

9 OCT 14 AM 12

SENATE  
P. S. R. No. 1411

RECEIVED BY 

---

Introduced by Senator Miriam Defensor Santiago

---

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY,  
IN AID OF LEGISLATION, ON POSSIBLE DEBT RESTRUCTURING MEASURES  
TO ASSIST RETAIL BORROWERS IN COMPLYING WITH THEIR LOAN  
OBLIGATIONS DESPITE THE IMPACT OF THE CALAMITIES ON THEIR  
BUSINESSES

WHEREAS, the Constitution, Article 2, Section 20, provides: "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments;"

WHEREAS, the GMA News Network, last 11 October 2009 reported that the Bangko Sentral ng Pilipinas (BSP) Deputy Governor Nestor Espenilla Jr. claimed that an estimated one percent or P5 billion loans granted by banks to borrowers in the typhoon-devastated areas of Metro Manila are in danger of default and may need restructuring;

WHEREAS, the BSP claims that the estimate of the retail loan portfolio in Metro Manila accounts for roughly 30 percent of local output or the gross domestic product; the scale of the destruction is large since the affected area is the central mass of the entire economy; however, the BSP clarifies that not all of these loans are seen to default since it is too soon to call the extent of possible default;

WHEREAS, it was reported that a bulk of these loans will stay safe but some risk of default may still arise, especially involving credits extended to individual borrowers, small businesses, and agriculture-related loans;

WHEREAS, currently, the total loan portfolio of the entire banking system amounts to P2.2 trillion and that the P500 billion component, where a small portion was at risk of defaulting on their obligations, is only more or less 24 percent of aggregate loan portfolio;

WHEREAS, this is the reason why it is important for the BSP to give the banks' and its borrowers some measure of relief as the core of the devastation centered on Metro Manila and its neighboring provinces;

WHEREAS, BSP provides the banks with more or less the same regulatory relief as those provided in four previous devastations brought by the storms Cosme, Frank, Milenyo, and Reming;

WHEREAS, package measures were introduced and some of them include the phased or staggered booking of loan loss provisioning and the establishment of a P5 billion special rediscounting window meant to soften the blow of the devastations on the retail borrowers;

WHEREAS, there is a need to legislate other restructuring measures specifically for the small loans of retail borrowers who are most vulnerable to the adverse impact of these disasters and who are at a higher risk in defaulting on their obligations;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper Senate Committee to conduct an inquiry in aid of legislation, on possible debt restructuring measures to assist retail borrowers in complying with their loan obligations despite the impact of the calamities on their businesses.

Adopted,

  
MIRIAM DEFENSOR SANTIAGO

/dpm