aims to improve efficiency, transparency, and service delivery across public institutions. At the same time, it encourages the development of a competitive and inclusive digital payments ecosystem that enables merchants of all sizes, including micro and small enterprises, to adopt digital payment capabilities without undue burden.

The bill also emphasizes consumer protection, data privacy, and cybersecurity safeguards to ensure that digital payment systems operate in a manner that protects users while maintaining public trust. Furthermore, it supports interoperability among payment platforms and promotes financial literacy and capacity-building initiatives to assist both government entities and private merchants in transitioning toward digital payment solutions.

By advancing the use of digital payments nationwide, this measure supports the country's broader goal of building a more transparent, efficient, and inclusive financial system, while accelerating the transition toward a resilient and cash-lite digital economy.

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


EDUARDO "BRO. EDDIE" C. VILLANUEVA



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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 House of Representatives of the Philippines in Congress assembled:

1
2 **SECTION 1. Short Title.** - This Act shall be known as the *"Electronic Payments*
3 *for Merchants, Enterprises, and Nationwide Transactions (E-PAYMENT Act)."*
4

5 **SEC. 2. Declaration of Policy.** - It is hereby declared the policy of the State to
6 recognize the vital role of information and communications technology, particularly
7 financial technology, in nation-building, financial inclusion, and economic development.
8

9 To this end, the State shall promote the safe, secure, affordable, and efficient
10 use of digital payments in government and private sector transactions; institutionalize
11 digital payments in government collections and disbursements to enhance
12 transparency, accountability, and efficiency, encourage the inclusive and non-
13 burdensome adoption of digital payment capabilities by merchants; ensure consumer
14 protection, data privacy, and cybersecurity in accordance with law and Bangko Sentral
15 ng Pilipinas (BSP) regulations ;and foster a technology-neutral, competitive, and
16 interoperable digital payments ecosystem that promotes public trust.
17

18 **SEC. 3. Objectives** – This Act aims to increase the adoption and use of digital
19 payments in government and private sector transactions, reduce transaction costs,
20 inefficiencies, and leakage in the handling of public funds; promote interoperability and
21 fair competition among digital payment platforms; protect consumers, merchants, and
22 government entities from fraud, abuse and misuse of personal data; and support the
23 transition toward a cash-lite inclusive, and resilient digital economy.
24

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

- 1 a) Basic Deposit Account (BDA) refers to the deposit product offered by banks
2 as defined under the BSP Manual of Regulations for Banks and its
3 implementing guidelines;
- 4 b) Digital Payment refers to a monetary payment transaction between two (2)
5 parties using a digital payment instrument, in which both the payor and the
6 payee use an electronic channel;
- 7 c) Digital Collection refers to a mode of payment wherein businesses and
8 individuals make payments to the government, including but not limited to
9 taxes, fees, and tolls, using a digital device such as a mobile phone, point of
10 sale, or computer. Payments can be made with bank transfers, electronic
11 money transfers, and payment cards including credit, debit prepaid or store-
12 value cards, among others;
- 13 d) Digital Disbursement refers to a mode of payment whereby disbursement of
14 money or equivalent electronic representations of legal tender, for purposes
15 of paying government expenditures, is made by crediting the target
16 recipient's transaction account through advice to debit or electronic fund
17 transfer facilitated by any government agency or instrumentality through their
18 respective servicing bank;
- 19 e) Electronic Fund Transfer- refers to a transfer of funds between two (2)
20 transaction accounts in the same or different BSP-supervised financial
21 institutions, which are initiated and received using electronic devices and
22 channels to transmit payment instructions;
- 23 f) Electronic Money (e-money) refers to electronically stored monetary value
24 issued in accordance with the BSP Manual of Regulations for Banks and the
25 Manual of Regulations for Non-Bank Financial Institutions;
- 26 g) Financial inclusion refers to the state wherein there is effective access to a
27 wide range of financial products and services for all Filipinos;
- 28 h) Government Servicing Payment Service Provider (GSPSP) refers to bank
29 and non-bank PSPs authorized to accept government funds and perform
30 payment services on behalf of government entities. This includes authorized
31 government depository banks (AGDBs) as defined by the Department of
32 Finance (DOF) regulations;
- 33 i) Interoperability refers to the ability of different digital payment systems and
34 platforms to connect and transact seamlessly with one another;
- 35 j) Merchant refers to any person or entity, including micro and small
36 enterprises, engaged in buying and selling services or merchandise,
37 purchasing of services, skills, or expertise, and leasing of goods and
38 services;
- 39 k) Micro-payment Transactions refers to low-value payments, including but not
40 limited to payments to sari-sari store owners, wet market vendors, as well as
41 tricycle and jeepney drivers, the actual thresholds of which shall be
42 determined by the BSP, pursuant to the objectives of this Act;
- 43 l) Payment Service Provider (PSP) refers to an entity, bank or non-bank,
44 including electronic money issuers, that provides digital payment services to
45 end-users such as consumers, merchants, billers, and government entities,
46 subject to BSP regulation;
- 47 m) Payment System refers to the set of payment instruments, processes,
48 procedures and participants that ensure the circulation of money or
49 movement of funds, which comply with the requirements set forth under
50 Republic Act No. 11127 or the National Payment System Act; and

n) Transaction Account refers to an account, such as but not limited to a BDA or a e-money account held with a BSP-supervised institution that maybe 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), government-owned or controlled corporations (GOCCS), foreign-based Philippine government units (LGUs), State Universities and Colleges (SUCs), and Local Universities and Colleges (LUCs) are hereby mandated to utilize safe, secure, and efficient, digital payment systems for the disbursement of government funds, including but not limited to salaries, wages, allowances, benefits, subsidies, and financial assistance, subject to existing accounting and auditing rules.

Government entities may disburse funds directly to recipients transaction accounts held with BSP-supervised financial institutions. For this purpose, said government entities may use the automatic debit arrangement, interoperable electronic fund transfer, or any other appropriate facility of its GSPSPS Accountable officers of the government entities shall observe due diligence in ensuring the accuracy of the recipient's or beneficiary's identity. All such transactions shall remain transparent and subject to post-audit by the Commission on Audit (CDA).

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.

In case of successful 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 pay-out channels may be explored.

SEC. 6. Adoption of Digital Payments for Government Collections. - All government entities, including but not limited to NGAs, foreign-based Philippine government agencies, GOCES, LGUS, SUCs, and LUCs, shall offer digital payment options, in addition to cash, for the collection of taxes, fees, tolls, imposts, and other revenues.

Government entities shall engage only secure, interoperable, and BSP-4 compliant digital payment solutions, and shall not be limited to government financial institutions in selecting their PSPs.

SEC. 7. Interoperability and Open Finance. - The BSP accelerate the adoption of interoperable digital payment systems, including the National Quick Response (QR) Code Standard, to ensure seamless transactions across platforms.

The BSP, in coordination with relevant government agencies, shall likewise promote the Open Finance Framework, subject to customer consent, data privacy, and information security safeguards.

1 **SEC. 8. Digital Payment Capability of Merchants.** – To accelerate the
2 adoption of digital payments, LGUs shall, by ordinance, encourage the adoption of
3 digital payment capabilities by merchants within their jurisdictions through monetary
4 and non-monetary incentives, capacity-building, and other support mechanisms,
5 including the establishment or outsourcing of arrangements or mechanisms that
6 enable merchants to receive payments from clients and make payments to creditors
7 and suppliers using digital channels, with particular consideration for micro and small
8 merchants. LGUs shall ensure that merchants have access to appropriate digital
9 payment solutions and the capacity to effectively use the same, including assistance
10 for small and micro-merchants.

11
12 The BSP, Department of Trade and Industry (DTI), Department of the Interior
13 and Local Government (DILG), and Department of Information and Communications
14 Technology (DICT) shall provide capacity building for the NGAS, GOCCS, LGUS,
15 SUCS, LUCS, and merchants on the use of digital payments. No requirement imposed
16 pursuant to this Act shall unreasonably burden or exclude informal sector participants
17 from lawful economic activity.

18
19 **SEC. 9. Consumer Protection, Data Privacy, and Cybersecurity.** - All data
20 information and communications technology systems and networks used for digital
21 payments pursuant to the objectives of this Act shall be secured and protected at all
22 times. The DICT and the National Privacy Commission (NPC) shall, in consultation
23 with the BSP, define and prescribe the minimum information security and data
24 protection standards for compliance by PSPs covered by this Act that are not under
25 the oversight and regulatory authority of the BSP. Further, all digital payment systems
26 covered by this Act shall:

- 27
28 a) Comply with the Data Privacy Act of 2012, BSP regulations, and NPC
29 standards;
30 b) Integrate security and privacy by design and by default;
31 c) Establish accessible dispute resolution and redress mechanisms; and
32 d) Implement appropriate safeguards against fraud, cybercrime, and
33 unauthorized transactions.

34
35 **SEC. 10. Incentives and Support Measures.** - to optimize the benefits of
36 digital payments, scale up financial inclusion, and promote sustainability, all
37 government entities shall prioritize the use of safe, secure, reliable, and efficient digital
38 payment in their financial transactions. Government entities may adopt incentive
39 frameworks to encourage digital payments, including reduced transaction fees for
40 micro-payments, administrative incentives, and financial and digital literacy programs.

41
42 Further, to enable the general public to adopt digital payments, micro-payment
43 transactions shall be subject to graduated pricing or be rendered free of any service
44 charge as determined by the BSP in consultation with the merchants and the payment
45 services industry, as may be represented by the BSP accredited payment system
46 management body. The DICT shall, consistent with its mandate and subject to
47 available resources, support initiatives that enhance connectivity necessary for the
48 effective implementation of this Act.

1 **SEC. 11. Transitory Provision.** – Government entities shall ensure the orderly
2 and progressive transition of their respective collection and disbursement procedures
3 and policies to digital payments, in accordance with this Act and its implementing rules
4 and regulations (IRR).

5
6 Digital disbursement shall be implemented within six (6) months from the
7 effectivity of the IRR, subject to reasonable exceptions based on operational
8 constraints, as may be determined by the BSP in coordination with relevant agencies.

9
10 Digital collections shall likewise be implemented subject to a tiered and phased
11 transition framework, to be prescribed in the IRR, which shall provide differentiated
12 transition periods based on the readiness, capacity, and operational requirements of
13 government entities: Provided, That the overall transition period shall not exceed three
14 (3) years from the effectivity of the IRR.

15
16 **SEC. 12 Prohibited Acts.** – The following acts shall be unlawful under this Act:

- 17
18 a) Willful refusal or deliberate failure, without lawful justification, of a public
19 officer or employee to implement digital payment policies, systems, or
20 directives duly issued pursuant to this Act or its implementing rules and
21 regulations, when such refusal or failure results in material prejudice to
22 public service, public funds, or government operations;
23 b) The knowing authorization, use, or maintenance of digital payment
24 arrangements for government transactions that are intended to conceal,
25 divert, delay, or misuse public funds, or to defeat transparency and
26 accountability requirements;
27 c) The intentional circumvention, suppression, or manipulation of audit trails,
28 records, reports, or data relating to digital payment transactions involving
29 public funds, for the purpose of avoiding post-audit, examination, or
30 verification by the Commission on Audit or other lawful authorities;
31 d) The knowing engagement, endorsement, or continued use of non-
32 compliant, fraudulent, or unregistered digital payment platforms or
33 arrangements for government transactions, despite the availability of
34 compliant and interoperable alternatives; or
35 e) The willful misrepresentation or false certification of compliance with
36 Interoperability, security, transparency, or regulatory requirements
37 prescribed under this Act or its implementing rules and regulations.

38
39 **SEC. 13. Penalties and Sanctions.** – Without prejudice to the penalties and
40 sanctions provided under Republic Act No. 11127, otherwise known as the "National
41 Payment Systems Act," and other applicable laws, any person who willfully commits
42 any of the prohibited acts enumerated in the preceding section, or willfully violates any
43 provision this Act, its implementing rules and regulations, or lawful directives or orders
44 duly issued by the BSP pursuant hereto, shall be punished by a fine of not less than
45 Two Hundred Thousand Pesos (Php200,000.00) but not more than Two Million Pesos
46 (Php2,000,000.00), or by imprisonment of not less than three (3) years but not more
47 than ten (10) years, or both, at the discretion of the court.

48
49 When the offender is a public officer or employee, the penalty of perpetual or
50 temporary disqualification from public office, as may be appropriate, shall be imposed

1 in addition to criminal liability, without prejudice to administrative sanctions under
2 existing laws.

3
4 When the offender is a juridical entity, the responsible officers who authorized,
5 participated in, or knowingly tolerated the commission of the prohibited act shall be
6 held liable. The penalties provided under this Act shall be without prejudice to the
7 application of penalties, sanctions, or liabilities under existing laws, including but not
8 limited to laws on public accountability, anti-graft and corruption, data privacy,
9 cybercrime, and financial regulation.

10
11 **SEC. 14. Lead and Implementing Agencies.** – The BSP shall serve as the
12 lead implementing agency of this Act, in coordination with the Department of Budget
13 and Management (DBM), DOF, DICT, DTI, DILG, NPC, and the COA

14
15 **SEC. 15. Implementing Rules and Regulations.** - Within one hundred eighty
16 (180) days from the effectivity of this Act, the BSP shall, in consultation with the
17 concerned agencies, promulgate and implement the necessary rules and regulations
18 to effectively implement the provisions of this Act.

19
20 Unjustified or willful failure or refusal of the relevant government agencies to
21 promulgate the IRR within the specified period shall subject the heads of these
22 government agencies to administrative penalties under applicable civil service laws.

23
24 Should the IRR contain provisions that are contrary to this Act, the heads of the
25 government agencies responsible for such provision, when done in bad faith or with
26 gross negligence, shall be held administratively liable.

27
28 **SEC. 16 Interpretation.** - Nothing in this Act shall be construed to exempt any
29 government funds in the possession of private entities from the constitutional authority
30 and duty of the COA to examine, audit, and settle all accounts pertaining to the
31 revenue and receipts of, and expenditures or uses of funds and property owned or
32 held in trust by, or pertaining to, the government. All digital payments involving
33 government transactions under this Act shall be subject to post-audit by the CDA, in
34 accordance with existing laws, rules, and regulations. Accordingly, the COA may issue
35 or update such rules and guidelines as may be necessary to implement its audit
36 authority over transactions covered by this Act.

37
38 **SEC. 17. Separability Clause.** - If any portion or provision of this Act is
39 declared unconstitutional, the remainder hereof or any provisions not affected thereby
40 shall remain in force and effect.

41
42 **SEC. 18. Repealing Clause.** - Any law, presidential decree or issuance,
43 executive order, letter of instruction, rule, or regulation inconsistent with the provisions
44 of this Act is hereby repealed or modified accordingly.

45
46 **SEC. 19. Effectivity.** - This Act shall take effect fifteen (15) days after its
47 complete publication in the Official Gazette or in a newspaper of general circulation.

48
49 *Approved,*