

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5812



Introduced by HONORABLE LUIS JOSE ANGEL N. CAMPOS, JR.

EXPLANATORY NOTE

Banking is impressed with public interest. As such, the fiduciary nature of banking recognized by the State requires high standards of integrity and performance (The Philippine General Banking Law). It is, therefore, imperative to maintain faith and confidence in the country's banking system as an indispensable element of the national economy and its continued growth and development.

Towards this end, the Government has established a mechanism that will promote and safeguard the interests of the depositing public by instituting insurance coverage on bank deposits [Republic Act No. 3591, as amended, otherwise known as the Philippine Deposit Insurance Corporation (PDIC) Charter].

At present, the PDIC pays a maximum deposit insurance of Php500,000.00 per depositor of a closed/failed bank. This amount was fixed more than a decade ago, in June 2009, by Republic Act No. 9576, which increased the amount provided for in Republic Act No. 3591.

This bill seeks to further increase the maximum bank deposit insurance to One million pesos (Php1,000,000.00) per depositor to adjust for inflation, thereby protecting a greater number of depositors. This bill is also necessitated by the closure of 41 banks (mostly rural lenders) from 2017 to 2019 alone, which affected tens of thousands of depositors.

According to the PDIC, the Philippine banking system had Php12.7 trillion in total deposits as of December 31, 2018, which accounts for an 8.8% increase from Php11.7 trillion the previous year. These deposits are spread over 62.9 million accounts in 2018, accounting for a 10.1% increase from 57.1 million accounts the previous year.

In light of the foregoing, the approval of this bill is earnestly sought.


LUIS JOSE ANGEL N. CAMPOS, JR.

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AN ACT FURTHER INCREASING THE MAXIMUM DEPOSIT INSURANCE COVERAGE, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 3591, AS AMENDED, OTHERWISE KNOWN AS THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC) CHARTER.

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

SECTION 1. Section 5(j) of Republic Act No. 3591, as amended, otherwise known as the PDIC Charter, is hereby further amended to read as follows:

Section 5. (j) The term *insured deposit* means the amount due to any *bonafide* depositor for legitimate deposits in an insured bank as of the date of closure but not to exceed One million pesos (Php1,000,000.00). Such amount shall be determined according to such regulations as the Board of Directors may prescribe. In determining such amount due to any depositor, there shall be added together all deposits in the bank maintained in the same right and capacity for his or her benefit either in his or her own name or in the name of others. A joint account regardless of whether the conjunction "and," "or," "and/or" is used, shall be insured separately from any individually-owned deposit account: *Provided*, That (1) if the account is held jointly by two or more natural persons, or by two or more juridical persons or entities, the maximum insured deposit shall be divided into as many equal shares as there are individuals, juridical persons or entities, unless a different sharing is stipulated in the document of deposit, and (2) if the account is held by a juridical person or entity jointly with one or more natural persons, the maximum insured deposit shall be presumed to belong entirely to such juridical person or entity; *Provided, further*, That the aggregate of the interest of each co-owner over several joint accounts, whether owned by the same or different combinations of individuals, juridical persons or entities, shall likewise be subject to the maximum insured deposit of One million Pesos (Php1,000,000.00); *Provided, furthermore*, That the provisions of any law to the contrary notwithstanding, no owner/holder of any passbook, certificate of deposit or other evidence of deposit shall be recognized as a depositor entitled to the rights provided in this Act unless the passbook, certificate of deposit or other evidence of deposit is determined by the Corporation to be an authentic document or record of the issuing bank; *Provided, finally*, That, in case of a condition that threatens the monetary and financial stability of the banking system that may have systemic consequences, as defined in section 22 hereof, as determined by the Monetary Board, the maximum deposit insurance cover may be adjusted in such amount, for such a period, and/or for such deposit products, as may be determined by a unanimous vote of the Board of Directors in a meeting called for the purpose and chaired by the Secretary of Finance, subject to the approval of the President of the Philippines.

SECTION 2. *Repealing Clause* – Any laws, decrees, executive orders, administrative orders, or other governmental rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed, superseded, or modified accordingly.

SECTION 3. *Separability Clause* – If any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected and thereby remain in full force and effect.

SECTION 4. *Effectivity* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,