

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



Senate
Office of the Secretary

SENATE

20 JAN -7 P2 :33

S. NO. 1260

RECEIVED BY: _____

Introduced by SENATOR RAMON BONG REVILLA, JR.

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

EXPLANATORY NOTE

Republic Act No. 3591 entitled, "An Act Establishing the Philippine Deposit Insurance Corporation, Defining its Powers and Duties and for Other Purposes" was approved on June 22, 1963. It provided for the charter of the Philippine Deposit Insurance Corporation (PDIC) which was mandated to insure the deposits of all banks "to strengthen the mandatory deposit insurance coverage system to generate, preserve, maintain faith and confidence in the country's banking system, and protect it from illegal schemes and machinations."

R.A. 3591 was amended by R.A. 9576 which was enacted into law on 01 June 2009. It provides that the maximum amount of insured deposit is Five Hundred Thousand Pesos (P500,000.00) per depositor. All deposit accounts by a depositor in a closed bank maintained in the same right and capacity shall be added together. A joint account shall be insured separately from any individually-owned deposit account.

According to PDIC, there are a total of 67,806,687 existing bank accounts in the entire country amounting to P12,838,077,066,000.00 in 3,752 banking offices as of June 30, 2019.

In relation to saving habits of Filipinos, the National Baseline on Financial Inclusion conducted by the *Bangko Sentral ng Pilipinas* in 2015 indicates that:

- 4 out of 10 Filipino adults (43.2%) currently have savings, 32.3% used to save in the past but have stopped saving money, while the remaining 24.5% have never experienced saving money;
- 7 out of 10 adults (68.3%) who are saving money keep their savings at home. 32.7% of adults with savings put their money in banks while others save through cooperatives (7.5%), non-stock savings and loans associations (NSSLAs) (0.8%) and informal savings groups (2.6%). The main purpose of saving money is to have something to use in case of emergencies (63.8%). Most adults are also saving for future expenses on food (55.6%) and education (47.4%);
- 6 out of 10 adults (62.8%) with bank account indicated that the bank's reputation is their number one consideration in opening a deposit account. Around 50% mentioned interest rate as another major consideration, followed by minimum maintaining balance (45.9%), proximity of the banking office (39.8%) and treatment by bank employees of their clients (34.8%);
- Adults who save but are not saving in banks cited as reasons lack of money (65%), lack of need for a bank account (16.9%), limited knowledge and capability to manage an account (16.8%), cost (11.2%), distance of the bank (7.6%), failure to meet documentary requirements (4.6%), among others.

This was followed by the 2017 Financial Inclusion Survey (FIS) which revealed the following findings:

- The percentage of adults with savings increased to 48% in 2017 from 43% in 2015. Formal savings increased to 18.8% in 2017 from 17.5% in 2015, driven by growth in savings in microfinance NGOs as savings in other formal institutions such as banks, NSSLAs, and cooperatives declined.

- Nearly half (48%) of the total adult population had savings in 2017. This is a notable increase from the 43% of adults with savings in 2015. However, the share of adults who are saving at home (out of those who have savings) remained at 68%.
- Over a third (37%) of adults have informal savings (at home or through group savings also known as *paluwagan*), with 29% saving solely through informal means.
- For the remaining half (52%) of adults who do not save, the main reason cited is still lack of money (87%) followed by lack of work (12%).

In the early months of 2019, a nationwide Public Awareness Survey was spearheaded by the PDIC and conducted by Kantar Philippines, Inc. among 1,500 respondents aged 18 and above to measure, among others, the respondent's level of awareness on deposit insurance. The survey results revealed that "51% of the respondents had experience in maintaining deposits in banks, but only half of them (24.5%) currently maintain bank deposits."

This measure seeks to increase the maximum deposit insurance coverage of the PDIC from Five Hundred Thousand Pesos (P500,000.00) to One Million Pesos (P1,000,000.00) to continue to uphold the State's policy of strengthening deposit insurance coverage system. This will help invite the public to deposit their moneys in bank and encourage the existing bank clients to increase their deposits in the bank. Apart from the benefits that individual depositors will enjoy, it will also redound to advantages in the macro level by invigorating our financial system and the economy as a whole.

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



RAMON BONG REVILLA, JR.



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AN ACT

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CORPORATION (PDIC) CHARTER**

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

1 Section 1. Section 5(j) of Republic Act No. 3591, as amended, otherwise known
2 as "An Act Establishing the Philippine Deposit Insurance Corporation, Defining its
3 Powers and Duties and for Other Purposes", is hereby further amended to read as
4 follows:

5 "Section 5. As used in this Act –

6 "(a) x x x

7 "x x x

8 "(j) The term *insured deposit* means the amount due to any
9 *bonafide* depositor for legitimate deposits in an insured bank
10 as of the date of closure but not to exceed [~~Five hundred~~
11 ~~thousand pesos (P500,000.00)]~~ **ONE MILLION PESOS**
12 **(P1,000,000.00).** x x x: *Provided, further,* That the
13 aggregate of the interest of each co-owner over several joint
14 accounts, whether owned by the same or different
15 combinations of individuals, juridical persons or entities, shall
16 likewise be subject to the maximum insured deposit of [~~Five~~

1 ~~hundred thousand pesos (P500,000.00)]~~ **ONE MILLION**
2 **PESOS (P1,000,000.00): x x x."**

3 Sec. 2. *Separability Clause.* – If any provision or part hereof is held invalid or
4 unconstitutional, the remainder of the law or the provision or part not otherwise
5 affected shall remain valid and subsisting.

6 Sec. 3. *Repealing Clause.* – Any law, presidential decree or issuance, executive
7 order, letter of instruction, administrative order, rule, or regulation contrary to or
8 inconsistent with the provisions of this Act are hereby repealed, modified, or amended
9 accordingly.

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

12 *Approved,*