



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

Twentieth Congress
First Regular Session

HOUSE BILL NO. 7



**Introduced by Representative Ferdinand Martin G. Romualdez,
Andrew Julian K. Romualdez and Jude A. Acidre**

EXPLANATORY NOTE

This bill seeks to promote transparent governance and institute anti-corruption mechanisms in the operation of banks and other financial institutions amending for the purpose the Republic Act No. 1405, entitled "*An Act Prohibiting Disclosure of or Inquiry Into, Deposits With Any Banking Institution and Providing Penalty Therefor.*"

Republic Act No. 1405, also known as the "*Law on Secrecy of Bank Deposits*", was enacted to encourage the banking habit by ensuring the confidentiality of bank deposits. However, its absolute secrecy provisions have created barriers to the effective investigation and prosecution of corrupt or illegal financial acts. These provisions have been exploited to conceal unlawful activities such as money laundering and tax evasion, impeding the fight against financial crimes and weakening institutional oversight.

This measure seeks to lift these barriers by empowering *the Bangko Sentral ng Pilipinas* (BSP) under its regulatory authority to inquire into or examine bank deposits in the Philippines, including foreign currency deposits, in specific circumstances. These include investigations of closed banks, or instances as determined or upon the determination by the Monetary Board, that there is reasonable ground to believe that fraud, serious irregularity, or unlawful activity has been committed by a stockholder, owner, director, trustee, officer, or employee of entities under BSP supervision, or by their representatives, agents, related parties, or conspirators.

The bill also aligns Philippine banking regulations with international standards on transparency in financial transactions. It addresses the unintended consequences of overly restrictive bank secrecy laws by facilitating efforts to combat corruption, tax evasion, money laundering, and other financial crimes.

The results of BSP inquiries and examinations may only be shared with specified government agencies, including the Securities and Exchange Commission (SEC), Philippine Deposit Insurance Corporation (PDIC), Anti-Money Laundering Council (AMLC), Department of Justice (DOJ), and the courts, and only when necessary to prevent or prosecute an offense.

To protect good-faith compliance with regulatory processes, this bill includes a safe harbor provision exempting banks and financial institutions, as well as their directors, officers, and employees, from any action, claim, or liability arising from their compliance with lawful BSP orders of inquiry or examination. At the same time, it penalizes the unauthorized disclosure of deposit information by BSP or banking personnel.

By balancing the need for depositor privacy with the imperative of transparency and accountability, this bill modernizes the country's bank secrecy framework while strengthening institutional efforts to detect and deter financial misconduct. It reinforces the State's commitment to fight corruption and uphold public trust in financial institutions and regulatory agencies.

The principal author of the proposed bill to amend Republic Act No. 1405, or the Bank Secrecy Law, was Rep. Irwin Tieng of the Fifth District of Manila. He authored House Bill No. 7446, which sought to promote transparent governance and strengthen anti-corruption mechanisms by allowing the BSP to examine bank deposits under specific conditions.

In view of the foregoing, the immediate passage of this bill is earnestly recommended.



FERDINAND MARTIN G. ROMUALDEZ



JUDE A. ACIDRE



ANDREW JULIAN K. ROMUALDEZ



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AN ACT

PROMOTING TRANSPARENT GOVERNANCE AND INSTITUTING ANTI-CORRUPTION MECHANISMS IN THE OPERATION OF BANKS AND OTHER FINANCIAL INSTITUTIONS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405, ENTITLED "AN ACT PROHIBITING DISCLOSURE OF OR INQUIRY INTO, DEPOSITS WITH ANY BANKING INSTITUTION AND PROVIDING PENALTY THEREFOR"

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

1 **SECTION 1.** Section 2 of Republic Act No. 1405, entitled: "*An Act Prohibiting*
2 *Disclosure of or Inquiry Into, Deposits With Any Banking Institution And*
3 *Providing Penalty Therefor*" is hereby amended to read, as follows:
4

5 **SECTION 2.** All deposits are hereby considered as of an absolutely
6 confidential nature and may not be examined, inquired or looked into by any
7 person, government official, bureau or office, except upon written permission
8 of the depositor, or in cases of impeachment, or upon order of a competent
9 court in cases of bribery or dereliction of duty of public officials, or in cases
10 where the money deposited is the subject matter of the litigation, **OR IN**
11 **CASES WHERE THE INQUIRY OR EXAMINATION IS MADE BY**
12 **THE BANGKO SENTRAL NG PILIPINAS (BSP), IN THE EXERCISE**
13 **OF ITS SUPERVISORY POWERS, ON THE DEPOSIT OF THE**
14 **STOCKHOLDER, OWNER, DIRECTOR, TRUSTEE, OFFICER OR**

1 EMPLOYEE OF AN ENTITY THAT IS SUBJECT TO THE
2 SUPERVISION OR REGULATORY POWER OF THE BSP, THE
3 REPRESENTATIVE OR AGENT, THE RELATED PARTY, OR ANY
4 OF THE CONSPIRATORS, OF THE PERSON INVOLVED:
5 PROVIDED, THAT, UPON DETERMINATION BY THE MONETARY
6 BOARD, THERE IS A REASONABLE GROUND TO BELIEVE THAT
7 FRAUD, SERIOUS IRREGULARITY OR UNLAWFUL ACTIVITY
8 HAS BEEN OR IS BEING COMMITTED BY THE
9 ABOVEMENTIONED PERSONS, AND THAT IT IS NECESSARY TO
10 LOOK INTO THE DEPOSIT TO ESTABLISH SUCH FRAUD,
11 SERIOUS IRREGULARITY OR UNLAWFUL ACTIVITY. THE
12 AUTHORITY OF THE BSP TO INQUIRE AND EXAMINE
13 DEPOSITS SHALL ALSO APPLY IN THE COURSE OF ITS
14 INVESTIGATION OF CLOSED BANKS.

15 AS USED IN THIS ACT, DEPOSITS SHALL REFER TO MONEY OR
16 ITS EQUIVALENT RECEIVED BY A BANK IN THE USUAL
17 COURSE OF BUSINESS, AND FOR WHICH IT HAS GIVEN OR IS
18 OBLIGED TO GIVE CREDIT TO A COMMERCIAL, CHECKING,
19 SAVINGS, TIME OR THRIFT ACCOUNT, EVIDENCED BY A
20 PASSBOOK, CERTIFICATE OF DEPOSIT, OR OTHER EVIDENCE
21 OF DEPOSIT, ISSUED IN ACCORDANCE WITH BSP RULES AND
22 REGULATIONS AND OTHER APPLICABLE LAWS, AS WELL AS
23 SUCH OTHER OBLIGATION OF A BANK THAT FORMS PART OF
24 ITS DEPOSIT LIABILITIES PURSUANT TO BSP RULES AND
25 REGULATIONS.

26 THE RESULTS OF THE INQUIRY OR EXAMINATION
27 CONDUCTED BY THE BSP SHALL BE FOR ITS EXCLUSIVE USE
28 AND SHALL NOT BE MADE AVAILABLE TO ANY PERSON OR
29 ENTITY, WHETHER PUBLIC OR PRIVATE, EXCEPT TO THE
30 SECURITIES AND EXCHANGE COMMISSION, PHILIPPINE
31 DEPOSIT INSURANCE CORPORATION, ANTI-MONEY
32 LAUNDERING COUNCIL, DEPARTMENT OF JUSTICE, AND THE
33 COURTS: PROVIDED, THAT THE SHARING OF THE RESULTS OF
34 THE ABOVEMENTIONED INQUIRY OR EXAMINATION IS
35 NECESSARY TO PREVENT OR PROSECUTE ANY OFFENSE OR
36 CRIME.

37 THE EXEMPTIONS UNDER THIS SECTION SHALL APPLY TO
38 FOREIGN CURRENCY DEPOSITS IN BANKS OPERATING IN THE
39 PHILIPPINES INCLUDING OFF-SHORE BRANCHES OF
40 DOMESTIC BANKS: PROVIDED, THAT THESE EXEMPTIONS

1 **SHALL NOT APPLY TO NON-STOCK SAVINGS & LOAN
2 ASSOCIATIONS (NSSLAS) THAT ARE CATERING ONLY TO
3 THEIR MEMBERS.”**

4 **SEC. 2.** Section 3 of the same Act, is hereby amended to read as follows:

5 **“SECTION 3. NO BANK OR FINANCIAL INSTITUTION, OR ANY
6 OF ITS DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE
7 SUBJECT TO ANY ACTION, CLAIM OR DEMAND IN
8 CONNECTION WITH, AND SHALL BE HELD FREE AND
9 HARMLESS FROM LIABILITY FOR, ANY ACT DONE IN
10 COMPLIANCE WITH AN ORDER FOR INQUIRY OR
11 EXAMINATION OF DEPOSITS FROM THE BSP.**

12 **HOWEVER, it shall be unlawful for any official OR employee, of a
13 banking institution OR THE BSP, to disclose ANY INFORMATION
14 CONCERNING SAID DEPOSITS to any person AND UNDER SUCH
15 CONDITIONS other than those mentioned in Section ~~two~~ 2 hereof. IT
16 SHALL ALSO BE UNLAWFUL FOR ANY PERSON TO USE THIS
17 ACT FOR PERSECUTION OR HARASSMENT OR AS AN
18 INSTRUMENT TO HAMPER COMPETITION IN TRADE AND
19 COMMERCE.”**

20 **SEC. 3.** Section 5 of the same Act, is hereby amended to read as follows:

21 **“SECTION 5. Any violation of this law will subject THE offender upon
22 conviction, to imprisonment of not LESS THAN TWO (2) YEARS NOR
23 more than five TEN (10) YEARS or a fine of not LESS THAN FIFTY
24 THOUSAND PESOS (P50,000) NOR MORE THAN ~~twenty thousand~~
25 TWO MILLION PESOS (P2,000,000), or both, ~~in~~ AT the discretion of the
26 court.”**

27 **SEC. 4. Separability Clause.** – If any provision or section of this Act is held to be
28 unconstitutional or invalid, the other provisions or sections hereof, which are not
29 affected hereby shall continue to be in full force and effect.

30 **SEC. 5. Repealing Clause.** –

- 32 (a) Sections 2, 3 and 5 of Republic Act No. 1405 are hereby amended;
33
34 (b) Sections 8 and 12-A of Republic Act No. 6426, as amended, also known as
35 the “Foreign Currency Deposit Act of the Philippines,” with respect to
36 foreign currency deposits, are hereby amended;

1 (c) Section 33 of Republic Act No. 6848, also known as “The Charter of the Al-
2 Amanah Islamic Investment Bank of the Philippines”, is hereby amended;

3
4 (d) Section 26(a)(2) of Republic Act No. 7353, also known as the “Rural
5 Act of 1992” is hereby amended; and

6
7 (e) Section 21(a)(2) of Republic Act No. 7906, also known as the “Thrift Banks
8 Act of 1995” is hereby amended.

9
10 All other Acts or parts of Acts, Special Charters, Executive Order, Rules and
11 Regulations, which are inconsistent with the provisions of this Act, are hereby
12 repealed.

13
14 **SEC. 6. Effectivity.** – This Act shall take effect fifteen (15) days following its
15 publication in the *Official Gazette* or in a newspaper of general circulation in
16 the Philippines.

Approved,