

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

'13 AUG -1 P4:37

SENATE
S. No. 1192

RECEIVED BY: *ji*

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article 2, Section 17 states:

SEC. 17. The State shall give priority to education, science and technology, arts, culture and sports to foster patriotism, nationalism, accelerate social progress and promote total human liberation and development.

Education has always been a priority for Filipinos. Families have always worked hard to make sure that our children get basic education in order to secure a better future for them. The government likewise strives to provide our children with free basic education from elementary to the secondary level. However, the coverage of the curriculum for elementary and secondary level has fallen behind in the ever increasing international standard of education. A notable absence in our curriculum is the lack of a solid financial literacy development program.

Financial literacy is the ability of individuals to make appropriate decisions in managing their personal finances. Raising levels of financial literacy is now a focus of government programs in countries including Australia, Japan, the United States, and the United Kingdom. The Organization for Economic Cooperation and Development (OECD) started an inter-governmental project in 2003 with the objective of providing ways to improve financial education and literacy standards through the development of common financial literacy principles.

An international OECD study was published in late 2005 analyzing financial literacy surveys in OECD countries. A selection of findings included:

- In Australia, 67 per cent of respondents indicated that they understood the concept of compound interest, yet when they were asked to solve a problem using the concept only 28 per cent had a good level of understanding.
- A British survey found that consumers do not actively seek out financial information. The information they do receive is acquired by chance, for example, by picking up a pamphlet at a bank or having a chance talk with a bank employee.
- A Canadian survey found that respondents considered choosing the right investments to be more stressful than going to the dentist.
- A survey of Korean high-school students showed that they had failing scores - that is, they answered fewer than 60 per cent of the questions correctly - on tests designed to measure their ability to choose and manage a credit card, their knowledge about saving and investing for retirement, and their awareness of risk and the importance of insuring against it.
- A survey in the US found that four out of ten American workers are not saving for retirement.

Filipinos very well can relate to these findings as only a few people are informed about our financial options. As a result, most of our countrymen are unable to avail of financial reliefs provided by our government which can help them prepare for their future.

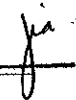
This bill seeks to encourage educational institutions and the private sector to develop financial literacy programs that will arm our students with the knowledge to properly manage their finances and make informed financial decisions.*

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAAGO

* This bill was originally filed in the Fourteenth Congress, Second Regular Session.

13 AUG -1 P4:37

SENATE
S. No. 1192

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

1 AN ACT
2 TO DEVELOP FINANCIAL LITERACY EDUCATION

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

3 SECTION 1. *Short Title.* – This Act shall be known as the “Financial Literacy Act.”

4 SECTION 2. *Definition of Terms.* – The purpose of this Act the term:

5 A. “Eligible entity” means--

6 1. an institution of higher education; or

7 2. a partnership consisting of--

8 a. an institution of higher education; and

9 b. a nonprofit organization with experience and a proven track record in

10 quality financial literacy or personal finance education programs;

11 B. “Department” means the Department of Education; and

12 C. “Secretary” means the Secretary of Education.

13 SECTION 3. *Grant.* – The Secretary shall award grants, on a competitive basis, to
14 eligible entities to enable such entities to provide financial literacy courses or course components
15 to public elementary and secondary school students.

16 SECTION 4. *Application.* – An eligible entity that desires to receive a grant under this
17 section shall submit an application to the Secretary at such time, in such manner, and
18 accompanied by an itemized budget and such other information as the Secretary may require.

1 SECTION 5. *Maximum Amount.* – The amount of the grant shall not exceed one million
2 pesos (P1,000,000.00) per grantee.

3 SECTION 6. *Use of Funds.* – An eligible entity that receives a grant under this section
4 shall use the grant funds to develop and implement financial literacy education, activities, or
5 counseling that increase the knowledge of public elementary and secondary school students in
6 consumer, economic, and personal financial concepts.

7 SECTION 7. *Evaluation.* – The Department shall provide for rules on periodic evaluation
8 of the performance of the grantees under this Act. The Department may provide for rules that
9 shall allow them to revoke grants at different stages of the implementation of each project based
10 on the result of the evaluation.

11 SECTION 8. *Term.* – The term of this project shall be ten (10) years.

12
13 SECTION 9. *Report.* – At the end of the second year after the implementation of this Act
14 and every year thereafter, the Department shall provide the appropriate committees in the Senate
15 and the House of Representatives a status report on the grantees.

16 SECTION 10. *Appropriations.* – The amount necessary for the initial implementation of
17 this Act shall be charged against the appropriations of the Department of Education under the
18 current General Appropriations Act. Thereafter, such sum as may be necessary for its full
19 implementation shall be included in the annual General Appropriations Act as a distinct and
20 separate item.

21 SECTION 11. *Separability Clause.* – If any provision or part hereof is held invalid or
22 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
23 valid and subsisting.

1 SECTION 12. *Repealing Clause.* – Any law, presidential decree or issuance, executive
2 order, letter of instruction, administrative order, rule, or regulation contrary to or inconsistent
3 with the provision of this Act is hereby repealed, modified, or amended accordingly.

4 SECTION 13. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
5 publication in at least two (2) newspapers of general circulation.

Approved,