

Republic of the Philippines  
**House of Representatives**  
Quezon City, Metro Manila

**SIXTEENTH CONGRESS**  
Second Regular Session

**HOUSE BILL NO. 4914**



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**Introduced by Honorable Kimi S. Cojuangco**

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### **EXPLANATORY NOTE**

The phenomenon of the internet has now been with us, the general public, for over two (2) decades. Its ability to speed up the transfer and manipulation of information is now common knowledge and undisputed.

Already, the internet has created many industries which would have been impossible without it. Such industries are no longer bit players in the country's economy. In fact, a large part of economic growth will surely be derived from internet based or assisted industries and their online transactions, as is already happening today.

At present, no official medium of exchange, or money, exists for the internet. What exists is a patchwork of methods using traditional credit systems, which act in place of money on the internet.

The Creation and Adoption of an Electronic Peso is, therefore, an idea whose time has come!

This Bill seeks to mandate the creation, adoption, and perfection of an Electronic Peso (E-Peso).

The amount in circulation of which will be limited to One Billion Electronic Pesos in the initial two (2) years, beta phase, of its existence. Further "minting" of "E-Pesos", will be subject to processes as specified in the Bill.

Since E-Pesos do not wear out, special considerations for its control, and periodic retirement are laid out in other sections of this proposed bill.

Other than which, the E-Peso is in any and every other way, the equivalent of the physical Peso.

It is the author's hope that the E-Peso, in convenient general circulation, will be an additional path to boost the country's transaction velocity,

economic growth rate, and that it will also serve to be a major convenience for all our people.

The approval of this proposed measure is therefore earnestly recommended.

  
**HON. KIMI S. COJUANGCO**

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**AN ACT**  
**CREATING AN ELECTRONIC PESO AS A MEDIUM OF EXCHANGE**  
**OR AS MONEY FOR USE ON THE INTERNET AND ALL OTHER**  
**ELECTRONIC AND NON-ELECTRONIC MEANS OF**  
**COMMUNICATIONS, APPROPRIATING FUNDS THEREFOR AND**  
**FOR OTHER PURPOSES.**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**Section 1. Title.** - This Act shall be known as the "Electronic Peso or E-Peso Act of 2014".

**Sec. 2. Declaration of Policy.** - It is hereby declared the policy of the State to create and provide money, legal tender, which can be used as a medium of exchange for the purchase of goods and services on the internet.

Such digital money or currency shall be the electronic analogue of the paper peso in all its denominations, and which shall be divisible up to one (1) centavo.

The State shall not default or abrogate this responsibility to private entities.

**Sec. 3. Nature of E-Peso.** - - The E-Peso is the electronic equivalent to the paper peso. All rights, obligations, attributes, and characteristics accruing to the paper peso shall also accrue to the E-Peso. The E-Peso is legal tender, and a valid and legal payment for debts, taxes, goods and services transacted through the internet.

Being a legal tender, the E-Peso cannot therefore be denied as a valid mode of payment.

**Sec. 4. Use of Transaction Ledger.** - The E-Peso shall use a transaction ledger system to assure its authenticity, as security against counterfeiting and as a guard against double or multiple bookings of a single transaction. The transaction ledger system is to be called a log chain. Each newly minted E-Peso will have its own unique log chain. Each log chain will be divisible in synchrony with its mother E-Peso denomination.

The best such log chain technology at the time of minting shall be determined by the Bangko Sentral ng Pilipinas. Such technology may be adopted, purchased, or developed in house by the Bangko Sentral ng Pilipinas. In addition, the Bangko Sentral ng Pilipinas may consider the use of peer-to-peer data processing for a part or all of the data processing requirements of E-Peso.

**Sec. 5. Cost.** - The cost to have the E-Peso in circulation, which shall include all costs from minting to retirement, will be capped and limited to the same amount that it costs the Bangko Sentral ng Pilipinas to circulate the equivalent total face value of Paper Pesos, which shall be calculated by using the same distribution of denominations on a pro-rata basis.

**Sec. 6. Limitation on E-Peso Retirement.** - Until the Bangko Sentral ng Pilipinas shall gain six (6) years of operational experience, the E-Pesos in circulation will be retired upon their being received at any bank and with their log chain showing that they have completed at least twice as many transactions as their paper peso counterparts.

This limitation may be extended by the Bangko Sentral ng Pilipinas after this period, if deemed appropriate by its technical staff and Governing Board.

**Sec. 7. Initial Minting.** - An initial amount equivalent to one percent (1%) of the total amount of Philippine currency in circulation shall be minted by the Bangko Sentral ng Pilipinas within one year from the effectivity of this Act. Replacement minting shall be only be done for lost or destroyed units. ( As of 31 December 2013, the total amount of Philippine currency in circulation is Php7.97.450 billion)

**Sec. 8. Condition for Subsequent Minting.** - No other minting shall occur for a period of five (5) years, and only if the Bangko Sentral ng Pilipinas ascertains that the E-Peso technology is proven secure. The Bangko Sentral ng Pilipinas shall define and publish what "secure" means, in consultation with the Oversight Committee created under Section 17 of this Act.

**Sec. 9. Exclusivity of E-Peso.** - Only the E-Peso shall be recognized as the electronic legal tender in the Philippines.

**Sec. 10. Availability of E-Peso.** - The E-Peso shall be available in all bank branches of all kinds of banks operating in the country. It shall

comprise 0.5% of all cash on hand, initially, then to be maintained at not less than 0.5% thereafter.

**Sec. 11. Requirement on Business Establishment.** - No business establishment shall be allowed to have official electronic payment or money transfer system unless denominated in E-Peso.

**Sec. 12. Technology to be Used.** - The Bangko Sentral ng Pilipinas shall explore and study the technology of bitcoin and post-bitcoin cryptocurrencies to expand its knowledgebase which it will use in deciding which technology or combination of technologies to use for the E-Peso: Provided, That, a peer-to-peer system will be used to verify the log chain of E-Peso.

**Sec. 13. Choice of System.** - The Bangko Sentral ng Pilipinas will choose a system which uses peer to peer processing of the log chain. It shall exert its utmost to leverage existing hardware being used by the other leading cryptocurrencies such as Bitcoin.

The Bangko Sentral ng Pilipinas may, in complementation and augmentation of peer to peer processing, establish its own hardware centers for the processing of log chain data, provided that it helps to lower E-Peso's cost.

The Bangko Sentral ng Pilipinas shall mandate all bank branches, on a pro rata transaction volume basis, to dedicate at least one (1) computer with adequate technical specifications to serve as a local peer.

**Sec. 14. Establishment of a Department.** - The Bangko Sentral ng Pilipinas shall establish a department to handle the E-Peso which is equivalent of the BSP department in charge of handling the minting, distribution and retirement of paper pesos. This new department shall be given a corresponding equivalent yearly budget on a pro rata denomination basis. It shall have a staffing pattern not less than ten percent (10%) in head count or in personal services value than its equivalent paper peso department.

**Sec. 15. Promotion of E-Peso.** - The Bangko Sentral ng Pilipinas shall, for a period of five (5) years, renewable by the Oversight Committee, promote through TV, radio, print media, and online advertising the use and virtues of the E-Peso. The budget for such promotion shall not be less than Thirty Million Pesos per annum.

**Sec. 16. Use for International Transaction.** - The E-Peso shall be allowed and encouraged for international transactions, even if it involves exchange with other currencies.

**Sec. 17. Congressional Oversight Committee.** - A Congressional Oversight Committee, hereinafter referred to as the Committee, is hereby constituted which shall be composed of the Chairmen of the Committee on Banks of the Senate and House Representatives and four (4) additional members from each house, to be designated by the Speaker of the House of Representatives and the Senate President, respectively. The Oversight Committee shall monitor and ensure the proper implementation of this Act

**Sec. 18. Repealing Clause.** - All laws, presidential decrees, executive orders, rules and regulations or part thereof which are inconsistent with this Act or with the rules and regulations issued pursuant thereto are hereby repealed or modified accordingly.

**Sec. 19. Separability Clause.** - If any provision of this Act is declared invalid or unconstitutional, the other provisions thereof not affected thereby shall continue in full force and effect.

**Sec. 20. Effectivity.** - This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in any newspaper of general circulation.

*Approved,*