

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2748



Introduced by **ANG PROBINSYANO**
Party-List Representative Alfred Delos Santos

EXPLANATORY NOTE

With the current progress of technology, it is inevitable that there will be a surge of contactless electronic transactions in the financial market. In addition, the threat of COVID-19 has made it necessary for several establishments to adopt electronic transactions in payment and delivery since it reduces the risk of transmission of the virus. At the same time, this process highlights the government's focus to help ease doing business in the Country.

In a study¹ conducted by Visa Philippines, it was shown that seven (7) out of ten (10) Filipinos are "already using contactless payment methods more often than they did two years ago. Three (3) out of four (4) Filipinos have experienced going cashless and relied mainly on electronic transactions. E-commerce has also taken over twenty-five percent (25%) of all transactions in the country, fifty percent (50%) of which are cashless. Only one (1) out of three (3) are done by cash-on-delivery. Filipinos mostly use cashless payments when paying for utilities, and forty-nine percent (49%) of those surveyed preferred using cashless transactions for their grocery shopping and forty-five (45%) preferred the same for fast food. In addition, cashless transactions have contributed a lot to the ease of doing business, and in giving the consumers options in the means and methods of spending their money.

With the inevitability that comes with this development is the need to pass legislation to keep up with the times and ensure that Philippine society is fully equipped to support electronic transactions. Safeguards must be put in place in order to protect our populace from the risks involved, and guidelines must be set so that this technology may be further maximized. It is with this legislation that public health guidelines on COVID-19 may also be maintained by minimizing contact between people involved in the transaction. With this policy, the government will actually be hitting two birds with one

¹ <https://business.inquirer.net/296510/visa-philippines-study-shows-filipinos-are-ready-to-go-cashless>

stone—ensuring minimal contact in light of the pandemic and making proper preparation and adaptation with the evolution of technology and convenience.

It is for the foregoing premises that the approval of this Bill is earnestly sought.



ALFRED C. DELOS SANTOS
Representative, Ang Probinsyano Party-List

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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

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 as the “e-Money Act of 2022.”

SECTION 2. *Declaration of Policy.* – It is hereby declared as a policy of the State to recognize the vital role of communication and information in nation-building. The State also recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments. With this, the State recognizes the need of promoting ease of doing business and efficient delivery of goods and services to the general public. Towards this end, the State shall promote the use of electronic money or e-money as a medium of exchange to optimize the use of technology and innovative payment systems for financial transactions and to strengthen financial inclusion.

SECTION 3. *Objective.* – This Act aims to speed up and facilitate a more efficient mode of transactions, arrangements, or exchanges of goods and services by promoting the enhanced and strengthened use of e-money as a medium of exchange and legal tender in financial transactions of the government and the general public.

SECTION 4. *Definition of Terms.* – As used in this Act, the following terms shall mean:

- (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) “*Consumer*” refers to a natural or juridical person who is a purchaser, lessee, recipient, or prospective purchaser, lessor, or recipient of consumer products, services, credit, technology, advertising, or promotion, and other items in eCommerce;
- (c) “*Electronic commerce*” or “*e-Commerce*” refers to the production, distribution, marketing, sale, or delivery of goods and services by electronic means;
- (d) “*Electronic money*” or “*e-money*” shall refer to monetary value as represented by a claim on its issuer, that is (1) electronically stored in an instrument or device; (2) issued against receipt of funds of an amount not lesser in value than the monetary value issued; (3) accepted as a means of payment by persons or entities other than the issuer; (4) withdrawable in case or cash equivalent; and (5) issued in accordance with relevant Bangko Sentral ng Pilipinas (BSP) regulations;
- (e) “*Electronic money issuer*” or “EMI” refers to any entity authorized by the BSP under Subsection X780.2 of MORB which provides money transfer or remittance services using electronic stored money value system and similar digital financial services;
- (f) “*Merchant*” refers to a person or entity engaged in buying and selling merchandise at a fixed place of business;
- (g) “*Online merchant*” refers to any natural or juridical person, irrespective of whether privately or publicly owned, that directly sells, manufactures goods, or offers for sale, any goods and services, in the ordinary course of business over the internet, through a website, an online marketplace, a social media website, or application, or through other similar means;
- (h) “*Online e-Commerce Platform*” refers to a natural or juridical person that solicits the purchase of digital products through digital platforms and marketplaces whose business is to connect online buyers and online sellers, facilitating sales of products, goods, or services through the internet with the presence and use of monetary transaction;
- (i) “*Payment system*” refers to the set of payment instruments, processes, procedures, and participants that ensure the circulation of money or movement of funds.

SECTION 5. Scope and Coverage. – This Act applies to the sale or exchange of goods, products and services, whether physical or digital, including, but not limited to:

- (a) Retail of consumer goods;
- (b) Travel services, covering the purchase of flights, hotel accommodations, and vacation rental spaces;
- (c) Digital media providers, including advertising, gaming, music subscription, and video on demand;

- (d) Ride hailing services for personal transport, delivery of food and merchandise; and
- (e) Financial services offered through both physical and online platforms, such as payments, remittances, lending, investment, and insurance services.

SECTION 6. *Use of e-Money.* – All national government agencies (NGAs), government-owned and controlled corporations (GOCCs), and local government units (LGUs) are hereby mandated to utilize and strengthen the use of e-money among the medium of exchanges in the collection of taxes, fees, tolls, imposts, and other revenues and in the payment of goods, services, and other disbursements, among others. For this purpose, the NGAs, GOCCs, and LGUs are hereby authorized and highly encouraged to partner with any duly authorized e-money issuer (EMI) to enable them to facilitate cashless electronic transactions.

To ensure the efficient, sustainable, and continued use of the e-money payment system, NGAs, GOCCs, and LGUs are mandated to create their respective e-money technical support and maintenance service. The support service shall be responsible for all technical troubleshooting and maintenance, in coordination with the EMI partner for technical and other concerns within the agency. The creation of the technical support and maintenance service shall be without prejudice to any technical support arrangement between the agency and the EMI partner pursuant to a contract or arrangement.

The selection of an EMI partner shall not be subject to the rules of procurement prescribed under Republic Act No. 9184: *Provided*, That only EMIs duly authorized by the BSP and accredited by the Department of Budget and Management (DBM), Department of Information and Communications Technology (DICT) and Department of Interior and Local Government (DILG) may be engaged by agencies to service their e-money transactions.

The Congress shall jointly, as House of Representatives and the Senate, accredit EMIs based on technical capability, financial resources, network coverage, adequacy of merchant partners, and such other factors as they may deem appropriate and decisive in determining the overall capability of EMIs to provide the service. Insofar as these factors may vary depending on the area of service, the accreditation of EMIs may be grouped by region or such other geographical consideration as the Congress may consider appropriate and sustainable. The Congress shall promulgate the list of accredited EMIs simultaneous with the promulgation of the rules and regulations implementing the provisions of this Act. The list of accredited EMIs may be revised, supplemented, or reduced regularly as the concerned agencies may deem necessary.

SECTION 7. *E-Money Capability of Merchants .* – LGUs shall, by ordinance, require merchants within their jurisdiction to obtain and maintain an e-money payment system capability in carrying on their businesses as a prerequisite 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 e-money payment system accessible by mobile phone or other access

devices is installed or provided by a duly registered EMI in the merchant partner's place of business.

The LGUs shall extend the necessary assistance and support to the merchants within their jurisdiction to facilitate their adoption of e-money transaction capability.

SECTION 8. *Promotion of e-Money 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 e-money as the medium of exchange in their financial transactions.

NGAs, GOCCs, and LGUs shall also explore the feasibility of prescribing discounted rates for selected financial transactions to encourage the availment of e-money payments. LGUs may, likewise, impose reduced fees or grant other incentives for merchants providing an efficient e-money payment system.

SECTION 9. *Security Provisions.* – All concerned agencies will hereby establish the necessary security features and guidelines as may be needed to prevent phishing and digital fraud. The right to privacy of the consumer shall be of utmost importance.

The LGAs, GOCCs, and LGUs shall periodically report to the DICT as regards their compliance to the required security features and those added security features that they have adopted over time. In addition, the compliance of merchants under the jurisdiction of a specific LGU shall also be the subject of this report, and will be included in the periodical report of the LGU to the DICT.

SECTION 10. *Digital Payments.* – The merchants and EMIs shall issue paper or electronic invoices or receipts for all sales. An electronic invoice or receipt shall have the same legal effect as a physical invoice or receipt.

Within sixty (60) days from the effectivity of this Act, the Bureau of Internal Revenue shall, in coordination with the Bureau of Customs, issue rules and regulations that modernize and streamline the regulatory framework and encourage the adoption of electronic payment systems by the citizenry. The Department of Trade and Industry and the Bangko Sentral ng Pilipinas shall also develop guidelines to protect merchants and consumers covering the various digital payment solutions.

SECTION 11. *Appropriation.* – The amount necessary for the implementation of the provisions of this Act shall be taken from the current year's budgets of the NGAs, GOCCs, and LGUs. Thereafter, such sums as may be necessary for the continued implementation of the Act shall be incorporated in the annual General Appropriations Act, corporate operating budget, or appropriation ordinance, as the case may be.

SECTION 12. *Implementing Rules and Regulations.* – The DBM, DICT, and DILG shall promulgate the rules and regulations implementing the provisions of this Act within ninety (90) days from its effectivity.

SECTION 13. *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.

SECTION 14. *Repealing Clause.* – All laws, executive orders, presidential decrees or issuances, letters of instruction, administrative orders, rules, and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 15. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,