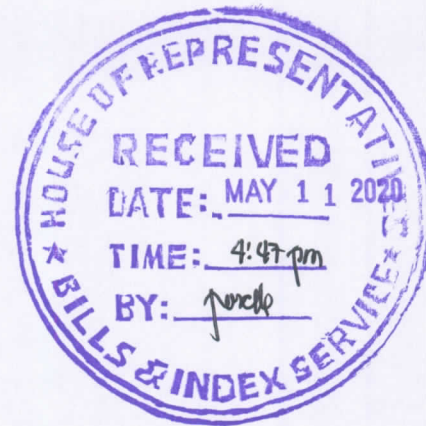




Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

EIGHTEENTH CONGRESS  
First Regular Session

HOUSE BILL NO. 6716



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Introduced by Representative **Ferdinand L. Hernandez**

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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**

**EXPLANATORY NOTE**

In 2018, the Bangko Sentral ng Pilipinas (BSP) reported that cash still accounted for 99% of local transactions<sup>1</sup>. From January to September 2019, digital payments surged by 33 percent.<sup>2</sup> While still far from the target of 20 percent electronic payments by 2020, the significant increase in volume of electronic money transactions holds promise. One of the perceived hindrances, however, is the shortage of facilities and resources that can acknowledge cashless payments.

As part of our move to transition into the “new normal” in the midst of the current global pandemic, electronic payments of essential goods and services is a crucial element in flattening the COVID-19 curve since handling of cash itself is a potential transmitter of the virus. Furthermore, electronic money transactions will no longer require the ordinary Filipino, specially the elderly who are classified as high-risk, to leave the safety of their homes to buy goods, pay utility bills, remit money, or address other household needs, which may all be done online.

Similarly, the Philippine government may use electronic payment channels to transfer cash subsidies to the targeted beneficiaries of its social amelioration program, minimizing mass gatherings and long lines at disbursement centers.

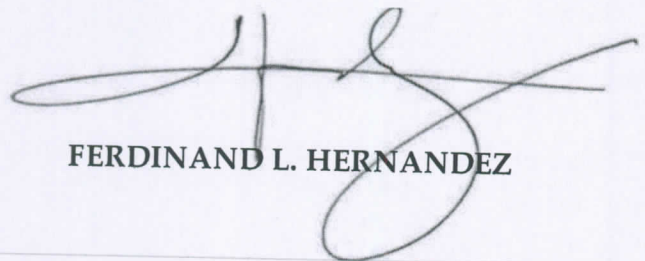
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<sup>1</sup> <https://www.rappler.com/brandrap/data-stories/225452-reasons-philippines-slow-adopt-e-wallet>; last accessed on 04 May 2020.

<sup>2</sup> <https://www.philstar.com/business/2019/12/10/1975689/e-money-transactions-33-p1-trillion-9-months>; last accessed on 04 May 2020.

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 helps in flattening the COVID-19 curve, as well as, 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 entails lower operating costs. It likewise increases financial inclusion to support broad-based economic development that can contribute to inclusive growth in the country.

In view of the foregoing, the passage of this bill is earnestly sought.



FERDINAND L. HERNANDEZ





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

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

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

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

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

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

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.**