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SENATE
P. S. R. No. 621

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INTRODUCED BY SENATOR SONNY ANGARA

RESOLUTION DIRECTING THE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS, & CURRENCIES TO INVESTIGATE, IN AID OF LEGISLATION, THE DEVASTATING FINANCIAL LOSSES SUFFERED BY DEPOSITORS OF A CLOSED BANK, WITH A VIEW TO ENACTING LEGISLATION THAT WOULD ADEQUATELY PROTECT THE INTERESTS OF THE DEPOSITING PUBLIC

WHEREAS, news reports recently shed light on the predicament faced by the depositors of the defunct Export and Industry Bank ("EIB") which was ordered to be liquidated by Bangko Sentral ng Pilipinas ("BSP");

WHEREAS, the reports indicate that depositors of EIB bonded together to persuade the BSP to set aside its order to liquidate the bank, and instead pursue a viable rehabilitation plan in partnership with a third party investor;

WHEREAS, in the furtherance of EIB's rehabilitation, the depositors of EIB sought judicial redress, but the same proved to be unsuccessful as the court ruled that only the majority stockholders of a bank may question the closure of banks by the BSP;

WHEREAS, the reports indicate that if EIB is liquidated, the depositors stand to lose their deposits of more than Php10 Billion pesos and they will only recover if there are remaining proceeds from the sale of the bank's assets after deducting its liabilities;

WHEREAS, the depositing public relies on our government regulators to save troubled banks, but the measures undertaken by our government regulators often proved to be inadequate;

WHEREAS, more than 300 banks have been liquidated by the BSP in recent years which presents an extant risk that the depositing public will lose confidence in the safety of our country's banking system;

WHEREAS, the depositors of these more than 300 banks share the same predicament of the EIB depositors as it is them who absorb the financial hit of bank closures although they are not privy to bank's operations;

WHEREAS, some of EIB's depositors took to social media to share their heart wrenching stories about the devastating losses that they will suffer if EIB is liquidated;

WHEREAS, one of the EIB depositors is a 66-year old retiree who sold his house his-only valuable possession-to provide for the educational needs of his children, but stands to lose all of his funds due to EIB's liquidation;

WHEREAS, a scholarship fund that benefited underprivileged youth founded by nuns and missionaries based outside of Metro Manila was likewise deposited in EIB and would be lost if the bank is liquidated;

WHEREAS, the individual stories of the depositors who will endure the financial blow of EIB's liquidation should compel our government regulators to lend a hand and seek a solution that would avert devastating financial loss to EIB's depositors;

WHEREAS, it was reported that a top universal bank expressed its interest in rehabilitating EIB that would allow its depositors to fully recover their funds;

WHEREAS, it is the government's policy to explore all avenues to rehabilitate a troubled bank instead of liquidating the same in fealty to the mandate of protecting the interests of the depositing public;

WHEREFORE, BE IT RESOLVED, by the Philippine Senate to direct the Committee on Banks, Financial Institutions, & Currencies to investigate, in aid of legislation, the devastating financial losses suffered by depositors of closed banks and to enact legislation that would adequately protect the interests of the depositing public.

Adopted,



SENATOR SONNY M. ANGARA