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SENATE
P. S. R. No. 163

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Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED NEED TO CREATE A MORE INCLUSIVE FINANCIAL SYSTEM, AND THE REPORTED NEED TO MONITOR AND REGULATE FINANCIAL TRANSACTIONS OUTSIDE THE BANKING SECTOR

WHEREAS, the Constitution, Article 2, Section 9 mandates: "The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all";

WHEREAS, the *Philippine Daily Inquirer* in its 18 April 2012 issue reported that according to the Consumer Finance Survey (CFS) conducted by the Bangko Sentral ng Pilipinas (BSP), about 8 of 10 heads of Filipino households do not have any bank accounts, and most do not have enough cash saved up for emergencies;

WHEREAS, the survey, which took a few years to complete and which covered 10,520 households nationwide, claimed that most of the respondents did not see the need to apply for a bank account because they do not have enough money to deposit;

WHEREAS, BSP officials reportedly said that the results of the survey underscored the pressing need for the banking sector to reach out to more Filipino consumers and teach them the value of saving;

WHEREAS, it was also reported that about 4 out of 10 households do not have any cash on hand to be used in case of emergency, while 6 of 10 households have very little cash to spare; in addition, the average cash on hand of Filipino families that may be used for emergencies stand at only P1,681;

WHEREAS, the Central Bank reportedly said that the results of the survey reflect the insufficiency of income of most Filipinos, and the lack of access to banks and high tendency of Filipinos to spend, rather than to save, as greatly influencing the results of the survey;

WHEREAS, the survey reportedly also showed that some Filipinos are inclined to deal with informal moneylenders, which may include loan sharks, to finance their needs; it was revealed that one out of ten respondents claimed that they have borrowed from moneylenders;

WHEREAS, in the said report, BSP Governor Amando Tetangco Jr. said that the public's savings are what the banking sector uses to extend loans to fund job-generating investments; thus, in order for the government to reduce poverty incidence, there is a need to create a more inclusive financial system where more people would have access to bank products and services, such as deposits and loan, especially since loans granted to microenterprises serve to lift the income of most poor people;

WHEREAS, the BSP Governor also reportedly said that there is a need for tighter monitoring of financial transactions of consumers outside the formal banking sector or shadow banking transactions;

WHEREAS, currently, the government has no sufficient resources to regulate individual moneylenders, and according to the report, all the BSP can do at the moment is to strengthen its financial literacy campaign by making people aware of the risks in dealing with informal lenders;

WHEREAS, the importance of the banking and finance sector should not be overlooked; the State, particularly the legislature, should create measures that would aid the BSP's goal of creating a more inclusive financial system that will aid poverty reduction in the country;

WHEREAS, the legislature should also study the need to introduce financial education in elementary and secondary education in order to create a more financially adept and knowledgeable Filipino equipped with proper entrepreneurial skills;

WHEREAS, the State should also address the need to monitor and regulate financial transactions outside the banking sector as suggested by the BSP;

WHEREFORE, be it hereby resolved by the Philippine Senate to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on the reported need to create a more inclusive financial system, and the reported need to monitor and regulate financial transactions outside the banking sector.

Adopted,

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MIRIAM DEFENSOR SANTIAGO

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