


SENATE
S.B. No. 2025

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Introduced by Senator Ramon Bong Revilla, Jr.

EXPLANATORY NOTE

Republic Act 3591 created the Philippine Deposit Insurance Corporation (PDIC) in 1963 for the purpose of insuring bank deposits. The primary objective for such creation was to provide depositor protection and to strengthen public confidence in the banking system, with the end in view of fostering financial stability.

Republic Act 9302 was enacted on 27 July 2004, amending Republic Act 3591, which provided enhanced depositor protection through increased deposit insurance coverage up to P250,000 and strengthened PDIC's risk management capabilities through the restoration of PDIC's authority to examine member banks with prior approval by the Monetary Board.

Under the current law, if a closed bank is neither rehabilitated nor taken over by another bank, the amount in excess of the P250,000.00 insurance coverage can only be claimed upon the final liquidation of the remaining assets of the closed bank. Hence, the said claim will be dependent on the availability of the bank's assets following the settlement of its preferred claims, the priorities of which being provided by law and upon approval of the Liquidation Court.

Recent events in the global community saw the collapse in the financial standing of credit economies. No less than the United States of America itself fell victim to such woes.

It is a basic economic principle that the public's perception and confidence in the capacity of the banking industry greatly influence the stability, or the lack thereof, of the financial market. Hence, despite past reforms that have been implemented to allow our economy to endure financial uncertainties, the PDIC's hands are tied with the current statutory limitations being imposed upon it.


With an increase in the Maximum Deposit Insurance Coverage to P500,000.00, this is expected to bolster the public's perception of stability of our banking industry, ensuring the continuous flow of funds in our money markets.

In view of the foregoing, passage of this bill is urgently requested.



RAMON BONG REVILLA, JR.

SENATE
S.B. No. 2925

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Introduced by Senator Ramon Bong Revilla, Jr.

AN ACT AMENDING REPUBLIC ACT 3591, AS AMENDED, OTHERWISE
KNOWN AS "THE CHARTER OF THE PHILIPPINE DEPOSIT INSURANCE
CORPORATION"

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

SECTION 1. Section 4, paragraph (g) of Republic Act No. 3591, as
amended is hereby amended to read as follows:

"(g) The term "insured deposit" means the amount due to any
depositor for deposits in an insured bank net of any obligation of the
depositor to the insured bank as of the date of closure, but not to exceed
[Two hundred fifty thousand pesos (P250,000.00)] **FIVE HUNDRED
THOUSAND PESOS (P500,000.00)**. xxx

Provided, further, That the aggregate of the interests of each co-owner
over several joint accounts, whether owned by the same or different
combinations of individuals, juridical persons or entities, shall likewise be
subject to the maximum insured deposit of [Two hundred fifty thousand
pesos (P250,000.00)] **FIVE HUNDRED THOUSAND PESOS
(P500,000.00)**: *Provided, furthermore,* that the provisions of any law to the
contrary notwithstanding, no owner/holder of any negotiable certificate of
deposit shall be recognized as a depositor entitled to the rights provided in
this Act unless his name is registered as owner/holder thereof in the books
of the issuing bank.

SEC. 2. *Separability Clause.* – If any of the provisions or sections of this
Act or the application thereof to any person or circumstances is held invalid, the
other provisions or sections of this Act, in the application of such provision or
section to other persons, shall not be affected thereby.

SEC. 3. *Repealing Clause.* – All laws, decrees, executive orders, letters of
instructions, rules and regulations or parts thereof which are inconsistent with this
Act are hereby repealed, amended or modified accordingly.

SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its
publication in the Official Gazette or at least two (2) newspapers of general
circulation.

Approved,