



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 170

**ADOPTION OF DIGITAL PAYMENTS FOR GOVERNMENT
DISBURSEMENTS AND COLLECTIONS**

WHEREAS, the State recognizes the vital role of information and communications technology (ICT) in nation-building; the need to develop human resources for the information age that are skilled in the use of ICT and a population capable of operating and utilizing electronic appliances and computers; its obligation to facilitate the transfer and promotion of technology and to ensure network security, connectivity and neutrality of technology for the national benefit;

WHEREAS, Section 27 of Republic Act (RA) No. 8792 or the "Electronic Commerce Act," mandates all departments, bureaus, offices and agencies of the government, as well as all government-owned or -controlled corporations to, among others, provide for the method and manner of payment or settlement of fees and other obligations to the government, and to require and/or accept payments and issue receipts acknowledging such payments through systems, using electronic data messages or electronic documents;

WHEREAS, consistent with the declared State policy under RA No. 11032 or the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018," the acceptance of digital payments in government collections will promote efficient delivery of government services, expedite transactions, boost revenue and reduce the risk of graft and corruption;

WHEREAS, the digitalization of payments is in line with the government's thrust to develop an inclusive digital finance ecosystem, in accordance with the Digital Payments Transformation Roadmap 2020-2023 and the National Strategy for Financial Inclusion 2022-2028, and will complement existing efforts to make formal financial services accessible to vulnerable and underserved sectors;

WHEREAS, the COVID-19 pandemic has highlighted the benefits of utilizing digital payment services across various sectors, as it enabled a fast, convenient, secure and transparent mode of delivering government services and transacting business;

WHEREAS, the adoption of digital payments for government disbursements will facilitate the expedient distribution of financial assistance to beneficiaries, thereby providing a catalyst for financial inclusion for the most vulnerable sectors of society, contributing to the attainment of the country's long-term vision under *Ambisyon Natin*

THE PRESIDENT OF THE PHILIPPINES

2040, and supporting our country's development trajectory towards an inclusive, resilient and future-ready economy;

WHEREAS, to provide clear audit policies and guidance on the use of digital collections and payments for government transactions, the Commission on Audit (COA) has issued Circular No. 2021-014 (s. 2021);

WHEREAS, actions undertaken by the government, such as: (i) the implementation of RA No. 11055 or the "Philippine Identification System (PhilSys) Act," which provides a foundational ID system intended to facilitate identity authentication and simplify processes relative to account onboarding; (ii) the issuance of Executive Order No. 127 (s. 2021) which expanded the provision of internet services; (iii) the efforts of the *Bangko Sentral ng Pilipinas* (BSP) to reduce supply-side barriers to digital transactions and increase accessibility to financial services; and (iv) the efforts of the Philippine Statistics Authority and Land Bank of the Philippines to provide PhilSys registrants with transaction accounts to boost account ownership and reduce the number of unbanked individuals, are envisioned to bridge digital infrastructure gaps and facilitate effective and transparent digital disbursements to beneficiaries; and

WHEREAS, Section 17, Article VII of the Constitution vests in the President the power of control over all executive departments, bureaus and offices, as well as the mandate to ensure the faithful execution of laws;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Republic of the Philippines, by virtue of the power vested in me by the Constitution and existing laws, do hereby order:

SECTION 1. Definitions. For the purpose of implementing this Order, the following terms shall mean:

- a. *Digital collection* – refers to a mode of payment wherein a government entity receives payments from businesses and citizens through digital devices (e.g., mobile phones, Point of Sale or computers) and where payments can be made through bank transfers, electronic money and payment cards (e.g., credit, debit or prepaid cards);
- b. *Digital disbursement* – refers to a mode of payment wherein a government entity disburses money or any equivalent electronic representations of legal tender, for purposes of paying government expenditures, by crediting the target recipient's transaction account through Advice to Debit Account or Electronic Fund Transfer facilitated by the Government Servicing Bank, or any other digital payment instruments allowed by existing laws and regulations;
- c. *Digital payment* – refers to a monetary payment transaction between two (2) parties through a digital payment instrument in which both the payer and the payee use an electronic channel;
- d. *Electronic Fund Transfer* – refers to transfer of funds between two (2) transaction accounts in the same or in different financial institutions

supervised by the BSP, which are initiated and received using electronic devices and channels to transmit payment instructions;

- e. *Electronic money (e-money)* – refers to electronically-stored monetary value which is issued in accordance with the relevant regulations and issuances of the BSP;
- f. *Government Servicing Bank* – refers to banks authorized, upon accreditation by the Monetary Board, to accept government deposits and perform banking services on behalf of government entities, including Authorized Government Depository Banks, as defined by regulations of the Department of Finance;
- g. *Payment Service Provider* – refers to an entity such as a bank or non-bank electronic money issuer that provides payment services to end-users such as consumers, merchants, and billers, including government institutions; and
- h. *Transaction account* – a bank account or e-money account held with a BSP-supervised financial institution that can be used to store, send, and receive funds.

SECTION 2. Coverage. All departments, agencies, and instrumentalities of the government, including state universities and colleges, government-owned or -controlled corporations (hereafter, “Covered Agencies”), are hereby directed, and local government units (LGUs) are hereby enjoined, to adopt digital payments for their respective disbursements and collections.

SECTION 3. Digital Payments for Government Disbursements. All Covered Agencies shall utilize safe and efficient digital disbursement in the payment of goods, services and other disbursements, including in the distribution of financial assistance, as well as in the payment of salaries, wages, allowances and other compensation to employees.

Covered Agencies shall be allowed to disburse funds directly into the transaction accounts of recipients or beneficiaries, whether held in government or private financial institutions, without need of a special arrangement from the financial institution concerned. For this purpose, Covered Agencies may use facilities of Government Servicing Banks such as Advice to Debit Account or interoperable Electronic Fund Transfers (EFT). Further, Covered Agencies shall be responsible for preparing payment instructions, with all necessary details, including the name of the beneficiary, details of the transaction account, and amount involved.

The Government Servicing Bank shall carry out payment instructions and submit to the government entity disbursing the fund a verified list of successful or failed fund transfers, together with all relevant details. Subject to agreements between the Government Servicing Banks and Covered Agencies, the former shall be allowed to collect fees from the latter for EFT services.

To ensure continuity of the delivery of payment services, all Covered Agencies shall adopt a Business Continuity Plan to prepare for calamities and other

emergencies where payments through digital means may not be effected. In these cases, non-digital payout channels may be considered by Covered Agencies in the exigency of service.

It is understood that the provisions of RA No. 10173 or the “Data Privacy Act of 2012,” its Implementing Rules and Regulations, and all relevant issuances of the National Privacy Commission, shall be observed in the implementation of this Order.

SECTION 4. Digital Payments for Government Collections. All Covered Agencies are mandated to offer a digital mode of collecting payments for taxes, fees, tolls, and other charges and impositions. It is understood that this Order does not foreclose the acceptance of cash and other traditional modes of payment.

Covered Agencies shall utilize secure payment processing solutions to ensure that various digital payment methods are accepted. For this purpose, Covered Agencies may engage the services of established Payment Service Providers, provided that only interoperable digital payment solutions which are compliant with the National Retail Payment System Framework shall be availed.

Subject to existing laws, rules and regulations, the partner Payment Service Providers of Covered Agencies shall not be limited to Government Servicing Banks.

SECTION 5. Technical Working Group on the Adoption of Digital Payments. A Technical Working Group (TWG) shall be created to provide guidance and promote cost-efficiency and transparency in the procurement of digital payment solutions by Covered Agencies. The TWG shall be composed of representatives from the following agencies and offices:

- a. Department of Finance (DOF);
- b. Department of Budget and Management (DBM);
- c. Bureau of the Treasury (BTr);
- d. Bureau of Internal Revenue (BIR); and
- e. Government Procurement Policy Board (GPPB) Technical Support Office.

Consistent with the respective mandates of the member-agencies, and in coordination with the COA, the TWG shall have the following powers and functions:

- a. Oversee and monitor the procurement of digital payment solutions by Covered Agencies and ensure that the same is in accordance with existing laws, rules and regulations;
- b. Consider the formulation of standard terms and conditions for Payment Service Providers, in consultation with the BSP and COA. Pursuant to its mandate, the GPPB may also issue specific procurement guidelines for the engagement of Payment Service Providers;
- c. Resolve issues relative to the implementation of this Order, without prejudice to the individual member-agencies resolving such concerns pursuant to their respective mandates;
- d. Call on any department, agency or office under the Executive Branch for the effective implementation of this Order; and
- e. Perform such other functions as may be directed by the President.

All departments, agencies, bureaus, offices or instrumentalities of the government with mandates relating to the adoption of digital payments are directed to render full assistance and cooperation to the TWG, as may be required to carry out its functions under this Order.

SECTION 6. Implementing Rules and Regulations. The DOF, in coordination with the BSP, COA, DBM, BTr, BIR, and other relevant government agencies, shall issue the necessary implementing rules and regulations (IRR), within ninety (90) days from the effectivity of this Order. The IRR shall include, among others, the tiering guidelines relative to the implementation of digital collections under Section 7 of this Order.

SECTION 7. Transition. All Covered Agencies shall ensure the proper transition of their respective agencies' disbursement and collection procedures and policies to accommodate digital payments towards the full implementation of this Order. Covered Agencies shall ensure the continuous delivery of public services during such transition, particularly the acceptance of non-digital mode of payments.

Covered Agencies shall fully implement digital disbursements and digital collections in their respective agencies within six (6) months from the issuance of the IRR under Section 6 of this Order.

The implementation of digital payments, however, may be subject to a tiered transition period, which shall reflect a differentiated transition timeframe, based on the operational readiness and capability of the concerned Covered Agency. Such tiered transition period shall be in accordance with the tiering guidelines under the aforementioned IRR, and shall not exceed a period of three (3) years from the issuance thereof. Covered Agencies which are determined by the TWG to be capable of fully adopting digital payments shall be required to carry out digital payments within a shorter period, while those which are incapable may be allowed a longer period.

The Department of Trade and Industry, Department of the Interior and Local Government, and Department of Information and Communications Technology (DICT) shall aid in the capacity building of Concerned Agencies relative to the adoption of digital payments.

Concerned Agencies are encouraged to establish programs to capacitate their personnel on innovative technologies, payment systems, and cybersecurity and data privacy protection tools, and shall build public understanding on digital financial services.

SECTION 8. Funding. Funds for the initial implementation of this Order shall be charged against the respective budgets of Covered Agencies, while funding for the succeeding years shall be incorporated in their respective regular appropriations or corporate operating budgets, and shall be subject to the usual budgeting process.

For the continued implementation of this Order, Covered Agencies, to the extent that the fiscal program can accommodate, may include in their respective budgets such amounts which would cover the reasonable costs of establishing and maintaining infrastructure and systems relating to digital payments, including

transaction fees, as well as all other expenses that may be incurred in connection with the implementation of this Order.

SECTION 9. Connectivity Support. The DICT shall take appropriate measures to ensure adequate internet connectivity to support government programs and policies on the digitalization of financial transactions.

SECTION 10. Separability. If any provision of this Order is declared invalid or unconstitutional, the other remaining provisions not affected thereby shall continue to be in full force and effect.

SECTION 11. Repeal. All issuances, rules, and regulations or parts thereof, inconsistent with this Order are hereby repealed, amended or modified accordingly.

SECTION 12. Effectivity. This Order shall take effect immediately upon its publication in the Official Gazette or in a newspaper of general circulation.

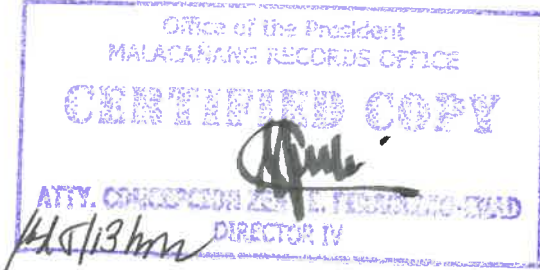
DONE in the City of Manila, this 12th day of May, in the year of Our Lord, Two Thousand and Twenty-Two.




By the President:



SALVADOR C. MEDIALDEA
Executive Secretary



Office of the President
MALACAÑANG RECORDS OFFICE
CERTIFIED COPY

ATTY. CONCEPCION ZOSA, FERNANDO-HEAD
DIRECTOR IV
4/5/13 km



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PRRD 2016 - 022228