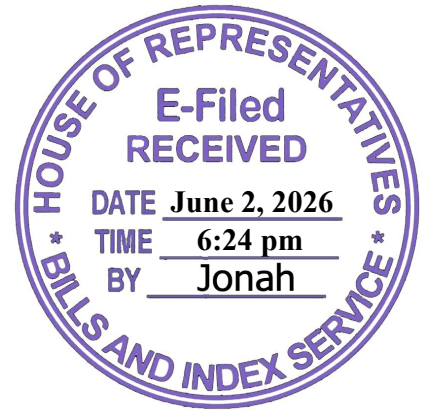


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9692**



Introduced by **Representative JEFFREY SORIANO**

EXPLANATORY NOTE

This bill seeks to institutionalize secure, efficient, interoperable, and inclusive digital payment systems across the country. It further promotes the widespread adoption of digital payments in government and private sector transactions.

As digital technology continues to transform commerce, banking, and public service delivery, the use of digital payments has become increasingly important and critical in improving financial inclusion, transparency, efficiency, and ease of doing business. However, despite significant advancements in financial technology, many government transactions and merchant activities in the Philippines remain heavily cash-dependent, resulting in delays, inefficiencies, higher transaction costs, and greater exposure to fraud, leakage, and corruption.

Many Filipinos, particularly those in underserved and rural communities, still face limited access to safe and affordable digital financial services. Small businesses and informal sector players likewise encounter barriers in adopting digital payment systems due to inadequate infrastructure, limited digital literacy, and concerns over costs and security. At the same time, the absence of fully interoperable and standardized payment systems continues to hinder seamless financial transactions across platforms and institutions.

This bill mandates the adoption of digital payment options for government collections and disbursements. It also encourages merchants to adopt digital payment capabilities, strengthens interoperability among payment systems, and promotes consumer protection, cybersecurity, and data privacy safeguards. The measure likewise supports financial inclusion initiatives to ensure that digital payment systems remain accessible, secure, and beneficial to all sectors of society, particularly micro and small enterprises that form the backbone of our economy.

This transition toward a digital payments ecosystem is essential in building a more transparent, efficient, and resilient economy. This bill is created to improve government service delivery, advance economic growth in the digital age, and strengthen public trust.

In view of the foregoing, the immediate approval of this measure is earnestly sought.

A handwritten signature in black ink, appearing to read 'Jeffrey Soriano', written over a diagonal line.

HON. JEFFREY SORIANO

Republic of the Philippines
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TWENTIETH CONGRESS
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House Bill No. **9692**

Introduced by **Representative JEFFREY SORIANO**

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 as the “*Digital Payments Act*”.

SEC. 2. *Declaration of Policy.* – The State recognizes the vital role of information and communications technology, particularly financial technology, in nation-building, financial inclusion, and economic development. The State likewise recognizes the need to promote the ease of doing business and ensure the efficient delivery of goods and services to the public.

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

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

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

a. 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;

b. Digital Payment refers to a monetary payment transaction between two (2) parties using a digital payment instrument, in which both the payor and the payee use an electronic channel;

c. Digital Collection refers to a mode of payment wherein businesses and individuals make payments to the government, including but not limited to taxes, fees, and tolls, using a digital device such as a mobile phone, point of sale, or computer. Payments can be made with bank transfers, electronic money transfers, and payment cards including credit, debit, prepaid, or stored-value cards, among others;

d. 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 advice to debit or electronic fund transfer facilitated by any government agency or instrumentality through their respective servicing bank;

e. Electronic Fund Transfer refers to a transfer of funds between two (2) transaction accounts in the same of different BSP-supervised financial institutions, which are initiated and received using electronic devices and channels to transmit payment instructions;

f. Electric Money (e-money) refers to electronically stored monetary value issued in accordance with the BSP Manual of Regulations for Banks and the Manual of Regulations for Non-Bank Financial Institutions;

g. Financial inclusion refers to the state wherein there is effective access to a wide range of financial products and services for all Filipinos;

h. Government Servicing Payment Service Provider (GSPSP) refers to bank and non-bank PSPs authorized to accept government funds and perform payment services on behalf of government entities. This includes authorized government depository banks (AGDBs) as defined by the Department of Finance (DOF) regulations;

i. Interoperability refers to the ability of different digital payment systems and platforms to connect and transact seamlessly with one another;

j. Merchant refers to any person or entity, including micro and small enterprises, engaged in buying and selling services or merchandise, purchasing of services, skills, or expertise, and leasing of goods and services;

k. 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;

l. Payment Service Provider (PSP) refers to an entity, bank or non-bank, including electronic money issuers, that provides digital payment services to end-users such as consumers, merchants, billers, and government entities, subject to BSP regulation;

m. 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 (RA) No. 11127, otherwise known as the "*National Payment System Act*"; and

n. Transaction Account refers to an account, such as but not limited to a BDA or an e-money account held with a BSP-supervised institution that may 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), government-owned or -controlled corporations (GOCCs), foreign-based Philippine government agencies, local 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 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 (COA).

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 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, GOCCs, 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-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 shall 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.

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

The BSP, Department of Trade and Industry (DTI), Department of the Interior and Local Government (DILG), and Department of Information and Communications Technology (DICT) shall provide capacity building for the NGAs, GOCCs, LGUs, SUCs, LUCs, and merchants on the use of digital payments.

No requirement imposed pursuant to this Act shall unreasonably burden or exclude informal sector participants from lawful economic activity.

SEC. 9. *Consumer Protection, Data Privacy, and Cybersecurity.* – All data 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 DICT and the National Privacy Commission (NPC) shall, in consultation with the BSP, define and prescribe the minimum information security and data protection standards for compliance by PSPs covered by this Act that are not under the oversight and regulatory authority of the BSP.

Further, all digital payments systems covered by this Act shall:

- a. Comply with RA No. 10173, otherwise known as the “*Data Privacy Act of 2012*”, BSP regulations, and NPC standards;
- b. Integrate security and privacy by design and by default;
- c. Establish accessible dispute resolution and redress mechanisms; and
- d. Implement appropriate safeguards against fraud, cybercrime, and unauthorized transactions.

SEC. 10. *Promotion of Digital Payment Transactions.* – To optimize the benefits of digital payments, scale up financial inclusion, and promote sustainability, all government entities shall prioritize the use of safe, secure, reliable, and efficient digital payment in their financial transactions.

Government entities may adopt incentive frameworks to encourage digital payments, including reduced transaction fees for micro-payments, administrative incentives, and financial and digital literacy programs.

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

The DICT shall, consistent with its mandate and subject to available resources, support initiatives that enhance connectivity necessary for the effective implementation of this Act.

SEC. 11. *Artificial Intelligence Governance and Consumer Protection.* – The BSP shall establish guidelines to ensure that Artificial Intelligence (AI) systems used

in digital payment platforms adhere to standards on cybersecurity, data privacy, consumer protection, and risk management. PSPs utilizing AI in digital payment services shall remain fully responsible for decisions made using such payments/

SEC. 12. *Transitory Provision.* – Government entities shall ensure the orderly and progressive transition of their respective collection and disbursement procedures and policies to digital payments, in accordance with this Act and its implementing rules and regulations (IRR).

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

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

SEC. 13. *Prohibited Acts.* – The following acts shall be unlawful under this Act:

a. Willful refusal or deliberate failure, without lawful justification, of a public officer or employee to implement digital payment policies, systems, or directives duly issued pursuant to this Act or its implementing rules and regulations, when such refusal or failure results in material prejudice to public service, public funds, or government operations;

b. The knowing authorization, use, or maintenance of digital payment arrangements for government transactions that are intended to conceal, divert, delay, or misuse public funds, or to defeat transparency and accountability requirements;

c. The intentional circumvention, suppression, or manipulation of audit trails, records, reports, or data relating to digital payment transactions involving public funds, for the purpose of avoiding post-audit, examination, or verification by the Commission on Audit or other lawful authorities;

d. The knowing engagement, endorsement, or continued use of non-compliant, fraudulent, or unregistered digital payment platforms or arrangements for government transactions, despite the availability of compliant and interoperable alternatives; or

e. The willful misrepresentation or false certification of compliance with interoperability, security, transparency, or regulatory requirements prescribed under this Act or its implementing rules and regulations.

SEC. 14. *Penalties and Sanctions.* – Without prejudice to the penalties and sanctions provided under RA No. 11127, otherwise known as the “*National Payment Systems Act*”, and other applicable laws, any person who willfully commits any of the prohibited acts enumerated in the preceding section, or willfully directives or orders duly issued by the BSP pursuant hereto, shall be punished by a fine of not less than Two Hundred Thousand Pesos (P200,000.00) but not more than Two Million Pesos (P2,000,000.00), or by imprisonment of not less than three (3) years but not more than ten (10) years, or both, at the discretion of the court.

When the offender is a public officer or employee, the penalty of perpetual or temporary disqualification from public office, as may be appropriate, shall be imposed in addition to criminal liability, without prejudice to administrative sanctions under existing laws.

When the offender is a juridical entity, the responsible officers who authorized, participated in, or knowingly tolerated the commission of the prohibited act shall be held liable.

The penalties provided under this Act shall be without prejudice to the application of penalties, sanctions, or liabilities under existing laws, including but not limited to laws on public accountability, anti-graft and corruption, data privacy, cybercrime, and financial regulation.

SEC. 15. *Lead and Implementing Agencies.* – The BSP shall serve as the lead implementing agency of this Act, in coordination with the Department of Budget and Management (DBM), DOF, DICT, DTI, DILG, NPC, and the COA.

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

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

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

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 COA 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 by the COA, in accordance with existing laws, rules, and regulations. Accordingly, the COA may issue or update such rules and guidelines as may be necessary to implement its audit authority over transactions covered by this Act.

SEC. 18. *Separability Clause.* – If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 19. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

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

Approved,