

1 or instrumental identifier, or other means of account access that can be used to obtain
2 money, goods, services, or any other thing of value or to initiate a transfer of funds other
3 than a transfer originated solely by paper instrument;

4 (b) *Digital Payments* refer to monetary payment transactions between two (2)
5 parties through a digital payment instrument in which both the payer and the payee use an
6 electronic channel;

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

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

17 (e) *Payment Service Provider (PSP)* refers to an entity that provides payment
18 services to end-users, such as consumers, merchants, and billers, including government
19 institutions.

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

31 To facilitate compliance with this Act, NGAs, GOCCs, and LGUs must adopt
32 account-based disbursements whereby target recipients directly receive government
33 payments into their transaction accounts. These government entities may create their
34 respective digital payment technical support and maintenance service units which shall be
35 responsible for troubleshooting and in maintaining coordination with the PSP partner for
36 technical and other concerns within the agency. They shall also be responsible for ensuring
37 the proper transition of their respective agency’s payments and disbursement procedures
38 and policies on digital payments. The creation of the technical support and maintenance
39 service units shall be without prejudice to any technical support arrangement between the
40 agency and the PSP partner pursuant to a contract or agreement: *Provided*, That, the

1 contract or agreement shall be subject to the applicable regulations of the BSP.

2 The BSP shall accelerate the adoption by all PSPs of the national quick response
3 (QR) code standard to hasten the interoperability of QR-driven payment services and
4 eliminate the need for merchants and clients to maintain several accounts.

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

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

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

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

29 **SEC. 7. *Promotion of Digital Payment Transactions.*** -To optimize the benefits of
30 this technological innovation, scale up financial inclusion, and promote sustainability,
31 NGAs, GOCCs, and LGUs shall prioritize the use of safe and efficient digital payment in
32 their financial transactions.

33 All NGAs, GOCCs, and LGUs shall also explore the feasibility of adopting a
34 comprehensive incentive framework for selected financial transactions to encourage the
35 availment of digital payments. Moreover, LGUs may impose reduced fees or grant other
36 incentives for merchants providing efficient digital payment systems.

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

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

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

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

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

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

Approved.