

House of Representatives
Quezon City
NINETEENTH CONGRESS
First Regular Session



COMMITTEE REPORT No. 576

Submitted by the Committee on Banks and Financial Intermediaries on May 22, 2023

Re: House Bill No. 8262

Recommending its approval in substitution of House Bills Numbered 275, 358, 2224, 2748, 2946, 3737, 4344, 5073, and 7582

Sponsor: Representative Tieng, Irwin C.

Mr. Speaker:

The Committee on Banks and Financial Intermediaries to which were referred House Bill No. 275 by Representatives Villafuerte, Luis Raymund "LRay" Jr. F., Villafuerte, Miguel Luis R., Horibata, Tsuyoshi Anthony, and Enciso, Nicolas VIII, entitled:

**AN ACT
PROMOTING THE ADOPTION OF DIGITAL PAYMENTS
FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS
AND FOR OTHER PURPOSES;**

House Bill No. 358 by Representative Garcia, Maria Angela S., entitled:

**AN ACT
PROMOTING THE ADOPTION OF DIGITAL PAYMENTS
FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS
AND FOR OTHER PURPOSES;**

House Bill No. 2224 by Representative Matibag, Ma. Renee Ann Lourdes G., 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. 2748 by Representative Delos Santos, Alfred., 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. 2946 by Representative Lara, Joseph "Jojo" L., entitled:

**AN ACT
PROMOTING THE ADOPTION OF DIGITAL PAYMENTS
FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS;**

House Bill No. 3737 by Representatives Duterte, Paolo Z., Yap, Eric G., Yap, Edvic G., and Soriano, Jeffrey, entitled:

**AN ACT
PROMOTING THE ADOPTION OF DIGITAL PAYMENTS FOR FINANCIAL
TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS;**

House Bill No. 4344 by Representatives Lacson-Noel, Josephine Veronique "Jaye" R., and Noel, Florencio Gabriel G., entitled:

**AN ACT
PROMOTING THE ADOPTION OF DIGITAL PAYMENTS FOR FINANCIAL
TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS;**

House Bill No. 5073 by Representative Guintu, Ivan Howard A., entitled:

**AN ACT
PROMOTING THE ADOPTION OF DIGITAL PAYMENTS FOR FINANCIAL
TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS AND FOR
OTHER PURPOSES; and**

House Bill No. 7582 by Representatives Tulfo, Ralph Wendel P., and Tulfo Jocelyn P., entitled:

**AN ACT
PROMOTING THE ADOPTION OF DIGITAL PAYMENTS FOR FINANCIAL
TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS AND FOR
OTHER PURPOSES**

has considered the same and hereby recommends the approval of the attached House Bill No. 8262 entitled:

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

in substitution of House Bills Numbered 275, 358, 2224, 2748, 2946, 3737, 4344, 5073 and 7582 with Representatives Villafuerte, Lray, Villafuerte, M.L., Horibata, Enciso, Garcia, M.A., Tieng, Matibag, Delos Santos, Lara, Duterte, Yap, Eric, Yap, Edvic, Soriano, Lacson-Noel, Noel, Guintu, Tulfo, R.W., and Tulfo, J., as authors thereof.

Respectfully submitted,

IRWIN C. TIENG
Chairperson

**THE SPEAKER
HOUSE OF REPRESENTATIVES**



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

House Bill No. 8262

(In substitution of House Bills Numbered 275, 358, 2224, 2748, 2946,
3737, 4344, 5073, and 7582)

Introduced by Representatives Luis Raymund "Lray" F. Villafuerte, Jr., Miguel Luis R. Villafuerte, Tsuyoshi Anthony G. Horibata, Nicolas C. Enciso VIII, Maria Angela S. Garcia, Irwin C. Tieng, Ma. Rene Ann Lourdes G. Matibag, Alfred C. Delos Santos, Joseph "Jojo" L. Lara, Paolo Z. Duterte, Eric Go Yap, Edvic G. Yap, Jeffrey Soriano, Josephine Veronique "Jaye" R. Lacson-Noel, Florencio Gabriel "Bem" G. Noel, Ivan Howard A. Guintu, Ralph Wendel P. Tulfo, and Jocelyn P. Tulfo

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 **SECTION 1. *Short Title.*** – This Act shall be known and cited as the
2 *“Promotion of Digital Payments Act.”*

3 **SEC. 2. *Declaration of Policy.*** – The State recognizes the vital role of
4 information and communications technology in nation-building. The State also
5 recognizes the need of promoting ease of doing business and efficient delivery of
6 goods and services to the general public. Towards this end, the State shall

1 promote financial inclusion, optimize the use of technology and innovative
2 payment systems for financial transactions, and promote the electronic
3 conveyance of payment for various transactions with the government, to and
4 among business entities and merchants, and among the general public.

5 **SEC. 3. *Objective.*** – This Act aims to facilitate transactions,
6 arrangements, or exchanges of goods and services by promoting the universal
7 use of safe and efficient digital payments in financial transactions of the
8 government and the general public.

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

10 (a) *Access device* refers to any card, plate, code, account number, electronic
11 serial number, personal identification number, or other telecommunications
12 service, equipment or instrumental identifier, or other means of account access
13 that can be used to obtain money, goods, services, or any other thing of value or
14 to initiate a transfer of funds other than a transfer originated solely by paper
15 instrument;

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

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

26 (d) *Payment system* refers to the set of payment instruments, processes,
27 procedures and participants that ensures the circulation of money or movement
28 of funds which comply with the requirements set forth under Republic Act No.
29 11127, otherwise known as “The National Payment Systems Act”; and

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

4 **SEC. 5. Use of Digital Payments.** – All national government agencies
5 (NGAs), government-owned or -controlled corporations (GOCCs), and local
6 government units (LGUs) are hereby mandated to utilize safe and efficient
7 electronic or digital means of receiving payment for taxes, fees, tolls, imposts,
8 and other revenues and for the payment of goods, services, and other
9 disbursements. To this end, government entities may be allowed to include in
10 their respective budgets the amounts that will cover the cost of establishing and
11 maintaining the infrastructure, system and process adjustments as well as
12 transaction fees that they may shoulder in connection with the implementation
13 of digital payments, including merchant discount rate, processing fees, cash out
14 fees, administration fees: *Provided*, That the release of said budget may be
15 conditioned on the actual adoption of digital payments by the concerned
16 government entities.

17 To facilitate compliance with this Act, NGAs, GOCCs, and LGUs shall
18 adopt account-based disbursements whereby target recipients directly receive
19 government payments into their transaction accounts. These government
20 entities may create their respective digital payment technical support and
21 maintenance service units which shall be responsible for troubleshooting and
22 maintaining coordination with the PSP partner for technical and other concerns
23 within the agency. They shall also be responsible for ensuring the proper
24 transition of their respective agency's payments and disbursement procedures
25 and policies to digital payments. The creation of the technical support and
26 maintenance service units shall be without prejudice to any technical support
27 arrangement between the agency and the PSP partner pursuant to a contract or
28 agreement: *Provided*, That, the contract or agreement shall be subject to the
29 applicable regulations of the BSP.

30 The BSP shall accelerate the adoption by all PSPs of the national quick
31 response (QR) code standard to hasten the interoperability of QR-driven

1 payment services and eliminate the need for merchants and clients to maintain
2 several accounts.

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

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

9 **SEC. 6. *Digital Payment Capability of Merchants.*** - To accelerate
10 the adoption of digital payment, LGUs shall, by ordinance, require merchants
11 within their localities to establish or outsource arrangements or mechanisms
12 that would enable them to receive payments from clients and make payments to
13 creditors and suppliers in digital form as a pre-requisite for the approval or
14 renewal of their business permits. No new or renewal of business permit shall
15 be approved unless the merchant concerned show to the satisfaction of the LGU
16 that a functional digital payment system accessible by mobile phone or other
17 access devices is installed or provided by a duly registered PSP in the merchant
18 partner's place of business.

19 The LGUs shall ensure that merchants in their jurisdictions have access
20 to appropriate digital payment solutions and have the capacity to effectively use
21 the same, with due consideration to small and micro-merchants, including
22 market vendors, tricycle operators and food stalls. The LGU shall extend
23 assistance to small and micro-merchants to facilitate their adoption of digital
24 transaction capability. The BSP, Department of Trade and Industry (DTI),
25 Department of Interior and Local Government (DILG), and the Department of
26 Information and Communications Technology (DICT) shall also facilitate
27 measures to provide capacity building for the NGAs, GOCCs, LGUs, and
28 merchants on the use of digital payments.

29 **SEC. 7. *Promotion of Digital Payment Transactions.*** – To optimize
30 the benefits of this technological innovation, scale up financial inclusion, and

1 promote sustainability, NGAs, GOCCs, and LGUs shall prioritize the use of safe
2 and efficient digital payment in their financial transactions.

3 The NGAs, GOCCs, and LGUs shall also explore the feasibility of
4 adopting a comprehensive incentive framework for selected financial
5 transactions to encourage the availment of digital payments. Moreover, LGUs
6 may impose reduced fees or grant other incentives for merchants providing
7 efficient digital payment systems.

8 The BSP shall, in coordination with relevant stakeholders, promote
9 measures on financial and digital literacy, and consumer protection to
10 strengthen the public's trust in digital payment transactions.

11 The Department of Science and Technology and the DICT shall
12 implement measures to further enhance the availability and cost of internet
13 connection to support the government's program on the digitalization of
14 financial transactions.

15 **SEC. 8. *Implementing Rules and Regulations.*** – The BSP shall, in
16 coordination with the Department of Budget and Management, DTI, DICT, and
17 DILG, promulgate the rules and regulations implementing the provisions of this
18 Act within ninety (90) days from its effectivity.

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

22 **SEC. 10. *Repealing Clause.*** – All laws, presidential decrees, executive
23 orders, rules and regulations contrary to or inconsistent with the provisions of
24 this Act are hereby repealed or modified accordingly.

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

27 Approved,

FACT SHEET

House Bill No. 8262

“AN ACT PROMOTING THE ADOPTION OF DIGITAL PAYMENTS FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS”

(As Approved by the Committee on Banks and Financial Intermediaries on February 14, 2023)

Introduced by: Representatives Villafuerte, Luis Raymund "LRay" F. Jr., Villafuerte, Miguel Luis R., Horibata, Tsuyoshi Anthony, Enciso, Nicolas VIII, Garcia, Maria Angela S., Tieng,, Irwin, S., Matibag, Ma. Renee Ann Lourdes G., Delos Santos, Alfred, Lara, Joseph "Jojo" L., Duterte, Paolo Z., Yap, Eric G., Yap, Edvic G., Soriano, Jeffrey, Lacson-Noel, Josephine Veronique "Jaye" R., Noel, Florencio Gabriel G., Guintu, Ivan Howard A., Tulfo, Ralph Wendel P., and Tulfo, Jocelyn P.

Committee Referral: Committee on Banks and Financial Intermediaries

Chairperson: Irwin C. Tieng

OBJECTIVES:

- 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.

KEY PROVISIONS:

- Mandates all national government agencies (NGAs), government-owned and controlled corporations (GOCCs), and local government units (LGUs) 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.
- 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 including 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 transaction accounts.
- Authorizes NGAs, GOCCs and LGUs to create internal digital payment technical support and maintenance service units which shall be responsible for troubleshooting technical and other concerns, coordinating with a PSP partner, and transitioning their respective agency's payments and disbursement procedures and policies to digital payments.
- Mandates the *Bangko Sentral ng Pilipinas* (BSP) to accelerate the adoption of the national quick response (QR) code standard to hasten interoperability of a QR-driven payment services and eliminate the need for merchants and clients to maintain several accounts.
- Mandates LGUs to accelerate the adoption of 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 facilitate measures to provide capacity building 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, scale up financial inclusion, and promote sustainability.
- 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 BSP to promote measures on financial and digital literacy, and consumer protection to strengthen the public's trust in digital payment transactions.

- Mandates the Department of Science and Technology and the DICT to implement measures to further enhance the availability and cost of internet connection to 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”)