

including the Department of Interior and Local Government (DILG), oversees 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 transaction accounts, and aid in the promotion and adoption of these accounts.

It is in the best interests if the public will adopt to Paleng-QR Ph Program within Naga City. Hence, this Ordinance.

Be it enacted by the Sangguniang PanlungsoD of Naga. By virtue of the powers vested in it by law, in session assembled, that:

SECTION 1. TITLE. This ordinance shall be known as the "PALENG-QR PH PROGRAM IN NAGA CITY."

SECTION 2. 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.
- 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 account to another held in other participating banks or EMI in the Philippines. The list of institutions participating in InstaPay can be found on the BSP website: <https://bit.ly/InstaPayQRPH>.

- d. **Drivers**- refer to those driving trimobile and/or padyak in Naga City, whether a member of an association and/or federation.
- e. **QR code** - short for "Quick Response code," a QR code is a two-dimensional image-based bar code capable of holding large amounts 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 are stored in it, a QR code 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 a quick, low-cost, and safe method to pay, transfer to and receive funds from other bank and e-money account in the Philippines. This is aligned with the Europay-Mastercard VISA Co (EMVCo) standard, the global standard for secure payments, which unifies the various domestic cashless payment schemes that make use of the QR code as a form factor. The list of Institutions participating in QR Ph can be found on the BSP website: <https://bit.ly/QRPhFAQs>.
- 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 from 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. **Hawkers** - refers to ambulant vendors who set their wares on daily basis.
- m. **Transaction Account** - refers to a bank or e-money account held with a BSP-regulated financial service provider that can be sued to store, send, and receive funds. Example of transaction accounts are as follows:
1. **Basic Deposit Account (BDA)** - refers to interest or non-interest bearing bank account with an initial minimum deposit of no more than one hundred pesos (Php 100.00), no minimum maintaining balance, no dormancy charges,

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maximum balance of fifty thousand pesos (Php 50,000.00) and with simplified know-your-customer or KYC requirements. The list of banks authorized by the BSP to offer BDA can be found on the BSP website: <https://bit.ly/BankswithBDAs>.

2. **Electronic Money (E-money)** - a monetary value as represented by a claim on its issuer, that is: a. electronically stores in an instrument or a device; b. issued against receipt of funds of an amount not lesser in value than the monetary value issued; c. accepted as a means of payment by persons or entities other than the issuer; d. withdrawable in cash or cash equivalent; e. issued in accordance with Section 702 of the BSP's Manual of Regulations for Banks.

The list of e-money issuers (EMI) or entities authorized by the BSP to offer e-money account can be found on the BSP website: <https://bit.ly/BSPSupervisedEMIs>.

SECTION 3. SCOPE OF APPLICATION. The Ordinance shall endeavor to cover the following:

- a. Public market vendors;
- b. Public transportation;
- c. Stores and business establishments including but not limited to sari-sari stores, ambulant vendors and hawkers

SECTION 4. QR Ph ENABLED PAYMENTS. All public market vendors, sari-sari store owners, trimobile and padyak operators and driver associations and other local merchants in the City of Naga are highly encouraged to participate in order to make QR Ph payments available for their customers, in line with the Paleng-QR Ph Program.

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. The list of institutions participating in QR Ph is attached as Annex "A" and updated list can be found on the BSP website: <https://www.bsp.gov.ph/Media and Reserach/Primers%20Fags/QR Ph P2 M FAQs.pdf>

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

SECTION 5. ROLES AND RESPONSIBILITIES. For purposes of delineating different roles and responsibilities, the following are hereby stated:

- a. **LGU shall:**

1. Authorize, thru the Sangguniang Panlungsod, the City Mayor to enter into and sign a Memorandum of Agreement (MOA), on behalf of the City Government of Naga with the

- chosen qualified FSPs for the Program implementation, if warranted;
2. Coordinate with key local stakeholders such as vendor associations, TODA, 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. The LGU can partner with as many participating FSPs as deemed appropriate;
 4. Assist target participants (e.g., vendors and tricycle operators) 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 TODA 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, trimobile and padyak terminals, and tricycles for promotional and information purposes;
 9. Develop its information, education and communication campaign (IECC) to promote and sustain the objective of the Paleng-QR Ph Program. This will cover, among others, a financial literacy program using appropriate channels on key topics such as effective use of digital payments in business; financial services for micro and small enterprises; and financial consumer protection;
 10. Disseminate through appropriate channels/methods (e.g., LGU's official social media pages) Paleng-QR Ph, financial inclusion and financial literacy materials developed by the BSP and other stakeholders;
 11. Assign competent contact person(s) and focal office for efficient and timely coordination on the program implementation; and
 12. Maintain a record on participating merchants under the Paleng-QR Ph Program.

b. Financial Service Providers (FSPs)

Participating FSPs shall:

1. Provide personnel, customer assistance booths, and other appropriate resources, including QR code printouts, deemed reasonable to ensure successful conduct of LGUs of Paleng-QR Program "account opening day(s)";
2. Provide target users with appropriate materials on opening a transaction account, using QR code payments and other digital financial services;
3. Provide resource speakers and contents, as requested, for the LGU's financial literacy program;
4. Assign competent contact person(s) to the LGUs for efficient and timely coordination on the program implementation; and
5. Provide special offers for accounts opened under the Paleng-QR Ph Program such as free microinsurance coverage for a certain period (e.g., three months); t-shirts and other wearables; and special user rebates for a limited period.
6. Participation in the program shall be non-exclusive

c. Covered merchants and local transportation

Covered merchants and local transportation shall:

1. Open and maintain a QR-Ph-ready transaction account. In the event the covered entity does not have an account, entity commits to have an account six months after effectivity of the ordinance;
2. Explicitly display their QR Ph code in their store or vehicle where it is visible to customers and passengers;
3. Make QR Ph payments available as a method of payment;
4. Participate in the information campaign, financial literacy program and other relevant activities that will be facilitated by the LGU and FSPs.

SECTION 6. INCENTIVE CLAUSE. All business owners and tricycle operators who shall provide QR Ph as an alternative mode of payment shall be granted the following incentives:

- A. Five (5%) discount shall be granted on all fees, licenses, permit and/or business taxes in connection with the establishment, operation, and maintenance of the market stall or tricycle operation for the first three (3) years of the implementation of the Paleng-QR Ph Program.

B. Grant of 5% discount on all stall rental on the first year of adoption.

The LGU may recall such incentives and covered merchants will be asked to return the equivalent amount discounted once adoption of the program is discontinued.

SECTION 7- INTER-AGENCY COMMITTEE - There is hereby created an inter-agency committee with the following functions and composition:

Chairman: City Mayor
Co-chair: Chair, SP Committee on Trade and Commerce
Members: Department Head, Investment promotions Office
Department Head, METRO PESO
Market Superintendent
City Treasurer
Head, Arts, Culture and Promotions Office
Head, City Events, Protocol and Public Information Office
Head, Bicol Central Station

The Heads of the following national government agencies/non-government organizations based in the Province and/or Naga City are to be invited in the Council and their membership commences once said invitation, extended through the Office of the Mayor, is accepted:

- a) Bangko Sentral ng Pilipinas
- b) Camarines Sur Bankers Association
- c) Department of Trade and Industry
- d) Department of Information and Communications technology
- e) National Telecommunications Commission
- f) Metro Naga Chamber of Commerce and Industry
- g) Naga City People's Council
- h) Federation President, Trimobile Transport groups
- i) Federation President, Naga City Padyak Operators and Drivers Association

Functions:

- a) Draw a comprehensive roadmap to ensure connectivity and continuity of this Project
- b) Ensure that the necessary safeguards are in place to address concerns arising from the implementation of this Ordinance.
- c) Provide mechanisms for phased implementation, if necessary
- d) Review implementation of this Ordinance and recommend possible amendments to the Office of the City Mayor and/or Sangguniang Panlungsod, if necessary.

All acts of the Council, including additional regulations promulgated to enhance the implementation of this Ordinance, are to be considered as forming part of this Ordinance.

SECTION 8. COMPLIANCE MONITORING. The Business Permit and Licensing Division of the City Treasurer's Office (CTO), the Investments Promotion Office, the Market Enterprise and Promotions Office (MEPO) and the Trimobile Task Force, Public Safety Office and other offices/agencies are hereby tasked to implement and/or monitor compliance of this Ordinance.

SECTION 9. SEPARABILITY CLAUSE. All Ordinances, Rules, Orders and Regulations contrary to or inconsistent with this Ordinance if any, are hereby repealed, modified or amended accordingly.

SECTION 10. EFFECTIVITY. This Ordinance shall take effect fifteen (15) days following the publication in a newspaper of general circulation.

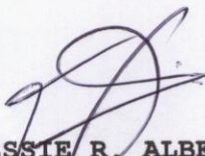
Enacted: December 6, 2022

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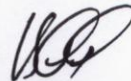
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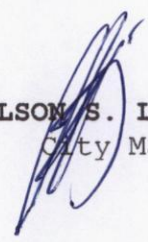
WE HEREBY CERTIFY to the correctness of the foregoing ordinance.


JESSIE R. ALBEUS

City Councilor
& Acting Presiding Officer


GIL A. DE LA TORRE
Secretary to the
Sangguniang Panlungsod

APPROVED:


NELSON S. LEGACION
City Mayor 12/15/22