

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 4793



INTRODUCED BY HONORABLE LIANDA B. BOLILIA

EXPLANATORY NOTE

The Philippines has a financial literacy problem. According to the 2015 survey on financial capability and inclusion conducted by the World Bank in collaboration with the Bangko Sentral ng Pilipinas (BSP), Filipinos lack specific knowledge to make informed financial decisions. The survey aims to assess people's financial literacy or capability in managing their day-to-day finances, as well as their access to formal financial institutions like banks.¹ Some of the highlights of the study are:

1. Only 22.6% or 15.8 million of total adult population have formal accounts;
2. One in five adults (17.9%) has insurance;
3. Nearly a fourth of adults (22.5%) have some form of investment. The most common types are contributions to SSS (18.3%) and Pag-IBIG (6.8%). Only three percent of adults invest in stocks, bonds, Unit Investment Trust Funds or UITFs, mutual funds, and other managed investment schemes;²
4. Filipinos are more likely to use informal credit and saving services than formal financial services. Only 4 percent of respondents report having a mortgage, 5 percent have a credit card and 10 percent availed credit product from a formal financial institution. At the same time, more than a third rely on informal savings and credit;³ and
5. Those who are knowledgeable about financial matters (those who are "financially literate") are more likely to report that they have money left after paying for basic necessities and less likely to say that they have borrowed beyond their means. Higher financial literacy scores are strongly correlated with the level of education.⁴

It is evident that financial literacy of the Filipinos is lacking, and it should be a cause for great concern. In another survey – the 2014 MasterCard Financial Literacy Index – the Philippines scored the lowest in Southeast Asia in terms of basic money management. Moreover, investment scams have been proliferating in the country. One in every 100 Filipinos has fallen prey to various

¹ <https://www.worldbank.org/en/news/press-release/2015/10/21/philippines-knowledge-about-money-can-boost-financial-inclusion>

² <http://www.bsp.gov.ph/downloads/Publications/2017/2017FISToplineReport.pdf>

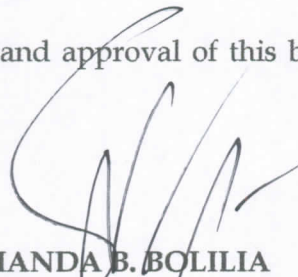
³ <https://www.worldbank.org/en/news/press-release/2015/10/21/philippines-knowledge-about-money-can-boost-financial-inclusion>

⁴ Ibid

investment scams that lure people with hefty returns in a short period of time.⁵ That's 1M Filipinos who lost P25B worth of hard-earned money. There have been no court convictions yet of fraudulent acts in the country to date.

Financial literacy is a necessary life skill to prepare us for the future and any event of economic/financial shocks. If Filipinos will be able to take better charge of their financial well-being, we will also improve our country's financial health. Thus, the government must have a program to boost financial literacy among Filipinos.

In view of the foregoing, the immediate enactment and approval of this bill is earnestly sought.



LIANDA B. BOLILIA
Representative
4th District, Batangas

⁵ <https://business.inquirer.net/202001/1m-filipinos-lost-p25b-to-investment-scams>

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. **4793**

INTRODUCED BY HONORABLE LIANDA B. BOLILIA

AN ACT
ESTABLISHING THE NATIONAL FINANCIAL LITERACY COUNCIL AND
APPROPRIATING FUNDS THEREFOR

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

1 **SECTION. 1. Title.** – This Act shall be known as the “National Financial Literacy Act
2 of 2019.”
3

4 **SEC. 2. Declaration of Policy.** – The State declares financial literacy as a vital tool in
5 improving the socio-economic welfare of all Filipinos, which must be harnessed in
6 developing a robust, inclusive, and sustainable economy.
7

8 Toward this end, the State shall seek to:
9

- 10 a. Instill financial literacy in young Filipinos by incorporating its modules to the
11 basic education system. The mandatory module shall include budgeting,
12 financial basics such as the effect of compound interest in debt, savings, and
13 investments, and time value of money;
14 b. Integrate financial literacy in the implementation of poverty alleviation
15 programs to ensure their effectivity and sustainability;
16 c. Promote financial literacy in all government and private workplaces; and
17 d. Disseminate financial education materials to a wide audience through various
18 media platform
19

20 **SEC. 3. Definition of Terms.** – For purposes of this Act, the following terms are
21 hereby defined:

- 22 a. Financial literacy – the education and understanding of various financial
23 areas including topics related to managing personal finance, money and
24 investing. It involves proficiency of financial principles and concepts such as
25 financial planning, compound interest, managing debt, profitable savings
26 techniques, and the time value of money.
27 b. Financial education materials – include all materials that can be used as study
28 or reference materials to enhance financial literacy and education;

- c. Financial literacy module – a module used in schools that is used to teach financial literacy and education to learners;
- d. Poverty alleviation programs – programs initiated by the national or local government that help the poor gain access to economic opportunities that promote sustainable livelihood, as well as social services, such as education and healthcare.

SEC. 4. *Creation of the National Financial Literacy Council*– There shall be created a National Financial Literacy Council and shall exercise the following powers and functions:

- (a) Crafting of financial literacy modules and their integration in the curriculum of all levels of basic education;
- (b) Mandating the conduct of financial literacy sessions for all beneficiaries of government poverty alleviation programs, particularly those that provide grants or subsidies;
- (c) Setting of guidelines to encourage public and private employers to implement financial literacy programs for their employees;
- (d) Disseminating financial education materials in all media platform;
- (e) Recommend to the President and the Congress all policy matters related to the promotion of financial literacy and education;
- (f) Perform monitoring and regular impact evaluations of financial literacy programs; and
- (g) Exercise such other powers as may be necessary to carry out the purposes of this Act.

SEC. 5. *Composition*. – The National Financial Literacy Council (NFLC) shall be composed of the following:

Ex-officio members:

- a. Secretary of Finance;
- b. Secretary of Education;
- c. Secretary of Labor and Employment;
- d. Governor of the Bangko Sentral ng Pilipinas;
- e. Commissioner of the Civil Service Commission;
- f. Commissioner of the Insurance Commission; and
- g. Director General of the Philippine Information Agency

Appointive members;

- a. Two (2) representatives from the private sector; and
- b. One (1) representative from the academe.

The Secretary of Finance shall serve as Chairperson of the NFLC while the Secretary of Education shall serve as Vice Chairperson. The selection, appointment, and term of office of the appointive members shall be in accordance with the pertinent provisions of Republic Act No. 10149, otherwise known as the GOCC Governance Act of 2011.

1 **SEC. 6. *Creation of the Financial Literacy Promotions Office.*** - There shall be a
2 Financial Literacy Promotions Office (FLPO) to be attached to the Department of
3 Finance.

4
5 The FLPO shall perform the following functions:

- 6
7 (a) Coordinate the preparation of position papers and background materials
8 for discussion or approval during NFLC meetings;
9 (b) Assist the NFLC in coordinating and monitoring financial literacy
10 programs and activities of all government agencies and the private sector;
11 (c) Submit periodic reports to the NFLC on the progress and accomplishment
12 of its work programs;
13 (d) Prepare a yearly report on the status of financial literacy in the country;
14 and
15 (e) Perform ad hoc functions as authorized by the NFLC.
16

17 **SEC. 7. *Implementing Rules and Regulations.*** - Within sixty (60) days from the
18 effectivity of this Act, the Secretary of Finance, in consultation with the heads of the
19 DepEd, DOLE, BSP, CSC, IC, and PIA shall issue such rules, regulations, and other
20 issuances as may be necessary to ensure the effective implementation of the
21 provisions of this Act.
22

23 **SEC. 8. *Appropriations.*** - The amount needed for the initial implementation of this
24 Act shall be charged against the appropriations of the Department of Finance under
25 the current General Appropriations Act (GAA). Thereafter, the amount needed for
26 the full operation and maintenance of the Department shall be included in the GAA
27 as a distinct and separate item.
28

29 **SEC. 9. *Separability Clause.*** - Should any provision herein be declared
30 unconstitutional, the same shall not affect the validity of the other provisions of this
31 Act.
32

33 **SEC. 10. *Repealing Clause.*** - All laws, decrees, orders, rules, and regulations or other
34 issuances or parts inconsistent with the provisions of this Act are hereby repealed or
35 modified accordingly.
36

37 **SEC. 11. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication
38 in the Official Gazette or in a newspaper of general circulation.
39
40

41 Approved,