

Comments on the Senate Bill No. 1764, entitled "AN ACT PROMOTING THE ADOPTION OF DIGITAL PAYMENTS FOR FINANCIAL TRANSACTIONS OF THE GOVERNMENT AND ALL MERCHANTS AND FOR OTHER PURPOSES"

Prepared by Aubrey D. Tabuga¹

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Let me extend my appreciation to the office of Senator Sonny Angara for allowing me to provide inputs to the proposed legislation - SB 1764 (An Act Promoting the Adoption of Digital Payments for Financial Transactions of the Government and all Merchants and for other Purposes). I sincerely believe in its objective of facilitating transactions, arrangements, or exchanges of goods and services by promoting the universal use of safe and efficient digital payments in financial transactions of the government and the general public. However, since the word "facilitating" was used, I hope to see the proposed policy as one that truly works for a facilitative and enabling environment. In particular, I suggest revising Section 7 (Digital Payment Capability of Merchants) to revolve around facilitation which entails capacity building, promoting and expanding access, and increasing awareness on the convenience and benefits of online digital payment systems. As it is worded in the current version, Section 7 appears to be restrictive rather than facilitative. For instance, requiring merchants to "establish and/or outsource arrangements and/or mechanisms that would enable them to receive payments from clients and make payments to creditors and suppliers in digital form as a pre-requisite for the approval or renewal of their business permits" constitute an additional layer of constraint to the already complex process of obtaining a business permit. Instead, the policy should provide for efforts that ease and reduce the constraints that merchants already face.

In contrast, I find the capacity building part in Section 7 relevant and facilitative. Implementing programs that capacitate merchants on the use of digital payments is a crucial strategy. For example, one of the findings of the PIDS study is that those with lower educational attainment and the elderly (some business owners may be part of these groups) are usually less likely to take advantage of the benefit of digital platforms. Therefore, LGUs and other government agencies must partner with communities to improve capacities on the safe and reliable use of digital payment systems for small businesses.

¹ Dr. Aubrey D. Tabuga, Senior Research Fellow, Philippine Institute for Development Studies. The views expressed in this document are those of the author and do not necessarily reflect the views of the institute.

Another important finding from the study is the very low level of awareness on the use of digital platforms for business and other transactions by the general population. Although there is indeed some evidence showing that this has improved in the pandemic era, there is still a lot of work that needs to be done to raise awareness. Therefore, the government (in partnership with other stakeholders) can conduct or facilitate various education campaigns to address this.

Also, the lack of access to platforms for digital payment partly emanates from the lack of access to the formal banking system. For instance, to get a higher payment limit at GCash, one needs to be fully verified. This entails connecting to a bank account that people might not have because of various reasons, including not having enough money for the maintaining balance, not having the proper documents to open one, and being in a remote location. LGUs and other government bodies and instrumentalities can also set up platforms or easy-to-access kiosks that can help people gain proper documentation for their banking needs (e.g., national ID). LGUs can also work with the banks in their jurisdictions to improve small business owners' access to the formal banking system. Since small business owners are busy making their businesses thrive, the LGUs can schedule and set up kiosks in the communities. All such efforts that are facilitative and enabling must be explored to improve access to digital payments.

Given all these, I find Section 8 crucial and urgent. Government agencies setting up a reliable digital payment system for their transactions will be an excellent example. For instance, if renewal of business permits can be done online and people can pay thru GCash or other online payment systems, this can be a game-changer.