REVENUE MEMORANDUM CIRCULAR NO. 111-2022 issued on July 26, 2022 publishes the full text of Executive Order (EO) No. 170 titled "Adoption of Digital Payments for Government Disbursements and Collections".

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

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.

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 the 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.

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 Commission on Audit (COA), the TWG shall have the powers and functions specified in Section 5 of the Order.

All department, 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 the Order.

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 the Order. The IRR shall include, among others, the tiering guidelines relative to the implementation of digital collections under Section 7 of the Order

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

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.