



Republic of the Philippines
House of Representatives
Quezon City

EIGHTEENTH CONGRESS

First Regular Session

House Bill No. 6652



Introduced by Representative Jose Enrique S. Garcia III

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

EXPLANATORY NOTE

The Philippines has one of the highest percentages of people in Southeast Asia who do not have bank accounts and who transact in cash.¹ Statistics from the *Bangko Sentral ng Pilipinas* (BSP) show that while this could be attributed to the condition that only 37% of the 1,634 cities and municipalities across the country do not have banking offices, it is equally astonishing that 81.3% of households in Metro Manila do not own bank accounts.²

Among Filipino consumers today, only 3% are carded; 25% have bank accounts but are underserved; and 75% (equivalent to 86% of households) are fully unbanked. Without a banking account, Filipino consumers are mostly dealing with cash in their financial transactions.

That most Filipinos are not carded, underserved, or unbanked is conveniently blamed for the sluggish adoption of cashless technology in the country. This is exacerbated by the fact that access to the internet remains to be among the slowest and more expensive in the region while Filipinos still entertain lack of trust over digital systems.

Despite the above perceived hindrances, there is actually no shortage of electronic payment patrons in the Philippines. A survey conducted in 2016 showed that majority of Filipinos are ready to go cashless. Six out of 10 Filipinos prefer cashless payment. There is, however, a shortage of facilities and resources that

¹ <https://www.grab.com/ph/press/others/grab-receives-approval-from-bangko-sentral-ng-pilipinas-to-rapidly-expand-grabpay-services/>; last accessed on 28 April 2020

² <https://grit.ph/cashless/>; last accessed on 28 April 2020.

can acknowledge cashless payments. This in turn limits the availability of cashless payments in the country.³

This bill seeks to provide an enabling environment to accelerate the adoption of electronic money as one of the medium of exchanges across the country. Switching to digital and cashless payments brings convenience, ensures transparency and safety, saves time, and offers speedy value transfers. The use of electronic money also affords more efficient service delivery and at the same time entail lower operating costs. It likewise increases financial inclusion to support broad-based economic development that can contribute to inclusive growth in the country.

Support for this bill is therefore earnestly sought from my colleagues.



REP. JOSE ENRIQUE S. GARCIA III
Second District, Bataan

³ *Id.*



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1 **AN ACT**
2 **PROMOTING THE ADOPTION OF ELECTRONIC MONEY AS A**
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4 **THE GOVERNMENT AND ALL MERCHANTS AND FOR OTHER**
5 **PURPOSES**

6
7 *Be it enacted by the Senate and the House of Representatives of the Philippines*
8 *in Congress assembled:*

9 **SECTION 1. Short Title.** – This Act shall be known and cited as the “*Use of*
10 *Electronic Money Act of 2020.*”

11 **SEC. 2. Declaration of Policy** – The State recognizes the vital role of
12 information and communications technology in nation-building. The State also
13 recognizes the need of promoting ease of doing business and efficient delivery of
14 good and services to the general public. Towards this end, the State shall promote
15 the use of electronic money or e-money as a medium of exchange to optimize the
16 use of technology and innovative payment system for financial transactions and to
17 strengthen financial inclusion.

18 **SEC. 3. Objective.** – This Act aims to facilitate transactions, arrangements,
19 or exchanges of goods and services by promoting the universal use of e-money as
20 a medium of exchange in financial transactions of the government and the general
21 public.

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

24 (a) “*Access device*” refers to any card, plate, code, account number,
25 electronic serial number, personal identification number, or other
26 telecommunications service, equipment or instrumental identifier, or other means
27 of account access that can be used to obtain money, goods, services, or any other

1 thing of value or to initiate a transfer of funds (other than a transfer originated
2 solely by paper instrument);

3 (b) "*Electronic money*" or "*e-money*" shall refer to monetary value as
4 represented by a claim on its issuer, that is (1) electronically stored in an
5 instrument or devise; (2) issued against receipt of funds of an amount not lesser in
6 value than the monetary value issued; (3) accepted as a means of payment by
7 persons or entities other than the issuer; (4) withdrawable in case or cash
8 equivalent; and (5) issued in accordance with relevant *Bangko Sentral ng Pilipinas*
9 (BSP) regulations;

10 (c) "*Electronic money issuer*" or "*EMI*" refers to any entity authorized by the
11 BSP under Subsection X780.2 of MORB which provides money transfer or
12 remittance services using electronic stored money value system and similar digital
13 financial services;

14 (d) "*Merchant*" refers to a person or entity engaged in buying and selling
15 merchandise at a fixed place of business; and

16 (e) "*Payment system*" refers to the set of payment instruments, processes,
17 procedures and participants that ensures the circulation of money or movement of
18 funds.

19 **SEC. 4. Use of E-Money.** – All national government agencies (NGAs),
20 government-owned and controlled corporations (GOCCs), and local government
21 units (LGUs) are hereby mandated to utilize e-money among the medium of
22 exchanges in the collection of taxes, fees, tolls, imposts and other revenues and in
23 the payment of goods, services and other disbursements. For this purpose, they
24 are hereby authorized to partner with any duly authorized e-money issuer (EMI) to
25 enable them to process e-money transactions.

26 To ensure seamless and continued service of the e-money payment
27 system, NGAs, GOCCs, and LGUs may create their respective e-money technical
28 support and maintenance service. The support service shall be responsible for
29 troubleshooting and in maintaining coordination with the EMI partner for technical
30 and other concerns within the agency. The creation of the technical support and
31 maintenance service shall be without prejudice to any technical support
32 arrangement between the agency and the EMI partner pursuant to a contract or
33 agreement.

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

1 The DBM, DICT, and DILG shall jointly accredit EMIs based on technical
2 capability, financial resources, network coverage, adequacy of merchant partners,
3 and such other factors as they may deem appropriate and decisive in determining
4 the overall capability of EMIs to provide the service. Recognizing that the
5 adequacy, sufficiency, and quality of information technology infrastructure vary in
6 different localities, the accreditation of EMIs may be grouped by region or such
7 other geographical consideration as the DBM, DICT, and DILG consider
8 appropriate and convenient. The DBM, DICT, and DILG shall promulgate the list of
9 accredited EMIs simultaneous with the promulgation of the rules and regulations
10 implementing the provisions of this Act. The list of accredited EMIs may be
11 revised, supplemented, or reduced as the DBM, DICT, and DILG deem necessary.

12 **SEC. 5. *E-Money Capability of Merchants.*** - To accelerate the adoption of
13 e-money as a medium of exchange, LGUs shall, by ordinance, require merchants
14 within their localities to obtain and maintain e-money payment system capability in
15 carrying on their businesses as a pre-requisite for the approval or renewal of their
16 business permits. No new or renewal of business permit shall be approved unless
17 the merchant concerned show to the satisfaction of the LGU that a functional e-
18 money payment system accessible by mobile phone or other access devices is
19 installed or provided by a duly registered EMI in the merchant partner's place of
20 business.

21 The LGUs shall extend assistance to the merchants to facilitate their
22 adoption of e-money transaction capability.

23 **SEC. 6. *Promotion of E-Money Transactions.*** - Utilizing e-money in
24 financial transactions provides clients with convenient, transparent, safe,
25 expeditious, and efficient mode of transacting business. To optimize the benefits of
26 this technological innovation, scale up financial inclusion, and promote
27 sustainability, NGAs, GOCCs, and LGUs shall prioritize the use of e-money as the
28 medium of exchange in their financial transactions.

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

33 **SEC. 7. *Appropriation.*** - The amount necessary for the implementation of
34 the provisions of this Act shall be taken from the current year's budgets of the
35 NGAs, GOCCs, and LGUs. Thereafter, such sums as may be necessary for the
36 continued implementation of the Act shall be incorporated in the annual General
37 Appropriations Act, corporate operating budget, or appropriation ordinance, as the
38 case may be.

1 **SEC. 8. *Implementing Rules and Regulations.*** – The DBM, DICT, and DILG
2 shall promulgate the rules and regulations implementing the provisions of this Act
3 within ninety (90) days from its effectivity.

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

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

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

Approved.