



HOUSE OF REPRESENTATIVES

H. No. 8468

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AN ACT
ADOPTING AND REGULATING THE USE OF DIGITAL PAYMENT SYSTEMS FOR
GOVERNMENT FINANCIAL TRANSACTIONS 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 “eBayad 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 access to credit especially for entrepreneurs and other financial services to promote financial health of Filipinos. To 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. The State shall also promote sustainable payment options aligned with the global movement to reduce carbon footprint and curb global environmental concerns.

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

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

6 (a) *Digital collection* refers to a mode of collection wherein businesses and
7 citizens make payments to the government, including taxes, fees, and tolls,
8 using a digital device such as mobile phone, point of sale, or computer.
9 Collections can be made with bank transfers, electronic money, and payment
10 cards including credit, debit, prepaid, or stored value cards, among others;

11 (b) *Digital disbursement* refers to a mode of payment whereby
12 disbursement of money or equivalent electronic representations of legal
13 tender, for purposes of paying government expenditures, is made by crediting
14 the target recipient's transaction account through instruction to debit or
15 electronic fund transfer facilitated by any government agency or
16 instrumentality through their respective Payment Service Provider;

17 (c) *Electronic fund transfer* refers to a transfer of funds between two
18 transaction accounts in the same or different *Bangko Sentral ng Pilipinas* -
19 supervised institutions which are initiated and received using electronic
20 devices and channels to transmit payment instructions;

21 (d) *Transaction account* refers to an account, such as but not limited to a
22 current account, regular savings account, basic deposit account e-money account,
23 held with a BSP-supervised institution that can be used to store,
24 send, and receive funds.

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

30 (f) *Payment service provider (PSP)* refers to a BSP-supervised
31 institution, such as a bank or non-bank electronic money issuer, that provides
32 payment services to end-users such as consumers, merchants, and billers,
33 including government institutions;

34 (g) *Government servicing payment service provider (Government PSP)*
35 refers to bank and non-bank PSPs authorized to accept government funds
36 and perform payment services on behalf of government entities, including
37 authorized government depository banks as defined by the Department of
38 Finance regulations;

1 (h) *Information security standards* refers to standards that aim to protect
2 and secure the confidentiality, integrity, availability, authenticity, and non-
3 repudiation of information and the data privacy of users of any digital payment
4 platforms and other parties involved therein;

5 (i) *Interoperable* refers to Digital Payments that can be made between
6 payors and payees even if they maintain accounts with different PSPs;

7 (j) *Merchant* refers to a person or entity engaged in buying and selling
8 merchandise, offering goods and services, skills, or expertise, and leasing of
9 goods and services;

10 (k) *Micro-payment transactions* refer to low-value payments including
11 payments to sari-sari store owners, wet market vendors, tricycle and jeepney
12 drivers, the actual thresholds of which shall be determined by the BSP,
13 pursuant to the objectives of this Act;

14 (l) *Financial inclusion* refers to the state in which everyone, especially the
15 vulnerable sectors, has effective access to a wide range of financial services.
16 Effective access means not only the availability of financial products and
17 services, but that these products and services are appropriately designed, of
18 good quality, and responsive to the varied needs of individuals and
19 businesses—whether for saving, payments, financing, investing, or getting
20 insured; and

21 (m) *Covered agencies* refers to all government entities, including but not
22 limited to national government agencies (NGAs), foreign-based government
23 agencies, all government corporations, local government units (LGUs), State
24 Universities and Colleges (SUCs), and local universities and colleges
25 (LUCs).

26 **SEC. 5. Adoption of Digital Payments for Government Disbursements.** – All
27 Covered agencies are hereby mandated to utilize safe and efficient digital
28 disbursement in the payment of goods, services, and other disbursements, including
29 but not limited to cash assistance and payment of salaries, wages, allowances, and
30 honoraria of their employees, whatever the nature of appointment.

31 Government entities shall be allowed to disburse funds directly into the transaction
32 account of the recipient or beneficiary held in government or private financial
33 institutions, without the need for special arrangement with each of these financial
34 institutions. For this purpose, government entities may use automatic debit
35 arrangements, interoperable electronic fund transfers, or any other appropriate
36 facility of their Government PSP.

37 Accountable officers of government entities shall observe due diligence in ensuring
38 the accuracy of the recipient's or beneficiary's identity. Uses of government funds
39 through direct crediting shall remain transparent to State auditors.

1 Government entities shall be responsible for preparing the payment instruction with
2 the necessary details, including the recipient's or beneficiary's name, transaction
3 account details, and amount, among others, only after proper authorization in
4 accordance with established accounting and auditing rules and regulations.

5 The government servicing PSP shall carry out the payment instruction and submit
6 the verified list of successful and failed fund transfers and other relevant details to
7 the government entity disbursing the fund. Subject to agreement with the
8 government entity, the government servicing PSP may collect fees from the
9 government entity for the electronic fund transfer services.

10 In case of unsuccessful digital disbursement, there shall be a recovery mechanism
11 that will ensure the continuity of delivery of payment services: *Provided*, That in
12 cases of calamities or other emergencies where payments through digital means
13 may be affected, non-digital payout channels may be explored.

14
15 **SEC. 6. Adoption of Digital Payments for Government Collections.** – In addition
16 to cash payment, all Covered agencies shall offer digital collection as a mode, in
17 addition to acceptance of cash payment, for the collection of taxes, fees, tolls,
18 imposts, and other revenues, including non-income collections and receipts.

19 Government entities shall utilize secure payment processing solutions to ensure
20 acceptance of various digital payment methods. For this purpose, government
21 entities may engage the services of established PSPs: *Provided*, That only
22 interoperable digital payment solutions which are compliant with the National Retail
23 Payment System Framework pursuant to Republic Act No. 11127, or the National
24 Payment Systems Act, shall be availed, subject to the existing procurement laws,
25 rules, and regulations, and such other guidelines that may be issued for the purpose.

26 Notwithstanding any law to the contrary, partner PSPs of a government entity shall
27 not be limited to government servicing PSPs.

28 **SEC. 7. Adoption of Interoperable Digital Payment Solutions.** – The digital
29 payment solutions adopted by Covered agencies shall allow for real-time receipt of
30 funds by the recipient Covered agencies immediate issuance of electronic invoices
31 and/or official receipts to payors, regular audit reports, and other technical features
32 that will aid in the fulfillment of the objectives of this Act.

33 Existing agreements between government entities and PSPs shall be honored until
34 the respective terms thereof expire: *Provided*, That parties concerned shall
35 endeavor, within one (1) year from the effectivity of this Act, to implement
36 amendments to such agreements with the intention to remove provisions detrimental
37 to public interest.

38 In all instances, collection and payment schemes that prevent transparency and
39 accountability over public funds, as well as arrangements disadvantageous to the
40 government, shall be discontinued.

1 **SEC. 8. Issuance and Acceptability of Electronic Official Invoice/Receipts.** – To
2 support the adoption of digital payments and enhance transparency and efficiency
3 in financial transactions, Covered agencies and merchants accepting digital
4 payments shall ensure the issuance and acceptability of electronic official
5 invoice/receipts or equivalent digital proof of payment for transactions conducted
6 through electronic or digital means.

7 Electronic official invoice/receipts issued pursuant to this section shall be recognized
8 as valid proof of payment, subject to compliance with applicable accounting, audit,
9 tax, and other relevant laws, rules, and regulations. The cost for the issuance of
10 electronic proofs of payment shall not result in a separate charge on the electronic
11 or digital payment of a transaction. The relevant costs for the issuance of electronic
12 proofs of payment shall form part of the operational expenditures in the appropriate
13 budgets of government entities as provided in Section 17 of this Act.

14 The use of electronic official receipts shall be without prejudice to the continued
15 acceptance of other forms of official receipts.

16 **SEC. 9. Creation and Membership of the Steering Committee on the Adoption**
17 **of Digital Payments for Digital Collections.** – There shall be a Steering
18 Committee composed of BSP as Chair, Commission on Audit (COA), Department
19 of Budget and Management (DBM), DOF, Bureau of the Treasury (BTr), Bureau of
20 Internal Revenue (BIR), Government Procurement Policy Board (GPPB),
21 Department of Information and Communications Technology (DICT), Department of
22 Trade and Industry (DTI), Securities and Exchange Commission (SEC) and other
23 relevant agencies as members that will provide guidance and promote cost-
24 efficiency and transparency in procurement of digital payment solutions by
25 government entities.

26 The Steering Committee shall have the following powers and functions:

27 (a) Provide overall policy and strategic direction and oversee the
28 implementation of this Act, including the monitoring of digital payment
29 activities to support evidence-based policymaking;

30 (b) Oversee and monitor the procurement of digital payment solutions by
31 Covered agencies and ensure that such procurement is in accordance
32 with existing laws, rules, and regulations;

33
34 (c) Resolve issues arising from the implementation of this Act without
35 prejudice to the authority of Covered agencies to address such matters
36 pursuant to their respective mandates;

37
38 (d) Coordinate with, or request the assistance of any department, agency,
39 or office, consistent with their respective mandates, for the effective
40 implementation of this Act;
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(e) Formulate standard terms and conditions for PSPs: *Provided*, That pursuant to its mandate, the GPPB may issue specific procurement guidelines for the engagement of PSPs;

(f) Collaborate with public and private sector entities for data collection, research, and policy development, and for the provision of digital financial education and literacy programs, as well as training and capacity-building opportunities for micro, small, and medium enterprises;

(g) Promote and communicate the multi-year digital payments roadmap to the public and private sectors; and

(h) Formulate and adopt its governance framework, operational guidelines, and rules of procedure, as may be necessary to carry out its functions and duties.

SEC. 10. *Digital Payment Capability of Merchants.* – To accelerate the adoption of digital payment, LGUs shall, by ordinance, grant monetary and non-monetary incentives to 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 using digital channels.

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 stall owners. LGU shall extend assistance to small and micro-merchants to facilitate their adoption of digital transaction capability. BSP, DTI, Department of the Interior and Local Government, and DICT shall also facilitate measures to provide capacity building for Covered agencies and merchants on the use of digital payments.

Further, LGUs are authorized to formulate and implement incentive frameworks within their respective jurisdictions to encourage merchant adoption and use of digital payment systems.

SEC and BIR are likewise authorized and directed to craft and implement incentive programs, consistent with their respective mandates, to promote the adoption of digital payments. Such measures may include, among others, prioritizing regulatory or audit activities toward businesses whose disbursements and collections remain predominantly cash-based, in order to encourage the shift toward digital payment transactions.

SEC. 11. *Promotion of Digital Payment Transactions.* – To optimize the benefits of this technological innovation, scale up financial inclusion, and promote sustainability, Covered agencies shall prioritize the use of safe and efficient digital payment in their financial transactions.

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

5 The BSP shall, in coordination with relevant stakeholders, and implementing
6 agencies, promote measures on financial and digital literacy, and consumer
7 protection to strengthen the public's trust in digital payment transactions.

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

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

16 **SEC. 12. Multi-Year Roadmap for Digital Payment Adoption.** – The BSP, in
17 collaboration with relevant government entities, shall prepare and regularly update
18 a multi-year roadmap on digital payments to ensure the timely implementation and
19 optimal realization of the objectives of this Act.

20 This multi-year roadmap shall be aligned with the e-government masterplan
21 formulated by the DICT in consultation with other key government agencies and
22 shall, among others, set targets and outcomes, including but not limited to the
23 widespread adoption of digital payments by merchants, for a minimum period of five
24 (5) years, and include strategic public and private interventions and possible
25 government programs and projects.

26 The roadmap shall be subject to annual review.

27 **SEC. 13. Transitory Provision.** – All Covered agencies shall ensure the proper
28 transition of their respective agencies' payment procedures and policies to
29 accommodate digital payment towards the full implementation of this law.

30 The implementation of digital payments may be subject to a tiered transition
31 approach that utilizes a differentiated transition timeframe based on the operational
32 readiness and capability of the concerned Covered agency. Such tiered transition
33 shall be in accordance with the tiering guidelines to be provided in the implementing
34 rules and regulations of this Act and the transition period shall not exceed three (3)
35 years from the issuance of the tiering guidelines. Covered agencies which are
36 deemed capable of fully adopting digital payments may do so within a shorter period,
37 while those which are incapable may be allowed a longer period.

1 **SEC. 14. Information Security and Data Privacy.** – All data information and
2 information and communications technology systems and networks used for digital
3 payments pursuant to the objectives of this Act shall be secured and protected at all
4 times.

5 The BSP shall, in consultation with the DICT and the National Privacy Commission,
6 define and prescribe the minimum information security standards for compliance of
7 PSPs who are covered by this Act and are not under the oversight and regulatory
8 authority of the BSP.

9 **SEC. 15. Obligations of Payment System Providers.** – In line with the declared
10 policy in this Act, all PSPs shall have the following obligations:

11 (a) Integrate security and data privacy by design and by default in the
12 development stage of the payment systems;

13
14 (b) Process personal and sensitive personal information in the system in
15 accordance with any of the criteria for lawful processing provided for
16 under relevant laws, rules, and regulations;

17
18 (c) Implement reasonable and appropriate organizational, physical, and
19 technical security measures for the protection of personal data and
20 uphold the rights of data subjects;

21
22 (d) Provide reasonable and timely assistance to NGAs, government
23 corporations, LGUs, SUCs, and/or merchants, in accordance with
24 relevant rules and regulations, to enable them to respond to requests
25 from clients to exercise any of their rights and to address any
26 correspondence, inquiry, or complaint received from a client or other third
27 party in connection with the processing of personal data in the payment
28 system;

29
30 PSP performing the function of collection of money and/or payment of
31 transactions on behalf of a government agency shall, to the extent
32 necessary, cooperate with COA for the examination, audit, and
33 settlement of all accounts pertaining to the revenue and receipts, and
34 expenditures or uses of funds of all Covered agencies. The PSP shall
35 allow COA to perform its audit procedures and to determine whether
36 collections are complete and use of funds are authorized;

37
38 (e) Comply with the requirements indicated in the standard terms of
39 reference or standard minimum terms and conditions that may be issued
40 by the appropriate authority; and

1 (f) Comply with reporting obligations to the appropriate government
2 agencies, including concerned LGUs, NGAs, and the COA, as may be
3 required under this Act and its implementing rules and regulations, which
4 reporting obligations shall, as applicable, be aligned with and consistent
5 with the regulations, circulars, and standards issued by BSP governing
6 payment system participants.

7 **SEC. 16. Penalties and Sanctions.** – Without prejudice to the penalties and
8 sanctions provided in Republic Act No. 11127, otherwise known as the National Payment
9 Systems Act, and other laws, any person or entity willfully violates this Act,
10 rules or regulations, directives, or orders duly promulgated by the BSP pursuant
11 hereto, the person or persons responsible for such violation shall be punished by a
12 fine of not less than Two hundred thousand pesos (P200,000.00) nor more than Two
13 million pesos (P2,000,000.00), or by imprisonment of not less than two (2) years nor
14 more than ten (10) years, or both, at the discretion of the court.

15 **SEC. 17. Interpretation.** – Nothing in this Act shall be construed to exempt any
16 government funds in the possession of private entities from the constitutional
17 authority and duty of COA to examine, audit, and settle all accounts pertaining to the
18 revenue and receipts of, and expenditures or uses of funds and property, owned or
19 held in trust by, or pertaining to, the government.

20 All digital payments involving government transactions under this Act shall be subject
21 to post-audit of COA. Accordingly, the COA shall promulgate the pertinent rules and
22 regulations for all transactions covered by this Act.

23 **SEC. 18. Appropriations.** – The amount necessary for the initial implementation of
24 this Act shall be charged against the current year's appropriations of the concerned
25 departments/agencies. Thereafter, such amount shall be included in the annual
26 General Appropriations Act.

27 Government-owned or -controlled corporations shall include in their respective
28 corporate operating budgets such amount deemed appropriate for the
29 implementation of this Act.

30 The local government units may set aside from any available local revenue an
31 amount deemed appropriate for the implementation of this Act.

32 **SEC. 19. Oversight Committee.** – There is hereby created a Joint Congressional
33 Oversight Committee (JCOC) to oversee, monitor, and evaluate the implementation
34 of this Act. The JCOC shall be composed of five (5) members each from the House
35 of Representatives and the Senate. The JCOC shall be co-chaired by the
36 Chairpersons of the House Committee on Banks and Financial Intermediaries and
37 the Senate Committee on Banks, Financial Institutions and Currencies.

1 The Speaker and the Senate President shall designate the other four (4) members
2 of the JCOC of the House and the Senate from among the members of the House
3 Committee on Banks and Financial Intermediaries and the Senate Committee on
4 Banks, Financial Institutions and Currencies, at least one (1) member of which shall
5 be from the minority.

6 **SEC. 20. Implementing Rules and Regulations.** – The BSP shall, in coordination
7 with the DBM, COA, DOF, BTr, BIR, DOST, DTI, DICT, and DILG, promulgate the
8 rules and regulations implementing the provisions of this Act within one hundred
9 eighty (180) days after its effectivity.

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

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

16 **SEC. 23. Effectivity.** – This Act shall take effect fifteen (15) days after its publication
17 in the *Official Gazette* or in a newspaper of national circulation.

Approved,