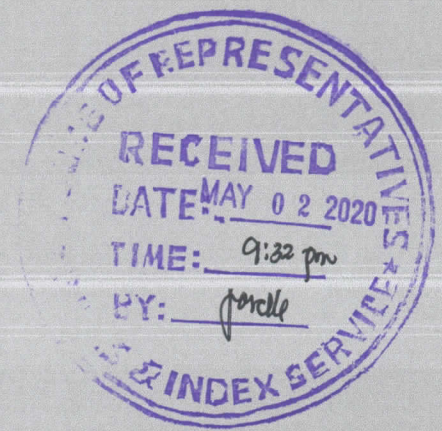


Republic of the Philippines  
House of Representatives  
Quezon City, Metro Manila

EIGHTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. 6646



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Introduced by Honorable Junie E. Cua

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**AN ACT**  
**CREATING A BANGKO SENTRAL DIGITAL PESO (BSDP)**  
**AS A MEDIUM OF EXCHANGE**  
**OR AS MONEY FOR USE ON ALL DIGITAL MEANS,**  
**APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES.**

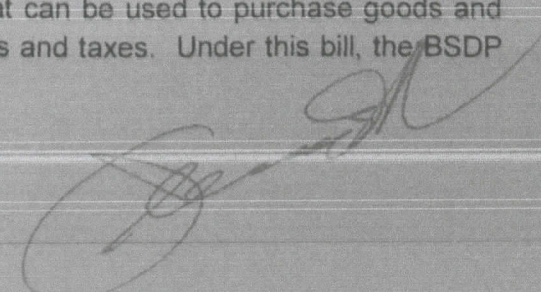
**EXPLANATORY NOTE**

The internet has truly revolutionized the world since its inception many decades ago. Nowhere is this more apparent than in the economic aspect of modern life where technologies heavily reliant on the internet have inexorably steered nations towards the creation of a "cashless society".

The prevalence of digital currency in the financial ecosystem has signaled a shift in the perception of money. Due to the many conveniences afforded by the digitalization of commerce, paper money as a medium of exchange is now regarded as impractical, hence "inferior" to digital currency. Our fast-paced lives increasingly require modalities that allow us to accomplish tasks in the least amount of time and with the maximum amount of ease. Hence, the popularity of electronic money, credit and debit cards, and other forms of digital payment systems. Technological solutions that offer convenience, accessibility and speed are emergent and will gain more traction in the post-pandemic era. Sovereign-or central bank- backed digital currency will be particularly valued for the security and stability it represents.

At present, there is no sovereign digital currency in national circulation. What we have is a patchwork of digital payment platforms and electronic money systems operated by private entities such as banks. This measure proposes to fill the gap by mandating the creation, adoption and perfection of a BANGKO SENTRAL DIGITAL PESO (BSDP).

The BSDP is the digital equivalent of the paper peso and possesses all its characteristics and attributes. It is valid legal tender that can be used to purchase goods and services, and to settle financial obligations such as debts and taxes. Under this bill, the BSDP



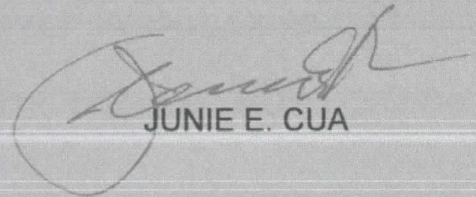


will be recognized as the only digital legal tender in the country. It is risk-free, durable, secure and portable fiat currency accessible to the public even as the use of paper money declines and new forms of privately-issued digital money become more widespread.

Today, many developing countries are moving to adopt their own central bank digital currency for its socio-economic benefits. A sovereign-backed digital currency promotes financial inclusion by enabling monetary authorities to distribute money digitally to all sectors of society. It helps government combat crimes such as money laundering and corruption due to the ability of its underlying technology to track the flow of money. It also lowers transactional costs by allowing seamless payments between merchants and clients, thus benefitting the public at large.

It is the author's hope that the proposed Bangko Sentral Digital Peso system will open a path towards the realization of these benefits for the ordinary Filipino, provide both safety and convenience to the public, boost economic growth, and move our country forward.

For the foregoing reasons, the approval of this proposed measure is therefore earnestly sought.



JUNIE E. CUA



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*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled;*

**Section 1. Title.** - This Act shall be known as the "BANGKO SENTRAL DIGITAL PESO (BSDP) Act".

**Sec. 2. Declaration of Policy.** - It is hereby declared the policy of the State to create, regulate and provide legal tender, which can be used as a medium of exchange for the purchase of goods and services.

Such digital money or currency shall be the digital analogue of the paper peso in all its denominations, and which shall be divisible up to one (1) centavo.

The State shall not abrogate this responsibility to private entities.

**Sec. 3. Nature of BSDP** - The BSDP is the digital equivalent to the paper peso. All rights, obligations, attributes, and characteristics accruing to the paper peso shall also accrue to the BSDP. The BSDP is legal tender, and a valid and legal payment for debts, taxes, goods & services and the like.

Being a legal tender, the BSDP cannot therefore be denied as a valid mode of payment.

**Sec. 4. Use of Transaction Ledger.** - The BSDP shall use a transaction ledger system to assure its authenticity, as security against counterfeiting and as a guard against double or multiple bookings of a single transaction. The transaction ledger system is to be called a log chain. Each newly minted BSDP will have its own unique log chain. Each log chain will be divisible in synchrony with its mother BSDP denomination.

The best such log chain technology at the time of minting shall be determined by the Bangko Sentral ng Pilipinas (BSP). Such technology may be adopted, purchased, or developed in-house by the BSP. In addition, the BSP may consider the use of peer-to-peer data processing for a part or all of the data processing requirements of BSDP.

**Sec. 5. *Limitation on BSDP Retirement.*** - Until the BSP shall gain four (4) years of operational experience, the BSDP in circulation will be retired upon their being received at any bank and with their log chain showing that they have completed at least twice as many transactions as their paper peso counterparts.

This limitation may be extended by the BSP after this period, if deemed appropriate by its technical staff and Governing Board.

**Sec. 6. *Initial Minting.*** - The initial amount to be minted shall be determined by the BSP within one year from the effectivity of this Act.

**Sec. 7. *Condition for Subsequent Minting.*** - No other minting shall occur for a period of four (4) years, and only if the BSP ascertains that the BSDP technology is proven secure. The BSP shall define and publish what "secure" means, in consultation with the Oversight Committee created under Section 15 of this Act.

**Sec. 8. *Exclusivity of BSDP.*** - Only the BSDP shall be recognized as the digital legal tender in the Philippines.

**Sec. 9. *Availability of BSDP.*** - The BSP shall promote the availability of BSDP in all channels.

**Sec. 10. *Requirement on Business Establishment.*** - No business establishment shall be allowed to have official electronic payment or money transfer system unless denominated *in* BSDP

**Sec. 11. *Technology to be Used.*** - The BSP shall explore and study the technology of blockchain and post-blockchain cryptocurrencies to expand its knowledge base which it will use in deciding which technology or combination of technologies to use for the BSDP: Provided, That, a peer-to-peer system will be used to verify the log chain of BSDP.

**Sec. 12. *Choice of System.*** - The BSP will choose a system which uses peer to peer processing of the log chain. It shall exert its utmost to leverage existing hardware being used by the other leading cryptocurrencies.

The BSP may, in complementation and augmentation of peer to peer processing, establish its own hardware centers for the processing of log chain data, provided that it helps to lower CBPD's cost.

The BSP shall mandate all bank branches, on a pro rata transaction volume basis, to dedicate at least one (1) computer with adequate technical specifications to serve as a local peer.

**Sec. 13. *Promotion of BSDP.*** - The BSP shall, for a period of five (5) years, renewable by the Oversight Committee, promote through TV, radio, print media, and online advertising the use and virtues of the BSDP.



**Sec. 14. *Use for International Transaction.*** - The BSDP shall be allowed and encouraged for international transactions, even if it involves exchange with other currencies.

**Sec. 15. *Congressional Oversight Committee.*** - There is hereby created a Congressional Oversight Committee to oversee, monitor and evaluate the implementation of this Act. The Oversight Committee shall be composed of three (3) members each from the House of Representatives (HRep) and the Senate of the Philippines. The members of the HRep shall come from the Committee on Banks & Financial Intermediaries while the members of the Senate shall come from the Committee on Banks, Financial Institutions & Currencies. The Oversight Committee shall be co-chaired by the Chairpersons of the HRep Committee on Banks & Financial Intermediaries and the Senate Committee on Banks, Financial Institutions & Currencies.

**Sec. 16. *Separability Clause.*** - If any provision of this Act is declared invalid or unconstitutional, the other provisions thereof not affected thereby shall continue in full force and effect.

**Sec. 17. *Repealing Clause.*** - All laws, presidential decrees, executive orders, rules and regulations or part thereof which are inconsistent with this Act or with the rules and regulations issued pursuant thereto are hereby repealed or modified accordingly.

**Sec. 18. *Effectivity.*** This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in any newspaper of general circulation.

*Approved,*