Mr. Speaker:

The Committee on Banks and Financial Intermediaries to which were referred House Bill No. 6652 by Representative Garcia, Jose Enrique “Joet” III, S., entitled:

AN ACT
PROMOTING THE ADOPTION OF ELECTRONIC MONEY AS A MEDIUM OF EXCHANGE FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS AND FOR OTHER PURPOSES;

House Bill No. 6716 by Representative Hernandez, Ferdinand L., entitled:

AN ACT
PROMOTING THE ADOPTION OF ELECTRONIC MONEY AS A MEDIUM OF EXCHANGE FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS AND FOR OTHER PURPOSES;

House Bill No. 7130 by Representative Delos Santos, Alfred, C., entitled:

AN ACT
PROMOTING THE ADOPTION OF ELECTRONIC MONEY AS A MEDIUM OF EXCHANGE FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS AND FOR OTHER PURPOSES;

House Bill No. 7714 by Representative Barbers, Robert Ace, S., entitled:

AN ACT
ESTABLISHING THE PHILIPPINE PUBLIC PAYMENT SYSTEM;

House Bill No. 7747 by Representative Castelo, Precious Hipolito., entitled:

AN ACT
MANDATING THE INSTALLATION OF ONLINE PAYMENT SYSTEMS IN ALL PUBLIC OFFICES AND APPROPRIATING FUNDS THEREFOR;

And, House Bill No.8290 by Representative Villafuerte, Luis Raymund “LRay” Jr.,F., entitled:

AN ACT
PROMOTING THE ADOPTION OF ELECTRONIC MONEY AS A MEDIUM OF EXCHANGE
FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS
AND FOR OTHER PURPOSES;

has considered the same and hereby recommends the approval of House Bill No. 8992 entitled:

AN ACT
PROMOTING THE USE OF DIGITAL PAYMENTS
FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT
AND ALL MERCHANTS

in substitution of House Bill Numbered 6652, 6716, 7130, 7714, 7747 and 8290, with Representatives
Garcia, J. E., Cua, Hernandez, Delos Santos, A., Barbers, Castelo, Villafuerte, Tiangco, Padiernos, Salo,
Ferrer, J., Lacson, Nieto, and Maceda as authors thereof.

Respectfully submitted,

JUNIE E. CUA
Chairperson

THE SPEAKER
HOUSE OF REPRESENTATIVES
Republic of the Philippines  
House of Representatives 
Quezon City 

EIGHTEENTH CONGRESS  
Second Regular Session  

House Bill No. 8992  
(in substitution of HBs 6652, 6716, 7130, 7714, 7747 and 8290)  

Introduced by Representatives Garcia, J. E., Cua,  
Hernandez, Delos Santos, A., Barbers, Castelo, Villafuerte,  
Tiangco, Padiernos, Salo, Ferrer, J., Lacson, Nieto, and Maceda  

AN ACT  
PROMOTING THE USE 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, and for developing safe and efficient modes for conveying payment for  
financial transactions. 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.  

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 device 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 of payment instruments, processes, procedures
and participants that ensures the circulation of money or movement of funds which comply
with the requirements set forth under *Republic Act No. 11127*, otherwise known as “The
National Payment System Act”, and

(e) *Payment Service Provider (PSP)* refers to an entity that provides payment
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 and controlled corporations (GOCCs), and local government units
(LGUs) are hereby mandated to utilize 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 must 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 in maintaining coordination with the PSP partner for
technical and other concerns within the agency. They shall also be responsible for ensuring
the proper transition of their respective agency’s payments and disbursement procedures
and policies on 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 to 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 to 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 shows 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.

All NGAs, GOCCs, and LGUs shall also explore the feasibility of adopting a comprehensive incentive framework for selected financial transactions to encourage the availed 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.
FACT SHEET
House Bill No. 8992

"AN ACT
PROMOTING THE USE OF DIGITAL PAYMENTS
FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT
AND ALL MERCHANTS"

(As Approved by the Committee on Banks and Financial Intermediaries on February 11, 2021)


Committee Referral: Committee on Banks and Financial Intermediaries
Chairperson: Junie E. Cua

OBJECTIVES:

- To facilitate transactions, arrangements, or exchanges of goods and services by promoting the universal, safe and efficient use of the electronic mode of conveying payments for financial transactions of the government and the general public.

KEY PROVISIONS:

- Mandates the use of safe and efficient digital or electronic mode of payments by all national government agencies (NGAs), government-owned and controlled corporations (GOCCs), and local government units (LGUs) in the collection of payment of taxes, fees, tolls, imposts and other revenues, and in the payment of goods, services and other disbursements.

- Authorizes government entities adopting digital payments to provide in their respective budgets the amount necessary to cover the cost of establishing and maintaining the infrastructure, system and process adjustments as well as transaction fees incurred in connection with the implementation of digital payments such as merchant discount rate, processing fees, cash-out fees, and administrative fees.
• Mandates NGAs, GOCCs and LGUs to adopt account-based disbursements where recipients directly receive government payments into their bank or digital accounts.

• Mandates the Bangko Sentral ng Pilipinas (BSP) to accelerate the adoption of the national quick response (QR) code standard to facilitate inter-operability of QR-driven payment services and eliminate the need for merchants and clients to maintain several accounts.

• Provides that only payment system providers duly authorized and accredited by the BSP may be engaged by agencies to handle their digital payment transactions.

• Mandates LGUs to accelerate the establishment of their digital payment capability by enacting ordinances requiring merchants to install a functional digital payment system at their place of business, either by themselves or through outsourcing arrangements, as a pre-requisite for the approval or renewal of their business permits.

• Mandates LGUs to extend assistance to small and micro-merchants to facilitate their adoption of digital transaction capability.

• Mandates the BSP, Department of Trade and Industry, Department of Interior and Local Government, and the Department of Information and Communications Technology (DICT) to adopt measures to build the capacity for NGAs, GOCCs, LGUs, and merchants on the use of digital payments.

• Mandates NGAs, GOCCs and LGUs to prioritize the use of safe and efficient digital payment in their financial transactions in order to optimize its benefits and promote financial inclusion.

• Authorizes NGAs, GOCCs and LGUs to adopt and implement, where feasible, a comprehensive incentive framework for financial transactions, including reduced fees or other incentives, to promote and encourage the use of digital payments.

• Mandates the Department of Science and Technology and the DICT to implement measures to further enhance internet connectivity throughout the country in support of the digitalization of financial transactions.
RELATED LAWS:

Republic Act No. 11127 ("The National Payment Systems Act")
Republic Act No. 8791 ("General Banking Act of 2000")
Republic Act No. 7160, as amended ("Local Government Code of 1991")