

A  
BILL

*to provide for the promotion, regulation and adoption of digital payment systems in the Province of Khyber Pakhtunkhwa.*

**WHEREAS**, it is expedient to provide for the promotion, regulation and adoption of digital payment systems, including Quick Response Codes, across the commercial and service sectors of the Province of Khyber Pakhtunkhwa;

**AND WHEREAS**, it is necessary to enhance transactional transparency and security, ensure financial inclusion of all segments of society and modernize the commercial ecosystem for ease of doing business;

It is hereby enacted by the Provincial Assembly of Khyber Pakhtunkhwa as follows:

**CHAPTER-I**  
**PRELIMINARY**

**1. Short title, extent and commencement.**---(1) This Act may be called the Khyber Pakhtunkhwa Promotion of Digital Payments Act, 2026.

- (2) It shall extend to whole of the Province of Khyber Pakhtunkhwa.
- (3) It shall come into force at once.

**2. Definitions.**---In this Act, unless there is anything repugnant in the subject or context,-

- (a) **“Authorized Service Provider”** means a bank, financial institution, digital bank, electronic money institution, payment system operator or payment service provider, duly licensed or authorized by the State Bank of Pakistan to provide digital payment services and issue Quick Response Codes;
- (b) **“business entity”** means any person, firm, company, association of persons or undertaking, whether incorporated or not, in public or private sector, engaged in any business activity and includes but not limited to any permanent or temporary shop, commercial outlet, market, shopping center, medical store, educational institution, clinic, hospital, transport service, utility payment point, street vendor, kiosk, or any other person engaged in a commercial activity for profit or gain;
- (c) **“customer”** means any person, who, in the course of purchasing goods or availing services from a business entity, makes or attempts to make a payment through a digital payment system, including but not limited to payments made

by scanning a QR Code or using any other specified digital channel;

- (d) **“Designated Officer”** means the Assistant Commissioner, Additional Assistant Commissioner of the concerned district or any other officer, not below the rank of BPS-17, designated by the relevant Department of Government in consultation with the Department, by notification in the official Gazette, to exercise the powers and perform the functions under this Act;
- (e) **“Department”** means the Finance Department of Government;
- (f) **“digital payment”** means a payment transaction, through a digital channel, results in a credit or debit to a financial account, mobile wallet or stored-value account, without the use of physical cash;
- (g) **“Government”** means the Government of Khyber Pakhtunkhwa;
- (h) **“prescribed”** means prescribed by rules;
- (i) **“Province”** means the Province of Khyber Pakhtunkhwa;
- (j) **“QR Code”** means a Quick Response Code, which is machine-readable optical label, containing information that facilitates a digital payment transaction, through an authorized payment system, which is interoperable as per the standards set by the State Bank of Pakistan; and
- (k) **“rules”** mean rules made under this Act.

**CHAPTER-II**  
**MANDATORY ADOPTION OF DIGITAL PAYMENTS**

**3. Mandatory Display of QR Code.** ---(1) Every business entity, operating within the territorial jurisdiction of the Province, shall obtain from an Authorized Service Provider, at least one QR Code and display it at its premises.

(2) The QR Code shall be prominently displayed in good condition, at the point of sale, payment counter or another conspicuous location, in a manner that is clearly visible and easily scannable by customers at all times during business hours.

**4. Obligation to accept digital payments.**---(1) Every business entity shall be obligated to accept digital payments from any customer, who chooses to pay through the displayed QR Code.

(2) No business entity shall levy any additional charge, fee or surcharge on a customer for making a digital payment under this Act.

(3) Refusal to accept a digital payment, without a valid technical reason, shall be deemed a violation of this Act.

5. **Applicability.**---The provisions of this Act shall, without prejudice to the generality of section 3, mandatorily apply to all business entities in the Province.

**CHAPTER-III**  
**FACILITATION, AWARENESS,**  
**STANDARDIZATION AND ENFORCEMENT**

6. **Facilitation and capacity building.**---(1) The Department shall, in collaboration with other relevant Departments of Government and Authorized Service Provider, establish or designate facilitation centers at the district or tehsil level to assist business entities with-

- (a) registration and issuance of QR Codes;
- (b) opening of mobile wallets or bank accounts; and
- (c) training on the use of digital payment system.

(2) The Department shall, in collaboration with Information and Public Relations Department and other relevant Departments of Government, conduct, through mass media and other means, comprehensive awareness and digital financial literacy campaigns for the general public and business entities.

7. **Obligations of Authorized Service Providers.**---Every Authorized Service Provider, operating in the Province, shall-

- (a) ensure seamless and timely onboarding of business entities;
- (b) provide necessary technical assistance and support to business entities;
- (c) ensure the reliability, security and uptime of their payment systems; and
- (d) comply with the service standards and reporting requirements as may be prescribed.

8. **Standardization of QR Codes.**---The Department may, in consultation with the State Bank of Pakistan and other stakeholders, prescribe the standards for the size, material, branding and placement of QR Codes to ensure uniformity and ease of use.

9. **Integration with business registration and licensing.**---It shall be mandatory for all Administrative Departments, authorities or agencies, responsible for the registration, licensing, certification or renewal of any business entity, commercial service, trade activity or transport operation, within the Province, to ensure that proof of QR Code display and digital payment readiness is furnished as a precondition for the issuance or renewal of any such registration, license, certificate or permit, as the case may be.

**10. Powers of Designated Officer.**---A Designated Officer shall have the powers to-

- (a) enter and inspect, at any business hours, any premises or vehicle where a business activity is being conducted, to verify compliance with provisions of this Act;
- (b) require the production of any document or record relevant for the purpose of such verification;
- (c) record any non-compliance in writing, supported by photographic or other digital evidence; and
- (d) issue a written notice of violation to business entity found to be in contravention of the provisions of this Act, requiring compliance within a specified time frame.

**CHAPTER-IV**  
**MONITORING, INCLUSION AND MISCELLANEOUS**

**11. Monitoring system.**---The Department shall, with the assistance of Science and Technology and Information Technology Department of Government, establish and maintain a centralized Management Information System or dashboard to monitor the implementation of this Act, including issuance of QR Code, transactional activity and compliance data across the Province.

**12. Financial inclusion and safeguards.**---(1) All relevant Departments of Government may implement financial incentives, such as credits, rebates or benefits, for QR-enabled businesses, to promote the inclusion of informal and marginalized business entities, in the manner as may be prescribed.

(2) For a period of two (2) years from the commencement of this Act, digital payments received by a previously undocumented business entity through a QR Code, registered under this Act, shall not constitute a basis for the imposition of any new direct sales tax liability, so as to encourage formalization, in the manner as may be prescribed.

**13. Data protection.**---All personal and transactional data, collected and processed under the authority of this Act, shall be handled in strict compliance with the applicable data protection laws of Pakistan. Such data shall only be used for the purposes specified in this Act and shall not be shared with any unauthorized person or entity.

**14. Grievance redressal mechanism.**---Government shall establish a grievance redressal mechanism to address complaints from customers or business entities regarding system errors, fraudulent transactions or other related matters.

**15. Power to make rules.**---(1) Government may, by Notification in the official Gazette, within ninety (90) days time from the commencement of this Act, make rules for carrying out the purposes of this Act.

(2) Without prejudice to the generality of sub-section (1), such rules may provide for-

- (a) onboarding timelines;
- (b) QR technical specifications;
- (c) establishment of grievance redressal procedures; and
- (d) regional or sectoral exemptions.

**16. Overriding effect.**---The provisions of this Act shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force.

**17. Indemnity.**---No suit, prosecution or other legal proceeding shall lie against Government, any Designated Officer or any other person for anything which is done or intended to be done in good faith under this Act or rules made thereunder.

**18. Power to remove difficulties.**---If any difficulty arises in giving effect to any of the provisions of this Act, Government may make such orders, not inconsistent with the provisions of this Act, as may appear to it to be necessary for the purpose of removing the difficulty.

### STATEMENT OF OBJECTS AND REASONS

1. Pakistan's economy continues to rely predominantly on cash transactions, with a substantial volume of money circulating outside the formal banking system. This heavy dependence on cash leads to inefficiency, reduced transparency, leakages in revenue collection and exclusion of marginalized groups such as women, small vendors, and informal workers from the financial system.
2. At the same time, the internal systems and financial operations of the provincial Government remain largely outdated, continuing to rely on cash based and traditional payment mechanisms. In light of the Province's e-governance and digitization agenda, it is imperative that all functions of Government are digitized and that payments into Government accounts are received digitally and settled in real time, thereby reducing reliance on physical cash and providing greater ease and convenience to all citizens of the Province of Khyber Pakhtunkhwa.
3. Recognizing these challenges, the Government of Khyber Pakhtunkhwa has launched the "Provincial Action Plan for Cashless Khyber Pakhtunkhwa" as a cornerstone of its digital transformation agenda. The Action Plan seeks to modernize service delivery, improve efficiency in governance and position in the Province of Khyber Pakhtunkhwa as a pioneer Province in the transition to a cashless economy.

4. The Action Plan focuses on enabling a comprehensive digital payments ecosystem, encompassing Government-to-Person (G2P) disbursements, Person-to-Government (P2G) collections and Person-to-Merchant (P2M) transactions through interoperable digital channels. It also emphasizes cybersecurity and fraud response mechanisms, institutional capacity building, public-private collaboration, district-level enforcement and facilitation public Wi-Fi access in bazaars and markets and integration of financial and digital literacy in school curriculum.
5. This Bill, therefore, forms the legal backbone of the Provincial Action Plan for Cashless Khyber Pakhtunkhwa. It provides a structured framework to mandate the adoption of interoperable digital payment systems across Government Departments, businesses and service sectors. It establishes enforcement mechanisms, grievance redressal processes, transparency reporting obligations and provisions for extending the framework to emerging technologies.
6. By creating an enabling legal and regulatory environment, this Bill aims to accelerate financial inclusion, strengthen transparency in transactions, reduce revenue leakages, empower marginalized groups and foster inclusive economic growth. It safeguards the interests of small businesses by providing phased adoption, awareness campaigns and targeted support programs, while simultaneously paving the way for innovation and modernization of the Provincial economy.
7. Ultimately, this Bill shall transform the way Government payments are made, services are delivered and businesses operate in the Province of Khyber Pakhtunkhwa, aligning the Province with global best practices in digital finance and positioning it at the forefront of Pakistan's digital economy. Hence, this Bill.

Peshawar,  
dated the  
, 2026.

  
MINISTER-IN-CHARGE.

Assistant Drafting Officer  
Govt. of Khyber Pakhtunkhwa  
Law Department