



Republic of the Philippines
Province of Cagayan
TUGUEGARAO CITY
NINTH CITY COUNCIL
OFFICE OF HON. CERENE PEARL QUILANG

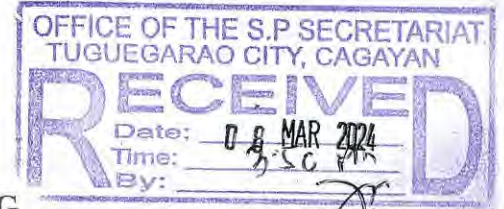


DRAFT ORDINANCE ENJOINING ALL BUSINESS ESTABLISHMENTS AND LOCAL TRANSPORTATION IN TUGUEGARAO CITY TO ADOPT QR PH DIGITAL PAYMANETS IN LINE WITH THE PALENG-QR PH PROGRAM

Sponsor:

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Explanatory Note

Financial inclusion is defined as having effective access to a wide range of financial products and services by all Filipinos. Financial services, such as savings account, payment, credit, and remittances are tools that can help Filipinos improve their welfare and achieve their goals for their household and enterprise.

Account ownership is considered the gateway to financial inclusion. Through a formal account, one can not only safely save money but also conveniently send and receive money to and from anyone for the transactions such as receiving salary and cash assistance, collecting payment from customers, and paying taxes, purchases and bills.

Payments are basic financial transactions. As demonstrated during the COVID-19 pandemic, the digitalization of payments proved to be effective in facilitating the continuation of business and government transactions amid mobility restrictions. This has enabled the government and private institutions to provide lifelines of support for the vulnerable sectors. To be able to transact digital payments, one needs to have an account.

Over the years, the Bangko Sentral ng Pilipinas (BSP) has established the regulatory foundation to promote account ownership and digital payments in the country. This includes the introduction of basic deposit account (BDA) and e-money as a no-frills and affordable account designed for the low-income unbanked clients; the cash agent regulation which allows banks to tap third-party retail outlets such as pawnshops and convenience stores to serve as cash-in and cash out (CICO) points for bank clients; the launch of InstaPay to facilitate real-time electronic fund transfer between accounts held in different participating financial institutions; and the launch of QR Ph promote use of quick response (QR) technology as an expedient and cost-efficient means for digital payment.

Launched in November 2019, QR Ph is the national QR code standard which serves as an instrument for cost-efficient digital payments, whether for person-to-person (P2P) or person to merchant (P2M) transactions. With QR Ph, small entrepreneurs need not invest in costly equipment such as point of sale (POS) terminals to accept digital payments from their customers. Instead, merchants only need to print and display QR code tied to their transactio account, which their customers can scan to pay digitally.

On 28 January 2022, the Financial Inclusion Steering Committee (FISC) launched the National Strategy for Financial Inclusion (NSFI) 2022-2028 as a six-year blueprint to achieve the vision of driving financial inclusion toward broad-based growth and financial resilience. The NSFI aims to harness a coordinated whole-of-government approach to accelerate financial inclusion in support of the country's broader inclusive and sustainable development agenda. The FISC, chaired



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by the BSP and with 20 agencies as members including the Department of Interior and Local Government (DILG), overseas and drives the implementation of the NSFI.

One of the priority initiatives in the NSFI is the promotion of digital payments in markets and local transport by utilizing QR Ph. Payment for local transportation and purchases from the public market are part of the daily payment pattern of a typical Filipino. By being able to pay market purchases and local transport fares digitally through their accounts, the public will realize the convenience and benefits of using a transaction account and other digital financial services (DFS). Promoting digital payments among market vendors and tricycle drivers is thereby crucial in expanding the country's digital payments ecosystem toward greater financial inclusion.

In view of the above, the DILG and BSP jointly developed the Paleng-QR Ph Program to promote digital payment in public markets and local transportation in support of the NSFI;

The Paleng-QR Ph Program builds on the QR Ph initiative by promoting financial inclusion and cashless transactions at public markets, community stores, and local transportation hubs around the country. It aspires to build a digital ecosystem based on basic payment behaviors among Filipinos, raise the utility of transactions accounts, and aid in the promotion and adoption of these accounts.

The DILG and the BSP released a Joint Memorandum Circular (JMC) No. 01 Series of 2022 on the Paleng-QR Ph program, which established guidelines enjoining Local Government Unites (LGUs) participation in the Paleng-QR Ph program. The JMC provided the guidelines for the country-wide adoption and implementation of Paleng-QR Ph Program by the LGUs to promote digital payments among market vendors, sari-sari store owners, tricycle drivers, consumers, and commuters.

It is in the best interests of the city if the public will adopt Paleng-QR Ph Program within the City of Tuguegarao.

SECTION 1. SHORT TITLE. This ordinance shall be known as the **“Paleng-QR Ph Program in the City of Tuguegarao Ordinance”**

SECTION 2. SCOPE AND COVERAGE. This ordinance shall cover the following:

- a. All public market vendors;
- b. All public transportation in the City of Tuguegarao;
- c. All stores and business establishments including but not limited to, sari-sari stores, ambulant vendors and hawkers

SECTION 3. DEFINITION OF TERMS.

- a) **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.



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- b) **Electronic fund transfer (EFT)** – 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 transactions.
- c) **InstaPay** – an electronic fund transfer facility offered by a participating bank or EMI to its clients to allow them to instantly transfer funds from their accounts to another held in other participating banks or EMI in the Philippines. The list institutions participating in InstaPay can be found in the BSP website: <https://bit.ly/InstapayQRPH>.
- d) **Public Utility Vehicles** – a motorized vehicle granted a franchise by the Public Transport Regulatory Board (PRTRB) to operate and transport passenger within Tuguegarao City.
- e) **QR code** – short for “Quick Response Code”, a QR code is a two-dimensional image-based bar code capable of holding large amount of information. QR codes store information using patterns of black dots and white spaces, arranged in a square grid. It can be read by a smartphone camera that is equipped with a bar-code reader. When personal and financial information is stored in it, a QR can be used to send and receive money such as payment transactions. A recipient of the funds shows his/her QR code to the payer or sender who will scan the code to initiate the payment transaction.
- f) **QR Ph** – QR Ph is the national QR Code standard that allows to quick, low-cost, and safe method to pay, transfer to and receive funds from other bank and e-money accounts in the Philippines.
- g) **Rental**- means the value of the consideration, whether in money or otherwise, given for the enjoyment or use of a thing
- h) **Seller**- shall refer to a person who sells goods, commodities, or foodstuffs other than inside a public market
- i) **Buyer**- shall refer to a person who purchases goods, commodities or foodstuffs to a vendor or seller
- j) **Vendor**- shall mean a person who sells goods, commodities, or foodstuffs, within the public market.
- k) **Ambulant Vendors**- also known as “*Mobile Trader*” or “*Peddlers*” is a person, who either for himself or commission, travels from place to place and sells his goods or sells and offers to deliver the same, using a vehicle.
- l) **Hawker**- refers to ambulant vendors who set their wares on a daily basis.

CHAPTER III PALENG-QR Ph

SECTION 4. QR PH ENABLED PAYMENTS. — All public market vendors, public transport groups, sari-sari store owners, other local merchants in the City of Tuguegarao are hereby directed to make QR Ph payments available for their customers in line with the Paleng-QR Ph program.



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Public transportation, public market and business establishments, at their own discretion, may select as their alternative mode of payment from any QR Ph-ready financial service providers (FSP) participating in the Paleng-QR Ph program of the City.

Provided, however, that nothing in this Ordinance shall prohibit payment in cash when, otherwise chosen by the patrons, consumers, buyers, passenger, or clients.

SECTION 5. ROLES AND RESPONSIBILITIES. —

- a. The City Government of Tuguegarao shall:
 1. Authorize the City Mayor to enter into and sign a Memorandum of Agreement (MOA), on behalf of the City Government of Tuguegarao, with the chosen qualified FSPs for the Program implementation if warranted;
 2. Coordinate with key local stakeholders such as the vendor associations, transport groups, and the market superintendents to ensure effective implementation of the Program;
 3. Invite FSPs to participate in the program and negotiate for deals/special offers to encourage target participants to open a transaction account and use QR code digital payment. It shall partner with as many participating FSPs as deemed appropriate;
 4. Assist target participants (e.g. vendors and other retail merchants, transport *groups*) in the opening of accounts by, among others, providing additional relevant documents such as LGU certification to support the know-your-customer (KYC) requirements of the FSP;
 5. Organize a special “account opening day(s),” in coordination with participating FSPs, to ensure ease and convenience of account opening by covered users and their clients, including the provision of QR code printouts that can be readily displayed in their stores, terminals and vehicles;
 6. Facilitate provision of free Wi-Fi connectivity in public and community markets, and local public transport terminals;
 7. Coordinate with the Department of Information and Communications Technology (DICT) in line with the latter's programs such as the Free Wi-Fi for All (FW4A);
 8. Provide banners, standees and other Paleng-QR Ph markers in public markets using the template provided (Annex “B”); incorporate the standard branding of the Paleng-QR Ph (Annex “C”) in the promotional and information materials used for the program's IECC;
 9. It shall develop its information, education and communication campaign (IECC) to promote and sustain the objective of the Paleng-QR Ph program.



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4. Participate in the information campaign, financial literacy program and other relevant activities that will be facilitated by the LGU and FSPs.

SECTION 6. COMPLIANCE MONITORING. — The Business Permits and Licensing Office with the assistance of the Market Administration Office and the Tricycle Regulatory Unit with the assistance of the Philippine National Police are hereby asked to monitor the compliance of this ordinance.

SECTION 7. SEPARABILITY CLAUSE. — If any provision or section of this Ordinance, or the application thereof to any person or circumstance is held invalid, the other provisions or sections of this Ordinance and the application of such circumstance shall not be affected thereby.

SECTION 8. REPEALING CLAUSE. — All prior Ordinances, Executive Orders, Administrative Orders, Rules and Regulations, or parts thereof that are inconsistent with the provisions of this Ordinance are hereby repealed or modified accordingly.

SECTION 9. EFFECTIVITY CLAUSE. — This Ordinance shall take effect in accordance with the provisions of Republic Act No. 7160, also known as the Local Government Code of 1991, as amended.