

Title: Fintech Landscape in the Philippines

Brief overview: This article provides a summary of the Philippine fintech regulatory landscape, highlighting key institutions, recent developments, and ongoing challenges shaping the sector.

Author's Names and Titles: Enrique V. Dela Cruz Jr. (Senior Partner), Jay-r C. Ipac (Junior Partner), and Terence Mark Arthur S. Ferrer (Senior Associate)

Category: Fintech

Full Article:

1. FINTECH LANDSCAPE IN THE PHILIPPINES

The financial inequality in the Philippines has become the main driving force for FinTech companies to invest in technology with the goal of ensuring equitable access to financial services. However, to date, some 49.8 percent of adult Filipinos remain unbanked.¹

Nonetheless, in 2022, the number of registered e-money accounts, the most-owned financial account, reached 257.5 million² while it is projected to reach around 81 million Filipinos in 2025.³ Thus, coupled with the advantage of high internet and smartphone penetration, as well as a supportive Bangko Sentral ng Pilipinas (BSP), the future of FinTech in the Philippines is promising, with increasing investments in digital infrastructure and a growing ecosystem of local startups, international players, and governmental support.

2. FINTECH LICENSES

Local and foreign investors who wish to establish a fintech business in the Philippines must register with the appropriate government bodies, such as the Securities and Exchange Commission (SEC) and the Bangko Sentral ng Pilipinas (BSP), to be allowed to operate legally in the country. In the Philippines, there are several types of fintech companies that focus on providing specific services. Such are:

- Digital Payments & Mobile Wallets
- Digital Remittance
- Blockchain & Cryptocurrency
- Alternative Finance
- Payroll & HR

These services are among the most popular kinds of fintech companies operating in the Philippines. Depending on the business goals, the SEC and BSP may require the Fintech company to secure different documentation during its business registration process.

Although most businesses only require registration with SEC, the Philippines requires fintech companies that engage in remittance, payment, money-changing, foreign exchange, virtual currency exchanges (later termed as virtual asset service provider or VASP), digital banking, and merchant payment acceptance activities to also register with BSP.

¹<https://www.philstar.com/business/2025/08/31/2469245/half-filipinos-still-unbanked-despite-digital-boom-study>

²<https://www.bsp.gov.ph/Pages/InclusiveFinance/2023NSFIAnnualReport.pdf>

³ <https://mb.com.ph/2023/4/9/58-m-filipinos-spent-5-4-4-m-hours-on-e-wallet-apps>.

To further supervise and regulate fintech companies in the Philippines, BSP initially created two special regulations: BSP Circular No. 942 and 944, including a specialized government unit, the Financial Technology Sub-Sector (FTSS).

BSP Circular No. 942 monitors fintech companies engaged in remittance, money-changing, or foreign exchange dealing. BSP Circular No. 944, on the other hand, governs the operations and reporting obligations of fintech companies that offer virtual currency exchanges or engage in activities that provide facilities for the conversion or exchanges of virtual currencies. Fintech companies that provide alternative financing, however, may be regulated under the Lending Company Regulation Act.

A Fintech startup can apply for any of the following licenses from the BSP and/or the SEC:

1. Electronic Money Issuer (“EMI”);
2. Regulatory Sandbox Framework;
3. Virtual Asset Service Provider (“VASP”);
4. Operator of a Payment System (“OPS”);
5. Merchant Payment Acceptance Activities;
6. Money Service Business (“MSB”);
7. Electronic Financial and Payment Service (“EFPS”);
8. Digital Banks;
9. Crowdfunding;
10. Lending and Financing; and
11. Crypto-Asset Service Provider.

(i) Electronic Money Issuer (EMI) License

Section 702, as amended by Circular No. 1166, series of 2023, of the Manual of Regulations for Banks, defines E-money and an EMI as follows:

E-money shall refer to an electronically-stored monetary value that is:

- (1) maintained in a non-interest-bearing non-deposit transaction account;
- (2) denominated in or pegged to Philippine Peso or other foreign currencies;
- (3) pre-funded by customers to enable payment transactions;
- (4) accepted as a means of payment by the issuer and by other persons or entities including merchants/sellers;
- (5) issued against receipt of funds of an amount equal to the monetary value issued;
- (6) represented by a claim on its issuer; and
- (7) withdrawable in cash or cash equivalent or transferable to other accounts/instruments that are withdrawable in cash.

Electronic money issuer (EMI) shall be classified as follows:

- a. EMI-Banks; and
- b. EMI-Non-Bank Financial Institution (EMI-NBFI), which includes cooperatives.

Banks may offer E-money services subject to prior approval of the Bangko Sentral under Electronic Payment and Financial Services (EPFS) license and compliance with the prudential criteria provided under

Sec. 111 and requirements on licensing of EPFS under Appendix 136 of Sec. 701 of the Manual of Regulations for Banks (MORB). While a Certificate of Authority to Operate as an EMI-NBFI will provide a licensee with the capability to convert cash into electronic money, issue stored value cards, transfer funds and provide payment solutions to its business clients subject to compliance with other BSP license requirements. However, EMI-NBFI that engage in lending activities must also secure a quasi-banking license from the BSP.

(ii) Regulatory Sandbox Framework

a. Bangko Sentral ng Pilipinas

Under BSP Circular No. 1153, a regulatory sandbox is defined under the Circular as “a controlled, time-bound, live testing environment, which may feature regulatory waivers xxx [that] involve limits or parameters within which participants must operate.”

Fintech companies test their products/services in a controlled environment — consisting of select groups of consumers with whom these fintech startups may interact with — under the supervision of BSP’s Sandbox Oversight Team.

Under the Circular, the applicants should offer the following financial solution to be able to participate in the regulatory sandbox:

- 1) uses new or emerging technology or utilizes an existing technology in an innovative manner, or,
- 2) bridges a market gap in the delivery of financial products/services. The financial solution must be supported by research that shall be part of the documents submitted to the BSP.

The BSP, in the course of its evaluation, reserves the right to reject an application based on the merits of the submitted documents and representations, without prejudice to the filing of a new application after a six-month cooling-off period.

Those who are eligible will be allowed to test their proposed innovation in accordance with the BSP-approved test plan which shall be suited to the features of the proposed innovation/solution. Specific regulatory requirements may be relaxed during the testing period in accordance with the test plan. Once the test plan is approved, the BSP will issue a Letter to Proceed with the Test Implementation.

From there, the Testing Implementation Phase commences, with testing duration ranging from three to 12 months from the go-live date, depending on the complexity of the proposed solution. After the testing stage, a comprehensive evaluation of the whole experimentation shall take place as part of the exit procedures. The participants must comply with the reportorial requirements mandated by the BSP to establish the necessary information and final results of the experimentation.

Participants whose sandbox activities are assessed as successful and whose products or services are deemed fit for public consumption may apply to operate and offer for public use and consumption the proposed product or service that was subjected to the sandbox activity. The Sandbox Oversight Team shall endorse for approval the product or service that resulted in a successful sandbox testing. The pertinent requirements and processing timelines for the issuance of an authority to offer electronic products and financial services shall apply for this purpose. However, the approving authorities in the BSP reserve the right to approve or disapprove the proposed product or service despite the successful sandbox testing.

b. Securities and Exchange Commission – PhiliFintech Innovation Office (PhiliFINNO)

The SEC established the PhiliFINNO to serve as the first point of contact for Fintechs that are applying for registration or existing Fintechs introducing new products, and to formulate and execute regulatory responses to Fintech issues. Furthermore, the SEC issued Memorandum Circular No. 9, series of 2024, which institutionalized the SEC Strategic Sandbox (Stratbox) under the PhiliFINNO.

Under said Circular, the SEC may periodically post and maintain on its website sandbox activity guidelines, which will include eligible activities and innovations that may be allowed to enter and operate within the regulatory sandbox framework. Upon acceptance into the Regulatory Sandbox program, eligible participants may be granted regulatory relief, subject to the conditions specified in the implementing guidelines.

Similar to the BSP Sandbox Regulatory Framework⁴, the Sandbox Process will go through the Application stage, Evaluation stage, Testing stage, and Exiting Stage. Lastly, Sandbox Participants that graduated from the regulatory sandbox may formally submit to the SEC an application for the required license to offer the financial product or service to the public at large, with the endorsement of the Sandbox Committee through the completion certificate, subject to the issuance of special rules allowing the registration of the said activity.

(iii) Virtual Asset Service Provider

Under BSP Circular No. 1108, Virtual Assets (“VA”) and VASP are defined as follows:

- a. *Virtual asset* refers to any type of digital unit that can be digitally traded, or transferred, and can be used for payment or investment purposes. It can be defined as a "property", "proceeds", "funds", "funds or other assets", and other "corresponding value". It is used as a medium of exchange or a form of digitally stored value created by agreement within the community of VA users. VAs are broadly construed to include digital units of exchange that (i) have a centralized repository or administrator; (ii) are decentralized and have no centralized repository or administrator; or (iii) may be created or obtained by computing or manufacturing effort. VAs are not issued nor guaranteed by any jurisdiction and do not have legal tender status.

Digital units of exchange that is used for (i) the payment of goods and services solely provided by its issuer or a limited set of merchants specified by its issuer (e.g., gift checks); or (ii) the payment of virtual goods and services within an online game (e.g., gaming tokens) shall not be considered as VAs. Also, virtual currencies as previously defined in Bangko Sentral Circular No. 944 (Guidelines for Virtual Currency Exchanges) shall now be referred to as VAs.

- b. *Virtual Asset Service Provider (VASP)* refers to any entity that offers services or engages in activities that provide facility for the transfer or exchange of VA, which involve the conduct of one or more of the following activities:
 - (1) exchange between VAs and fiat currencies;
 - (2) exchange between one or more forms of VAs;
 - (3) transfer of VAs; and

⁴ In June 2025, SEC has approved G-Xchange, Inc. (GCash) and Macodimarc Technology Corporation (Pluang) to enter its regulatory sandbox.

(4) safekeeping and/or administration of VAs or instruments enabling control over VAs.

As a derivative of EMI licenses, a VASP license holder may also operate international and local remittance and payment functions, subject to compliance with MSB and OPS requirements.

However, in BSP Memorandum No. M-2025-031, BSP extended the moratorium on the issuance of new VASP Licenses, subject to reassessment. Nevertheless, existing BSP Supervised Financial Institutions who wish to expand operations by offering VASP services may still apply for a license.

(iv) Operator of a Payment System

Section 4 (1) of RA 1127 defines an operator of a payment system as “any person who provides clearing or settlement services in a payment system, or defines, prescribes, designs, controls or maintains the operational framework for the system.” While Section 4 (p) of the same law provides that a Payment System is “the set of payment instruments, processes, procedures and participants that ensures the circulation of money or movement of funds.”

Subsequently, BSP issued Circular No. 1049 and defined an Operator of a Payment System as a person that performs any of the following functions:

- (a) Maintains the platform that enables payments or fund transfers, regardless of whether the source and destination of accounts are maintained within the same or different institutions;
- (b) Operates the systems or network that enables payments or fund transfers to be made through the use of payment instrument;
- (c) Provides a system that processes payments on behalf of any person or the government; and
- (d) Performs such other similar activities, as may be determined by the Monetary Board.

All operators of payment systems (OPS) are obliged to comply with the regulations and guidelines set out by the BSP, especially BSP Circular No. 1127, series of 2021, on the Governance Policy for Operators of Payment System. All OPS are required to register with the BSP. Registered OPS that intend to operate within a designated payment system must secure prior approval from the BSP, which shall designate any payment system that:

- poses, or may pose, systematic risk that threatens the stability of the national payment system; or
- could have a major economic impact or undermine the confidence of the public in the national payment system.

(v) Merchant Payment Acceptance Activities

As part of its broader digital payments regulatory environment, the BSP issued Circular 1198 (2024). It defined merchant payment acceptance activities (MPAA) as referring to the set of services provided to a merchant to receive payment for sale of goods and/or services. In general, services include merchant acquisition; providing the means to accept various payment instruments and collect, secure, transmit and process payment information; and providing support services related to the payment.⁵ It defined merchant acquisition as the service of accepting and processing payment transactions on behalf of a merchant under an agreement, resulting in a transfer of funds to the merchant.⁶

⁵ BSP Cir 1198, s1

⁶ BSP Cir 1198, s1

BSP Circular 1198 seeks to ensure that OPS engaged in or intending to engage in MPAA in the Philippines adopt commensurate governance structures and appropriate measures to effectively manage risks attendant to their business model, including risks related to settlement, operations, information technology (IT), anti-money laundering, and countering terrorism, and proliferation financing, and end-user (i.e. the merchant) protection. An OPS is considered engaged in MPAA in the Philippines if the OPS, merchant, or both, are located in the Philippines.⁷

An OPS engaged or intending to engage in MPAA other than merchant acquisition shall register as OPS-MPAA with the BSP in accordance with Section 502 MOPRPS (which is Circular 1049). If the entity is specifically engaged in merchant acquisition, the entity is required to obtain a Merchant Acquisition License (MAL) “prior to engaging” in such activity. An OPS-MAL is not required to register as an OPS and is considered compliant with the rules and regulations on the registration of OPS.⁸ Note, however, that one of the requirements for an OPS-MPAA intending to engage in merchant acquisition is an “Application for Registration as Operator of Payment System (OPS).” But for banks and EMI-NBFIs that intend to engage in merchant acquisition as part of their normal or allowed business operations, they need not apply for a separate MAL and prior BSP notification shall suffice.

(vi) Money Service Business

Section 4511N.1 of the Manual of Regulations for Non-Bank Financial Institutions (“MORNBF1”) governs the registration and operation of non-bank entities engaged in Foreign Exchange Dealings / Money Changing and/or Remittance. Under said Section, Fintech companies may register as Remittance and Transfer Companies, which are defined as:

(a) Remittance and Transfer Company (RTC) - refers to any entity that provides Money or Value Transfer Service (MVTs). MVTs refers to financial services that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network. This includes the following:

(1) Remittance Agent - refers to any entity that operates a remittance business network which includes any or combination of the following:

(a) Remittance Direct Agent (RDA) - refers to any entity that is covered by a direct contracted remittance agreement or similar agreement to act in behalf of a third party engaged in remittance business.

(b) Remittance Network Provider (RNP) – refers to any entity that provides a network of Remittance Sub-Agents to perform remittance services to RTC.

(c) Such other similar entities as may be determined by the Monetary Board.

For the purpose of this Section, entities already registered as an RA as herein defined shall be registered as such, notwithstanding whether they are also acting as Remittance Sub-Agent (RSA).

⁷ BSP Cir 1198, s2

⁸ BSP Cir 1198 referring to MORPS Section 502 (which is BSP Cir 1049)

(2) Remittance Platform Provider (RPP) – refers to any entity that provides a shared or common platform/IT infrastructure and maintains settlement accounts in order to provide funds for remittance transactions within its network.

(vii) Electronic Financial and Payment Service

Under Sec. 803 of the Manual of Regulations for Banks (MORB), Electronic Financial and Payments Service (EFPS), which shall require Bangko Sentral approval in accordance with Sec. 701 of the MORB, refer to BSP-supervised financial institutions (BSFI) products and/or services that enable consumers to carry out or initiate payments electronically, financial transactions and other related services through a point of interaction. To offer EFPS, BSFIs shall conform to the following requirements:

- (1) BSFIs shall make electronic payments available in all its delivery channels whenever applicable;
- (2) BSFIs shall enable its clients to move/receive funds to/from accounts with other BSFIs, or, at a minimum, receive funds. Movement of funds between BSFIs shall be carried out through participation in an ACH;
- (3) BSFIs shall immediately credit the account of its clients after receipt of clearing advice; and
- (4) BSFIs shall conform to Sec. 701, the IT Risk Management Standards and Guidelines on electronic banking, electronic payment, electronic money, and other electronic products and services provided in Appendix 79.

(viii) Digital Banks

Under BSP Circular No. 1105, series of 2020, a digital bank is defined as one that offers financial products and services that are processed end-to-end through a digital platform and/or electronic channels with no physical branch/sub-branch or branch-lite unit offering financial products and services.

Under the Circular, a digital bank may perform any or all of the following services:

- a. grant loans, whether secured or unsecured;
- b. accept savings and time deposits, including basic deposit accounts as defined under Sec. 213;
- c. accept foreign currency deposits, as defined under R.A. No. 6426, as amended;
- d. invest in readily marketable bonds and other debt securities, commercial papers and accounts receivable, drafts, bills of exchange, acceptances or notes arising out of commercial transactions;
- e. act as correspondent for other financial institutions;
- f. act as collection agent for non-government entities;
- g. issue electronic money products subject to the guidelines provided under Sec. 702;
- h. issue credit cards;
- i. buy and sell foreign exchange; and
- j. present, market, sell and service microinsurance products subject to the guidelines provided under Sec. 113-B.

(ix) Crowdfunding

In view of the recent financial innovation of raising funds for a venture or business using internet platforms, the SEC promulgated SEC Memorandum Circular No. 14, series of 2019 or the Rules and Regulations Governing Crowdfunding (Rules Governing Crowdfunding) in accordance with the Securities Regulation Code (SRC) and international practices standards.

The rules shall primarily govern the operations and use of equity-based and lending-based Crowdfunding (CF) by registered persons who participate in CF through an online platform.

Section 2 (a) of said Rules, defines *Crowdfunding* as the offer or sale of securities of a limited scale, usually for start-ups, micro, small and medium enterprises (MSMEs), done through an online electronic platform. While Section 2 (b) of said Rules defines *Crowdfunding intermediary or intermediary* refers to a registered broker, investment house, or funding portal which mediates the offer and sale of crowdfunding securities through its online electronic platform. As expounded by SEC, Crowdfunding may be donation-based, reward-based or lending-based.⁹ Lastly, under said rules, funding platforms, intermediaries and securities intended to be issued should be duly registered with the SEC, subject to certain exemptions under the Securities Regulation Code.

(x) Financing and Lending Companies

Under R.A. 8556 or the Financing Company Act, Financing Companies are defined as corporations, except banks, investments houses, savings and loan associations, insurance companies, cooperatives, and other financial institutions organized or operating under other special laws, which are primarily organized for the purpose of extending credit facilities to consumers and to industrial, commercial, or agricultural enterprises, by direct lending or by discounting or factoring commercial papers or accounts receivable, or by buying and selling contracts, leases, chattel mortgages, or other evidences of indebtedness, or by financial leasing of movable as well as immovable property. They are regulated by the BSP. While under R.A. 9474, or the Lending Company Regulation Act, Lending Companies are defined as a corporation engaged in granting loans from its own capital funds or from funds sourced from not more than nineteen (19) persons and shall not be deemed to include banking institutions, investment houses, savings and loan associations, financing companies, pawnshops, insurance companies, cooperatives and other credit institutions already regulated by law. Lending companies are regulated by the SEC. In line with this, SEC issued Memorandum Circular No. 19, series of 2019, requiring disclosures in advertisements and registration of Online Lending Platforms as business names. However, by virtue of SEC Memorandum Circular No. 10, series of 2021, the SEC imposed a moratorium on new online lending platform applications in the Philippines.

(xi) Crypto-Asset Service Provider

The [SEC issued Memorandum Circular No. 04, Series of 2025](#) or the SEC Rules on Crypto-Asset Service Providers ("CASP Rules") and Memorandum Circular No. 05, Series of 2025, or the SEC Guidelines on the Operations of Crypto-Asset Service Providers. The Rules apply to all CASPs that are offering crypto-asset services and third-party service providers who engage in the marketing of crypto-assets and crypto-asset services. Under the said Rules, Crypto-Assets are defined as a cryptographically secured digital representation of value or of a right that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions that can be transferred, stored or traded electronically. While Crypto-Asset securities are defined as a cryptographically secured digital representation of value or of a right that is being offered as securities, as defined under the Securities Regulation Code and other relevant laws and regulations, that rely on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, that can be transferred, stored or traded, electronically.

⁹ https://www.sec.gov.ph/wp-content/uploads/2021/01/2021PressRelease_SEC-APPROVES-COUNTRY%E2%80%99S-FIRST-CROWDFUNDING-PORTAL-01072021.pdf

Moreover, to register as a CASP, the SEC requires applicants to be corporations with a minimum paid-up capital of PhP 100 Million, excluding crypto-assets, and to maintain a physical office within the Philippines. The SEC, by an Order, may grant an exemption to the registration requirements after determining its consistency with public interest and protection of investors.

In addition, the Rules imposed that crypto-assets, subject to certain exemptions, shall not be sold, offered for sale, or distributed in the Philippines without a disclosure document relative to a crypto-asset to be offered in the Philippines must be filed by the offeror with the SEC and published on the platform's website, social media account, and other means of communication not less than thirty (30) days before any marketing activities or the actual offering, whichever comes first. While crypto-asset securities shall not be sold or offered for sale or distribution within the Philippines without a registration statement duly filed with and approved by the SEC, as provided by the SRC and other issuances by the SEC.

Lastly, the Rules further require SEC permission to allow CASPs to conduct any offering, trading, or dealing of derivatives involving Crypto-Assets, as well as offer trading on leverage.

Related Regulations: (i) National QR Code

Under BSP Circular No. 1055 dated 17 October 2019, a Payment Service Provider is defined as entities that provide payment and financial services to end users. It includes banks and non-bank electronic money issuers. Moreover, by virtue of the BSP Memorandum No. M-2023-005, and Monetary Board Resolution No. 216 dated 16 February 2023, all payment service providers are now required to adopt the National QR Code Standard, or the “QR Ph” in QR-enabled payment services offered to end users.

Related Regulations: (ii) Financial Products and Services Consumer Protection Act of 2022

Republic Act No. 11765 or the Financial Products and Services Consumer Protection Act of 2022 (FPSCPA) was enacted to ensure that appropriate mechanisms are in place to protect the interest of the consumers of financial products and services under the conditions of transparency, fair and sound market conduct, and fair, reasonable, and effective handling of financial consumer disputes, which are aligned with global best practices. In pursuance thereof, the SEC and the BSP enacted their respective Implementing Rules and Regulations (IRR) as can be gleaned from SEC Memorandum Circular No. 5, Series of 2023, and BSP Circular No. 1160, Series of 2023, respectively. In general, the IRRs institutionalize consumer protection risk management integration into a financial service provider's enterprise-wide risk management processes and risk governance framework by imposing on the board and senior management oversight functions in identifying, measuring, monitoring, and mitigating financial consumer protection risks in their operations and requiring the Board to ensure the company's adherence to the consumer protection standards of conduct.

Related Regulations: (iii) Broker-dealer and securities trading

Under Republic Act No. 8799 or the Securities Regulations Act, “Securities” are shares, participation or interests in a corporation or in a commercial enterprise or profit-making venture and evidenced by a certificate, contract, instruments, whether written or electronic in character. It includes:

- (a) Shares of stocks, bonds, debentures, notes evidences of indebtedness, asset-backed securities;
- (b) Investment contracts, certificates of interest or participation in a profit sharing agreement, certifies of deposit for a future subscription;
- (c) Fractional undivided interests in oil, gas or other mineral rights;
- (d) Derivatives like option and warrants;

- (e) Certificates of assignments, certificates of participation, trust certificates, voting trust certificates or similar instruments
- (f) Proprietary or nonproprietary membership certificates in corporations; and
- (g) Other instruments as may in the future be determined by the Commission.

In general, Securities to be sold or offered for sale or distribution within the Philippines, including those brokers and/or dealers offering the same, should be duly registered with the SEC.

Recently, the SEC has continued the crackdown against unregistered cryptocurrency after it released a bulletin regarding 10 websites offering cryptoasset services without a proper license to operate.¹⁰

Related Regulations: (iv) Cagayan Economic Zone Authority (CEZA)

CEZA is the governing body and the board of directors of the Cagayan Special Economic Zone and Free Port (CZESFP), which constitutes a separate customs territory covering the entire area embraced by the Municipality of Sta. Ana and the islands of Fuga, Barit, and Mabbag in the Municipality of Aparri, all in the province of Cagayan.¹¹

Financial Technology Solutions and Offshore Virtual Currency Business (FTSOVCB) Activity

FTSOVCB Activity refers to any one of the following types of activities that take place outside the Philippines and require CEZA approval:

- a. The use of:
 - i. Digital Ledger Technology for storing or transmitting value¹² belonging to others.
 - ii. Any other software, systems, and platforms for the creation and delivery of financial technology products and solutions
- b. The conduct of:
 - i. VC-based transactions, such as, but not limited to:
 - 1. Receiving Virtual Currency(VC)¹³ for transmission or transmitting virtual currency;
 - 2. Storing, holding, or maintaining custody or control of VC on behalf of others;
 - 3. Trading or buying and selling VC as a customer business;
 - 4. Performing offshore exchange services as a customer business; or controlling, administering, or issuing a VC.
 - ii. An intermediary, brokerage or agency service for the acts described in (i);
 - iii. Management or custody of a fiat currency or VC on behalf of the users or recipient in relation to the acts described in (i) and (ii).
- c. The maintenance of data centers within the CSEZFP to service FTSOVCE operations contemplated herein.¹⁴

Digital Asset and Token Offerings

The Rules on Digital Asset and Token Offerings (CEZA DATO Supplemental Rules) is a supplement to the CEZA FTSOVCB Rules and Regulations of 2018 which shall apply to (1) any person which intends to offer

¹⁰ <https://www.philstar.com/business/2025/08/06/2463539/10-crypto-platforms-targeted-sec-crackdown-over-lack-registration>

¹¹ *Id.* at Section 3.

¹² Value for the purpose of this subsection shall refer to assets, holdings and other forms of ownership, rights or interests, with or without related information, such as agreements or transactions for the transfer of value or its payment, clearing or settlement.

¹⁴ *Id.* at Section 4.

Digital Assets to the public and is acting in the capacity of an Issuer; and (2) to the extent set out under the Rules, to any Digital Asset (DA) Agent, Expert or Relevant person.¹⁵

The Rules cover the offer of the various products, innovations or digital instruments which figure in the digital economy of today and of the future – all of which are captured by the Rules-specific concept of a “Digital Asset.” As defined under the Rules, a DA refers to “a uniquely identifiable electronic representation of value, property or chattel, the conferral, storage and transfer of which is recorded electronically including by transmission of electronic information or adjustment of an electronic record” and which is any or a combination of (i) a Virtual Currency; (ii) an Asset Token; and/or (iii) a Utility Token, all as defined thereunder. However, DAs do not include electronic representations of value which are part of an affinity or rewards program or those used in online games or gaming platforms. Different rules and requirements for registration may apply.

Related Regulations: (v) Regulation of Value-Added Services

The delivery of financial services through mobile applications or online platforms generally falls under the definition of value-added services that are subject to National Telecommunications Commission (NTC) regulation, pursuant to the Philippines’ Public Telecommunications Policy Act.

Value-added services are broadly defined as “services which add a feature or value to basic telephone service not ordinarily provided by a public telecommunications entity such as format, media, conversion, encryption, enhanced security features, paging, internet protocol, computer processing and the like”.

The NTC considers value-added services as enhanced services beyond those ordinarily provided by carriers or telecommunications entities. Application services, including all types of applications delivered to and/or accessed by users or subscribers – such as mobile banking, electronic payments, point-of-sale service and similar applications – are among those categorized by the NTC as value-added services.

Related Regulations: (vi) Bureau of Internal Revenue Revenue Regulations

The Bureau of Internal Revenue issued Revenue Regulation No. 16, series of 2023 which subjects all online sellers/ merchants, whose annual total or cumulative gross remittances are Php 500,000.00 or lower and not otherwise exempt by law or treaty, selling their goods or services through an e-marketplace operator to a 1% on ½ withholding tax based on gross remittances or total money remitted by the e-marketplace operator to the sellers/merchants. While Revenue Regulation No. 03, series of 2025, imposed the implementing rules and regulations for Republic Act No. 12023, or the Value Added Tax on Digital Services.

4. INNOVATION

R.A. No. 11293 or the Philippine Innovation Act and its IRR. R.A. No. 11293 or the Philippine Innovation Act aims to promote a culture of strategic planning and innovation to encourage creative thinking and knowledge creation and dissemination towards expanding and maintaining economic competitiveness. It strengthens the position of Micro, Small and Medium Enterprises (MSMEs) by removing obstacles to innovation by suppressing bureaucratic hurdles such as red tape and adapting a regulatory framework that supports the creation of and diffusion of new knowledge, products, and processes.¹⁶

¹⁵ Section 1. 02, Rules on Digital Asset and Token Offerings (Supplemental Rule to the Financial Technology Solutions and Offshore Virtual Currency Business Rules and Regulations of CEZA of 2018).

¹⁶ Philippine Innovation Act, Section 4.

The Philippine Innovation Act likewise created the National Innovation Council (NIC), which develops the country's innovation goals, priorities, and long-term national strategy.¹⁷ The NIC is likewise tasked to develop a National Innovation Agenda and Strategy Document (NIASD), which shall establish the country's vision and long-term goals for innovation and provide roadmap and the strategies for improving innovation governance through clear-cut delineation and complementation of innovation efforts across agencies; deepening and accelerating innovation efforts, including inclusive innovation programs that are targeting the poorest of the poor; and integrating and fostering public-private partnerships, including those with large businesses, MSMEs, academe, and research, development and extension (RD&E) institutions.¹⁸

Innovation Development Credit and Financing. An innovation development credit and financing program shall be developed to generate and scale up innovation in accordance with the NIASD. Innovation development credit, as used herein, shall consist of loans and other financing activities for purposes of including the development of new technologies, product innovation, process innovation, organizational innovation, and marketing innovation.¹⁹

Credit Quota. All banking institutions, whether government or private, shall set aside at least four percent (4%) of their total loanable funds for innovation development credit, subject to the following qualifications:

1. The loanable funds shall refer to funds generated from the effectivity of the Philippine Innovation Act;
2. Innovation development loans benefitting agricultural sector workers and businesses shall be considered as part of the compliance with the credit quota requirement of R.A. No. 10000 or the Agri-Agra Reform Credit Act of 2009;
3. The four percent (4%) credit quota is subject to joint review by the NIC and the BSP after three (3) years of implementation to determine whether the law has been effective in accomplishing its goals.²⁰

NEDA-DBM Joint Memorandum Circular (JMC) No. 2023-01. For the effective implementation of R.A. No. 11293, the NEDA authorized the appropriation of an amount of One Hundred Million Pesos (Php 100,000,000.00) to be used for the issuance of grants for innovation programs, activities, and projects.²¹

The JMC shall apply to innovation grants for programs, activities, and projects that work on promoting and implementing all potential types and sources of innovation (product, process, organizational, social, marketing, academic, educational or policy) proposed by an agency of the government.²²

Proponents and eligibility requirements under the JMC. A proponent is an agency of the government which intends to submit or has submitted a proposal for innovation grant.²³ The following are the proponent's eligibility requirements: (i) An agency of the government, including departments, bureaus, offices, other government instrumentalities, LGUs, SUCs, constituent units, or GOCCs, capable of receiving and managing grants; (ii) Attached agencies, regional offices, and operating units are eligible to submit a

¹⁷ Philippine Innovation Act, Section 6.

¹⁸ Philippine Innovation Act, Section 9.

¹⁹ Philippine Innovation Act, Section 22.

²⁰ Philippine Innovation Act, Section 23.

²¹ 1.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

²² 3.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

²³ 4.7, NEDA-DBM Joint Memorandum Circular No. 2023-01.

proposal separate from their respective central offices or parent agencies provided they met all the required criteria.²⁴

Types of funding support under the JMC. Funding support can be provided to new or existing programs, activities, and projects implemented by an agency of the government that qualify for innovation grants, which include, but are not limited to the following:

- MSME innovation programs;
- Innovation centers and business incubators;
- Regional innovation and cluster policy;
- Strategic research, development, and extension programs;
- Innovation instruments;
- Diaspora for innovation and development;
- Advocacy and community education; or
- Other related innovation development activities.²⁵

The following may also qualify for innovation grants, in which the applicants may choose to combine elements from each as they deem relevant²⁶ (i) Pre-commercialization, Commercialization, or Diffusion Projects; (ii) Innovation Facilities and Services; (iii) Innovation Culture Promotion; (iv) Innovation Policy Research

The funding support threshold for the implementation of new or existing innovation-related programs, activities, and projects shall not exceed five million pesos (Php 5,000,000.00)²⁷

R.A. No. 11337 or the Innovative Startup Act. R.A. No. 11337 or the Innovative Startup Act (ISA) aims to encourage the establishment and operation of innovative new businesses, businesses crucial to their growth and expansion, and develop an ecosystem of businesses, government, and non-government institutions that foster an innovative entrepreneurial culture in the Philippines by providing incentives and removing constraints.²⁸

A Startup is any person or entity registered in the Philippines which aims to develop an innovative product, process, or business model. A person refers to a natural person who may be a Filipino citizen or a foreign national. An entity refers to a juridical person registered in the Philippines, including but not limited to, sole proprietor, company, partnership, joint venture, cooperative, or association.²⁹ Startup Enabler refers to any person or registered entity in the Philippines registered under the Philippine Startup Development Program that provides goods, services, or capital identified to be critical in supporting the operation and growth of startups by the DTI in consultation with DOST, DICT, and pertinent government and non-government organizations (NGOs).³⁰

Startups and/or startup enablers who have passed the host agencies' (i.e., DOST, DTI, DICT, or other national government agency, local government unit, or public academic institution that provides programs, benefits and incentives to startups or startup enablers, subject to an application or selection process)³¹ selection and application process are entitled to the following benefits:

²⁴ 5.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

²⁵ 6.1, NEDA-DBM Joint Memorandum Circular No. 2023-01.

²⁶ 6.2, NEDA-DBM Joint Memorandum Circular No. 2023-01.

²⁷ 7.0, NEDA-DBM Joint Memorandum Circular No. 2023-01.

²⁸ Innovative Startup Act, Section 2.

²⁹ ISA-IRR, Rule 2, Section 1 (i).

³⁰ ISA-IRR, Rule 2, Section 1 (j).

³¹ Innovative Startup Act, Section 3 (a).

- a. Full or partial subsidy for the registration and cost in the application and processing of permits and certificates required for the business registration and operation of an enterprise with the appropriate local or national government agencies;³²
- b. Endorsement of the host agency for the expedited or prioritized processing of applications with other government agencies;³³
- c. Endorsement to the Intellectual Property Office of the Philippines (IPOPHL) for appropriate assistance and expedited intellectual property registration and protection, consistent with the law and existing rules and regulations;³⁴
- d. Endorsement to the Department of Foreign Affairs (DFA) for the expedited processing of appropriate visas;³⁵
- e. Full or partial subsidy for the use of facilities, office space, equipment, and/or services provided by government or private enterprises or institutions;³⁶
- f. Full or partial subsidy in the use of repurposed government spaces and facilities of the host agency as the registered business address;³⁷ and
- g. Grants-in-aid (GIA) for research, development, training, and expansion projects.³⁸

Benefits and Incentives. The host agencies shall provide benefits and incentives to startups who have passed their selection and application process. These benefits and incentives are:

- a. Full or partial subsidy for the registration and cost in the application and processing of permits and certificates required for the business registration and operation of an enterprise with the appropriate local or national government agencies;
- b. Endorsement of the host agency for the expedited or prioritized processing of applications with other government agencies;
 - (i) Endorsement to the Intellectual Property Office of the Philippines (IPOPHL) for appropriate assistance and expedited intellectual property registration and protection, consistent with the law and existing rules and regulations;
 - (ii) Endorsement to the Department of Foreign Affairs (DFA) for the expedited processing of appropriate visas;³⁹
- c. Full or partial subsidy for the use of facilities, office space, equipment, and/or services provided by government or private enterprises or institutions;
- d. Full or partial subsidy in the use of repurposed government spaces and facilities of the host agency as the registered business address; and
- e. Grants-in-aid (CIA) for research, development, training, and expansion projects.⁴⁰

DICT's Private Express and/or Messenger Delivery Services (PEMEDES) License. Pursuant to Section 1, Rule 4 of Department of Transportation and Communications (DOTC) Department Circular (DC) No. 2001-01 as adopted by DICT via Department Order (DO) No. 001, series of 2017, the application for new Authority to operate PEMEDES may be led by any Filipino citizen or a corporation or partnership

³² Innovative Startup Act, Section 7 (a).

³³ Innovative Startup Act, Section 7 (b).

³⁴ ISA-IRR, Chapter 2, Rule 1, Section 1 (c).

³⁵ ISA-IRR, Chapter 2, Rule 1, Section 1 (d).

³⁶ Innovative Startup Act, Section 7 (c).

³⁷ Innovative Startup Act, Section 7 (d).

³⁸ Innovative Startup Act, Section 7 (e).

³⁹ Section 1, Rule 1, Chapter 2, Implementing Rules and Regulation of R.A. No. 11337.

⁴⁰ Section 7, R.A. No. 11337.

duly registered with the Securities and Exchange Commission (SEC) with at least sixty percent (60%) of whose capital stock or shares is owned by Filipino Citizen/s.⁴¹

Recently, the DICT launched the online registration platform for PEMEDES licenses.⁴²

Artificial Intelligence. In May 2021, the Department of Trade and Industry launched the country's Artificial Intelligence (AI) Roadmap which contains four major dimensions for AI readiness, namely: (1) Digitization and Infrastructure, (2) Research and Development, (3) Workforce Development, and (4) Regulation. These dimensions are then supported by seven (7) measurable strategic imperatives and forty-two (42) strategic tasks. Under the "workforce" dimension, the strategic imperatives are to transform education and nurture future AI talents, and upskill and reskill the workforce.

In line with this, the country has recently enacted Republic Act No. 11927, the Philippine Digital Workforce Competitiveness Act, which seeks to enhance the skills and competitiveness of the Philippine workforce in human, and digital technology and innovations in light of the transformation in the world of work due to rapid acceleration of digitalization and advances in technologies such as artificial intelligence and automation across range of industries and sectors. Towards this end, it seeks to enter into public-private partnerships with stakeholders in the formulation and implementation of training, skills development, and certification programs, covering areas, including web development and designing, animation, mobile application development; search engine optimization, and virtual assistance, among others. For another, the country also enacted Republic Act 11899, the Second Congressional Commission on Education Act II, which seeks to put education at the center of the development policies of the state. Towards this end, the law institutionalizes educational reforms necessary to meet the new challenges to education, such as the implementation of alternative learning and delivery modes for basic education, higher education and post-secondary technical-vocational education and training as part of the adjustments and responses to the global pandemic, and the advent of the Fourth Industrial Revolution characterized, among others, by digital revolution or the rapid development of information technology such as artificial intelligence, automation, data analytics, blockchain data sharing, quantum computing, and internet of things analytics.

Another important dimension of the AI Roadmap is "regulation" under which a human-centric approach⁴³ is currently the prevailing approach by the government. This human-centric approach is aligned with the EU and UK's approach to AI, as reflected in the Bletchley Declaration signed by the EU and 28 other countries including the Philippines. Under this Declaration, "AI should be designed, developed, deployed, and used, in a manner that is safe, in such a way as to be human-centric, trustworthy and responsible." Before, a proposed bill had been filed in the House of Representatives (House Bill 7913) seeking to create an "AI Bill of Rights" which includes the right to be protected from unsafe and ineffective AI systems, right against algorithmic discrimination, right to privacy, right to know, and right to remedy. Another similar bill is likewise filed (House Bill 7396) which, while promoting the advancement of artificial intelligence also seeks to ensure that its development and deployment are aligned with national priorities, socially responsible, and respectful of human rights.

Recently, the National AI Strategy for the Philippines (NAIS-PH) was approved. The strategy outlines the Philippines' AI Program Framework, detailing the implementation strategies as well as the government

⁴¹ <https://dict.gov.ph/wp-content/uploads/2024/04/DICT-Citizens-Charter-2024-1st-Edition.pdf>

⁴² https://register.pemedes.gov.ph/?fbclid=IwZXh0bgNhZW0CMTAAYnJpZBExOTVWMIaOUUpFaXZMamZkRQEe87RR9PwtHQMALGPSs6Agu-sj_3UWZWthhU30d_YoJ-GydEjpVHBdKs3-urc_aem_cV-bx85zKt_45xiqaEWvOA

⁴³ Peter A. Sy, Developing an AI Governance Framework for the Philippines: a Report of Preliminary Stakeholder Consultations and Review of the Literature

agencies' division of roles and responsibilities. It focuses on five key areas: infrastructure, workforce, innovation, data governance and policy and AI deployment.

Republic Act No. 12010 or the Anti-Financial Account Scamming Act was enacted to protect the public from cybercriminals and criminal syndicates who target Financial Accounts or lure Account Owners into becoming accessories or perpetrators of fraudulent activities. Said act criminalizes (i) Money Muling which refers to the use, opening, sale, or transfer of financial accounts—whether one's own or another's—for the purpose of receiving or moving funds known to be linked to crimes or scams. This includes actions like using fake identities, renting accounts, or recruiting others to do the same; and (ii) Social Engineering Schemes involve deceiving someone to obtain their sensitive personal information (like passwords or IDs), through deception or fraud, to gain unauthorized access to their financial accounts.

Proposed Regulations. Lastly, the following proposed regulations should be closely monitored:

(a) Senate Bill 1710 or the Expanded Banking Services Act was filed enabling banks to expand service delivery channels through cash agents. Cash agents, as defined, refers to a third-party person with either a (i) retail outlet such as but not limited to convenience stores, pharmacies and other highly accessible retail outlets contracted to deliver bank services, or (ii) an e-wallet operating system. Moreover, a duly authorized Cash Agent may perform any or all of the following bank transactions/services:

- a) Accept and disburse cash on the bank's behalf in connection with the following self-service transactions of customers.
 - i. Deposit and withdrawal transactions performed by the customer on one's bank account;
 - ii. Fund transfers performed by the customer;
 - iii. Bills payment; and
 - iv. Payments due to government institutions, such as contributions to the Social Security System and premiums payable to the Philippine Health Insurance Corporation, PAG-IBIG and others;
- b) Collect and forward applications for opening a savings account;
- c) Forward loan application documents to Contracting Bank;
- d) Perform Initial Customer Identity Verification:
 - i. Conduct customer due diligence (CDD) investigations in opening low transactional and low risk accounts or accounts subject to deposit and transactional limits;
 - ii. Prevent anti-money laundering and countering financing of terrorism activities; cash;
- banks;
- e) Other transactions:
 - i. Payment (including loan repayments) using credit and debit cards, checks, and
 - ii. Transfers between bank accounts including those to be remitted to other
 - iii. Balance inquiries; and
 - iv. Check encashment.

(c) House Bill No. 1351 or the Kontra e-Sugal Act of 2025 was filed to establish a framework to regulate online gambling in the Philippines. It imposes a 10% tax on gross revenues of online gambling operators, with proceeds allocated to a Special Gambling Harm Reduction Fund for rehabilitation, education, enforcement, and research. Moreover, the bill only allows individuals 21 years of age or older to participate in online gambling platforms, while prohibiting electronic wallets and super apps from linking their platforms to online gambling platforms, and from allowing online gambling advertisements on their platforms. Lastly, the bill mandates AMLC-approved payment channels and requires operators to

implement financial risk assessments, betting limits, and player protection measures such as self-exclusion and behavioral monitoring.