

FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
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SENATE

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P.S. Resolution No. 434

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Introduced by Senator FRANCIS G. ESCUDERO

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**RESOLUTION**

**DIRECTING THE SENATE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES TO LOOK INTO, IN AID OF LEGISLATION, THE PHILIPPINE VETERANS BANK'S SUPPOSED ACQUISITION OF BANKWISE, INC., A THRIFT BANK, WITH THE END IN VIEW OF REVISITING OR AMENDING THE GENERAL BANKING LAW OF 2000 AND OTHER RELATED LAWS, RULES AND REGULATIONS, SPECIFICALLY ON BANK ACQUISITIONS AND MERGERS**

*Whereas*, acquisitions and mergers, by its term, refers to an aspect in corporate strategy, finance and management dealing with the buying, selling and combining of different companies meant to improve, aid and help a growing company in a given industry to grow without the requirement of creating an all new business entity.

*Whereas*, banks in the Philippines have adopted this principle of acquisition and merger in view of satisfying their inevitable growth and expansion, which may also be made synonymous to solvency and liquidity.

*Whereas*, reports reveal that Philippine Veterans Bank's (PVB) purported acquisition of BankWise, Inc. (BW), a thrift bank, had been made under questionable terms and conditions, purportedly undermining the provisions of Republic Act (RA) No. 8791, otherwise known as the General Banking Law of 2000, specifically on the duties, functions and limitations of a bank's Board of Directors and the concomitant role of the Bangko Sentral ng Pilipinas (BSP) on the same given its supervisory and regulatory powers.

*Whereas*, the above bank acquisition likewise speaks of supposed anomalous transactions concerning alleged bad management decision and giving unwarranted, if not illegal, monetary favors to bank directors; it appears that PVB supposedly acquired BW despite being insolvent and that certain bank directors have benefited from the acquisition.

*Whereas*, acquisition such as this, if true, which involves the investment and movement of large assets, greatly affects the rights and interests of shareholders, especially if they are not consulted and heard or even notified.

*Whereas*, albeit a bank's board of directors, or any corporate entity for that matter, is given the management prerogative it is still subject to the fundamental corporate precept that a board acts under a strict fiduciary relation with its shareholders.

*Whereas*, equally important as well, is the protection to be accorded to the public who are bank depositors.

*Whereas*, the aforementioned necessitates the review of RA No. 8791 and other related laws if only to put more safeguard and protection on matters relating to acquisitions and mergers specifically, among others, *viz*:

a) On the fit and proper rule provided for in Section 16 of RA No. 8791, which may need to be redefined, specified and/or expanded by defining further the qualifications of a bank director, adding the qualification of conflict of interest and providing a specific penalty if a bank director is found to be unfit and improper;

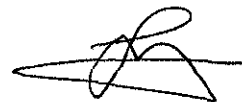
b) On DOSRI accounts under Section 36 of RA No. 8791, by defining in a broad but standardized term what is "related interest" and providing stiffer sanctions of imprisonment and fine in case of violation; and

c) On banks with existing charters which may need to be harmonized and strengthened with the banking laws and BSP regulations and circulars.

*Whereas*, in doing the above review, there is a need to look into and deliberate on bank acquisitions and mergers that have recently transpired more particularly the one discussed above.

**NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, that the Committee on Banks, Financial Institutions and Currencies, look into, in aid of legislation, the PVB's supposed acquisition of BW, a thrift bank, with the end in view of revisiting or amending the General Banking Law of 2000 and other related laws, rules and regulations, specifically, among others, on bank acquisitions and mergers.

Adopted.



**FRANCIS G. ESCUDERO**