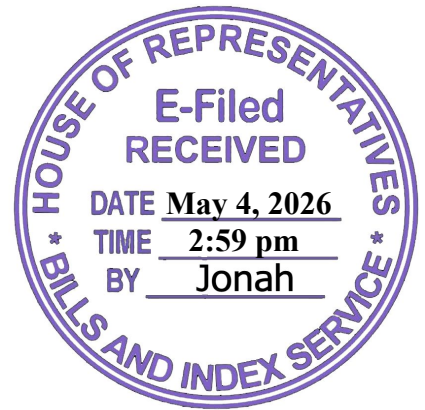




Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City  
**TWENTIETH CONGRESS**  
First Regular Session



House Bill No. 9035

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Introduced by:  
HON. KING GEORGE LEANDRO ANTONIO V. COLLANTES

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### **EXPLANATORY NOTE**

The 1987 Constitution mandates the State to promote social justice, ensure transparency and accountability in public service, and adopt policies that enhance efficiency in government operations. It likewise recognizes the vital role of technology in national development and the duty of the State to promote a more equitable distribution of opportunities and services.

In this light, the herein proposed *Digital Payments Act* seeks to modernize the way government collects revenues and disburses public funds through the institutionalization of safe and efficient digital payments. This measure ensures that public financial transactions are conducted in a manner that is transparent, traceable, and responsive to the needs of the people.

Once enacted, the benefits of this bill for our people are immediate and practical. Digital payments eliminate the need to physically line up in government offices, lower transaction costs, and enable payments for taxes, fees, and permits anytime and anywhere. For small businesses and local merchants, the integration of digital payment capability streamlines compliance with local regulations while expanding their access to formal

financial services. By empowering local government units to support small and micro-merchants in adopting digital systems, the bill promotes financial inclusion and reduces the risks associated with handling cash.

This policy is a necessary step toward building a modern, citizen-centered government. By prioritizing safety, interoperability, and digital literacy, this measure enhances efficiency while reinforcing public accountability. We thus aim to institutionalize routine financial transactions into faster, safer, and more transparent processes, ensuring that government services are delivered with greater convenience, integrity, and reliability for every Filipino.

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



KING GEORGE LEANDRO ANTONIO V. COLLANTES  
Representative, 3rd District, Batangas



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
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**HOUSE BILL NO. 9035**

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Introduced by: HON. KING GEORGE LEANDRO ANTONIO V.  
COLLANTES

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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:*

**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 and merchants, and among the  
general public.

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

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

38       (a) Access device refers to any card, plate, code, account number,  
39 electronic serial number, personal identification number, or other  
40 telecommunications service, equipment or instrumental identifier, or  
41 other means of account access that can be used to obtain money,  
42 goods, services, or any other thing of value or to initiate a transfer of  
43 funds other than a transfer originated solely by paper instrument;

44       (b) Digital payments refer to monetary payment transactions between  
45 two (2) parties through a digital payment instrument in which both the  
46 payer and the payee use an electronic channel;

47       (c) Merchant refers to a person or entity engaged in buying and selling  
48 merchandise, purchasing goods and services, skills, or expertise, and  
49 leasing of goods and services. It also includes credit-granting entities,  
50 lending institutions, pawnshops, remittance companies and other  
51 money service business, except financial institutions supervised by the  
52 Bangko Sentral ng Pilipinas (BSP), which shall be governed by specific  
53 BSP regulations and requirements on digital services;

54       (d) Payment system refers to the set of payment instruments,  
55 processes, procedures and participants that ensures the circulation of  
56 money or movement of funds which comply with the requirements set  
57 forth under Republic Act No. 11127, otherwise known as "The National  
58 Payment Systems Act"; and

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

62       **SEC. 5. Use of Digital Payments.** - All national government agencies  
63 (NGAs), government-owned or -controlled corporations (GOCCs), and local  
64 government units (LGUs) are hereby mandated to utilize safe and efficient  
65 electronic or digital means of receiving payment for taxes, fees, tolls,  
66 imposts, and other revenues and for the payment of goods, services, and  
67 other 9 disbursements. To this end, government entities may be allowed to

68 include in their respective budgets the amounts that will cover the cost of  
69 establishing and maintaining the infrastructure, system and process  
70 adjustments as well as transaction fees that they may shoulder in connection  
71 with the implementation of digital payments, including merchant discount  
72 rate, processing fees, cash out fees, administration fees: Provided, That the  
73 release of said budget may be conditioned on the actual adoption of digital  
74 payments by the concerned government entities.

75 To facilitate compliance with this Act, NGAs, GOCCs, and LGUs shall  
76 adopt account-based disbursements whereby target recipients directly  
77 receive government payments into their transaction accounts. These  
78 government entities may create their respective digital payment technical  
79 support and maintenance service units which shall be responsible for  
80 troubleshooting and maintaining coordination with the PSP partner for  
81 technical and other concerns within the agency. They shall also be  
82 responsible for ensuring the proper transition of their respective agency's  
83 payments and disbursement procedures and policies to digital payments.  
84 The creation of the technical support and maintenance service units shall be  
85 without prejudice to any technical support arrangement between the agency  
86 and the PSP partner pursuant to a contract or agreement: Provided, That,  
87 the contract or agreement shall be subject to the applicable regulations of  
88 the BSP.

89 The BSP shall accelerate the adoption by all PSPs of the national quick  
90 response (QR) code standard to hasten the interoperability of QR-driven  
91 payment services and eliminate the need for merchants and clients to  
92 maintain several accounts.

93 The Government Procurement Policy Board shall, in coordination with  
94 the BSP, issue guidelines to be observed when procuring the services of a  
95 PSP that provide digital payment: Provided, That, government entities shall  
96 avail only of interoperable digital payment solutions.

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

99 **SEC. 6. Digital Payment Capability of Merchants.** - To accelerate  
100 the adoption of digital payment, LGUs shall, by ordinance, require merchants  
101 within their localities to establish or outsource arrangements or mechanisms  
102 that would enable them to receive payments from clients and make  
103 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.

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

142       **SEC. 10. Repealing Clause.** - All laws, presidential decrees, executive  
143 orders, rules and regulations contrary to or inconsistent with the provisions  
144 of this Act are hereby repealed or modified accordingly.

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

147       *Approved,*