Office of the Senate Secretary
Senate of the Philippines
RECEIVED BY: [illegible]
DATE : AUG 27 2025
TIME : 2:10 pm

REPUBLIC OF THE PHILIPPINES
SENATE
TWENTIETH CONGRESS
FIRST REGULAR SESSION

IN RE: PETITION FOR INDIRECT INITIATIVE PURSUANT TO SECTIONS 3(B) AND 11 OF REPUBLIC ACT NO. 6735 FOR CONGRESS TO ENACT "AN ACT PROMOTING TRANSPARENT GOVERNANCE AND INSTALLING ANTI-CORRUPTION MECHANISMS IN THE OPERATION OF BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405, OTHERWISE KNOWN AS THE SECRECY OF BANK DEPOSITS ACT,"

KAPATIRAN PARTY (ALLIANCE FOR THE COMMON GOOD),
Petitioner,
x ---------- x

PETITION

Petitioner **KAPATIRAN PARTY (ALLIANCE FOR THE COMMON GOOD)**, by counsel, respectfully states:

NATURE OF THE PETITION

1. This is a petition for indirect initiative pursuant to Sections 3(b) and 11 of Republic Act No. 6735 for Congress to enact "AN ACT PROMOTING TRANSPARENT GOVERNANCE AND INSTALLING ANTI-CORRUPTION MECHANISMS IN THE OPERATION OF BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405, OTHERWISE KNOWN AS THE "SECRECY OF BANK DEPOSITS ACT."

THE PETITIONER

2. Petitioner **KAPATIRAN PARTY (ALLIANCE FOR THE COMMON GOOD)** is a duly registered national political party with principal office address at No. 29 Guerrero Street, Xavierville 1, Loyola Heights, Quezon City. As such, it is a duly accredited people's organization which may file a petition for indirect initiative pursuant to Republic Act No. 6735. Petitioner may be served with processes of the Honorable Congress through the undersigned counsel at the address indicated below.

STATEMENT OF ANTECEDENT FACTS AND PROCEEDINGS

3. For the first time in 1987, the system of people's initiative was enshrined in the Constitution, Sections 1 and 32 of Article VI of which provide:

> *Sec.* 1. The legislative power shall be vested in the Congress of the Philippines which shall consist of a Senate and a House of Representatives *except to the extent reserved to the people by the provisions on initiative and referendum.*
>
> x x x
>
> *Sec.* 32. The Congress shall, as early as possible, provide for a system of initiative and referendum, and the exceptions therefrom, whereby the people can directly propose and enact laws or approve or reject *any act* or law or part thereof passed by the Congress or local legislative body...

4. On August 4, 1989, Congress approved Republic Act No. 6735 entitled "An Act Providing for a System of Initiative and Referendum and Appropriating Funds Therefor." Sections 2, 3(b) and 11 of R.A. No. 6735 pertinently provide:

> Sec. 2. Statement of Policy. — The power of the people under a system of initiative and referendum to directly propose, enact, approve or reject, in whole or in part, the Constitution, laws, ordinances, or resolutions passed by any legislative body upon compliance with the requirements of this Act is hereby affirmed, recognized and guaranteed.
>
> x x x
>
> Sec. 3 (b). — `Indirect initiative' is the exercise of initiative by the people through a proposition sent to Congress or the local legislative body for action.

x x x

> Sec. 11. Indirect Initiative. — Any duly accredited people's organization, as defined by law, may file a petition for indirect initiative with the House of Representatives, and other legislative bodies. The petition shall contain a summary of the chief purposes and contents of the bill that the organization proposes to be enacted into law by the legislature.
>
> The procedure to be followed on the initiative bill shall be the same as the enactment of any legislative measure before the House of Representatives ***except that the said initiative bill shall have precedence over the pending legislative measures on the committee***.

CHIEF PURPOSES OF THE PROPOSED BILL

5. The Constitution recognizes in Section 27, Article II: *The State shall maintain honesty and integrity in the public service and* ***take positive and effective measures against graft and corruption***.

6. Republic Act No. 1405 was enacted more than half a century or 68 years ago to encourage Filipinos to deposit their money in banks instead of hoarding them so that the same may be properly utilized by banks in authorized loans to assist in the development of the country, by guaranteeing the privacy of banking transactions, where no one, unless via a court order or waiver, can access records of those transactions.

7. At present, the Philippines remains one of only three countries in the world (with Lebanon and North Korea) that have ultrastrict bank secrecy laws. Thus, instead of assisting in the development of the country, the bank secrecy law is being used as a shield to hamper and stall investigations of government officials and employees suspected of graft and corruption and criminal syndicates which use the law to hide their illegal sources of income.

8. In the latest Corruption Perception Index released in September 2023 by the Berlin-based Transparency International, the Philippines ranked 115 among 180 countries as being perceived to have a higher prevalence of corruption. A paper presented in 2019 by a Department of Justice Prosecutor during the 13th Regional Seminar on Good Governance for Southeast Asian Countries in Tokyo cited an assessment report of the Anti-Money Laundering Counsel estimating that 20% of the Philippines yearly national budget is lost to corruption.

Applying the same proportion to the 2024 national budget translates to a loss of about P1.6 trillion.

9. Corruption hinders economic growth distorts the economy and impacts income inequality and poverty. Corruption also affects the delivery of essential public services, with a higher rate of bribe solicitations reported in areas like social services.

10. Fighting corruption is key to enabling our government to fulfill its commitment to better education (more teachers, public schools, learning materials, scholarship grants, etc.); better health care (more doctors, medical staff, hospitals, clinics, medicines, health insurance, etc.); better housing; and better infrastructure. When monies are spent with the least spillage, business confidence rises and this leads to jobs creation, growth in the economy and more revenues for the government. The Philippines then becomes increasingly competitive, regionally and globally.

11. Recognizing the need to amend the Bank Secrecy Law as a means to combat corruption by making banking transactions relating to government officials and employees more transparent, several Bills to amend the Bank Secrecy Law have been filed during the previous Congresses, but none have been successfully enacted into law.

11.1. For instance, during the 11th Congress, Congressman Herminio G. Teves filed House Bill No. 9935 to authorize the Bangko Sentral ng Pilipinas, Philippine Deposit Insurance Company and Bureau of Internal Revenue to look into deposits of any banking institution. In the same term, Congressman Enrico Echiverri filed House Bill No. 12924 to require certain elective and appointive public officials to file, before assumption of office, a waiver of R.A. No. 1405.

11.2. During the 13th Congress, Congressman Agapito A. Aquino filed House Bill No. 2101 to exempt government officials and employees from the prohibition against disclosure of or inquiry into deposits with any banking institution. Similar bills were filed in the 17th, 18th and 19th Congress

11.3. During the 20th Congress, Congressman Ferdinand Alexander A. Marco filed House Bill No. 2810 mandating government officials and employees to execute and submit a

written permission to examine, inquire or look into their deposits and investments thereby waiving the Bank Secrecy Law.

12. The Bangko Sentral ng Pilipinas has supported efforts to amend the Bank Secrecy Law, as shown by its Letter dated 3 June 2022 to petitioner, a copy of which is attached and made an integral part hereof as **Annex "D"**.

13. Thus, petitioner seeks to enact this proposed Bill to effectively prosecute elected and appointed officials and employees in government, rent seekers in business, and elements of criminal syndicates, suspected or accused of graft evidenced by money trail.

CONTENTS OF THE PROPOSED BILL

14. The contents of the proposed Bill are embodied in the draft bill attached and made an integral part hereof as **Annex "B"**. The Explanatory Note is attached hereof as **Annex "A."**

P R A Y E R

WHEREFORE, it is respectfully prayed that upon filing of the instant Petition, the proposed Bill be treated as a legislative measure before the Senate with precedence over the pending legislative measures in the Committee on Banks and Financial Intermediaries.

Other just and equitable reliefs are prayed for.

San Juan City for Quezon City, Metro Manila, _____ 2025.

JOSE M. JOSE
Counsel for the Petitioner
60 Rivera Street
Barangay Progreso
San Juan City, Metro Manila
PTR No. SJ 1821136 - 01/08/2025 - San Juan City
IBP No. 496843 - 01/03/2025 - Pasig (Makati Chapter)
MCLE Compliance No. VIII-0030243 - 04/25/2025
Roll of Attorneys No. 35861
Mobile No.: 09193426920
Email: jmjose64@yahoo.com

Email: jmjose64@yahoo.com

VERIFICATION AND CERTIFICATION

We, **EDILBERTO M. CUENCA** and **NORMAN V. CABRERA**, Filipinos, of legal age, after having been duly sworn in accordance with law, do hereby depose and state that:

1. We are the Chairman and President and Incumbent Secretary-General of the petitioner KAPATIRAN PARTY (ALLIANCE FOR THE COMMON GOOD) in the instant Petition and have been duly authorized to cause the filing thereof. A copy of the Secretary's Certificate giving us the authority to sign and file the Petition is attached as **Annex "C"** hereof;

2. We have caused the preparation of the foregoing Petition and have read the same;

3. We attest that the factual allegations thereof are true and correct of our own personal knowledge as well as based on authentic records;

4. The Petition is not filed to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

5. The factual allegations of the Petition have evidentiary support or will likewise have evidentiary support after a reasonable opportunity for discovery;

6. We hereby certify that the petitioner has not commenced any other action or filed any claim involving the same issues in Congress, in the Supreme Court, the Court of Appeals, or different divisions thereof, or in any other court, tribunal or agency, and, to the best of our knowledge, no such other action or claim is pending therein. If we should learn that the same or a similar action or claim has been filed or is pending before Congress, the Supreme Court, the Court of Appeals, or different divisions thereof, or in any other court, tribunal or agency, we shall report said fact to the Senate within five (5) days from such knowledge.

EDILBERTO M. CUENCA
Affiant

NORMAN V. CABRERA
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of AUG 2 6 2025 _____ 2025, affiants exhibiting to me as competent proof of their identities the following:

EDILBERTO M. CUENCA	Senior ID 41993	OSCA Makati
NORMAN V. CABRERA	Driver's License No. N02-84-021628	Valid until 08-Sep-2033

Doc. No. 32;
Page No. 07;
Book No. I-A;
Series of 2025.

ATTY. SHERYLL D. DUNGCA
Notary Public for Q.C./Until Dec. 31, 2026
Roll No. 78139
PTR No. 7133708D/Jan. 23, 2025/Q.C
IBP No. 526637 (2025-2026) Q.C
MCLE Comp. No. VIII-0022399(04/14/2025-04/14/2028
Admin. Matter No. NP-271(2025-2026)
Timog Ave. Quezon City

Annex "A"

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

SENATE BILL NO. _____

AN ACT
PROMOTING TRANSPARENT GOVERNANCE
AND INSTALLING ANTI-CORRUPTION MECHANISMS
IN THE OPERATION OF BANKS, AND
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405,
OTHERWISE KNOWN AS "THE SECRECY OF
BANK DEPOSITS ACT")
Through "Indirect Initiative", Sections 3(b) and 11 of R.A. 6735
or the Initiative and Referendum Act

Introduced by Kapatiran Party {Alliance for the Common Good)

EXPLANATORY NOTE

Republic Act No. 1405 was enacted more than half a century or 68 years ago to encourage Filipinos to deposit their money in banks instead of hoarding them by guaranteeing the privacy of banking transactions, where no one, unless via a court order or waiver, can access records of those transactions. So outdated is this law that the Philippines remains one of only three countries in the world (with Lebanon and North Korea) that have ultrastrict bank secrecy laws. Here lies the difficulty we have seen in going after elected and appointed officials in government, rent seekers in business, and elements of criminal syndicates, suspected or accused of graft without any money trail. Here, too, lies the perpetration of greed paid for by the poor.

In the latest Corruption Perception Index released in September 2023 by the Berlin-based Transparency International, the Philippines ranked 115 among 180 countries as being perceived to have a higher prevalence of corruption. A paper presented in 2019 by a Department of Justice Prosecutor during the 13th Regional Seminar on Good Governance for Southeast Asian Countries in Tokyo cited an assessment report of the Anti-Money Laundering Counsel estimating that 20% of the Philippines yearly national budget is lost to corruption. Applying the same proportion to the 2024 national budget translates to a loss of about P1.6 trillion.

Fighting corruption is key to enabling our government to fulfill its commitment to better education (more teachers, public schools, learning materials, scholarship grants, etc.); better health care (more doctors, medical staff, hospitals, clinics, medicines, health insurance, etc.); better housing; and better infrastructure. When monies are spent with the least spillage, business confidence rises and this leads to jobs creation, growth in the economy and more revenues for the government. We then become increasingly competitive, regionally and globally. We boost our trust and credit rating in the global financial market in which access to loans and better credit terms are a function of.

Economist, professor, and columnist Cielito Habito said: "The one thing blocking our nation's ability to fulfill its widely acknowledged potential is our corrupt public officials … crack the whip on corruption, rebuild the many institutions destroyed by it, and set the foundation for economic, social and political progress." (see "Marcos' ideal legacy," No Free Lunch, Philippine Daily Inquirer, 7/22/25).

Professor Randy David, in his article "The sociology of corruption" (Philippine Daily Inquirer, Public Lives, 10/20/24), said: "Unless we acknowledge this as the root of our nation's persistent crisis … there is no way we can pull ourselves out of the rut in which we are stuck."

When asked during a hearing of the Senate Committee on Banks in 2016 if the Bangko Sentral ng Pilipinas (BSP) would support a repeal of the bank secrecy law, then BSP chief Amando Tetangco Jr. replied: "Our main concern, Mr. Chairman, with respect to the bank secrecy law, is in terms of being able to ensure that existing regulations are being complied with. That's number one. And number two, to provide some form of deterrent for possible fraud, unlawful activity, or irregularity…"

Speaking at a Financial Executives Institute of the Philippines (Finex) special membership meeting in August 2022, then BSP Governor Medalla said the central bank was requesting and needed support for more authority so it could examine suspect bank accounts, particularly those possibly linked to illegal activities.

In the 18th Congress, House Bill No. 8991, entitled an "Act Promoting Transparent Governance and Instituting Anti-Corruption Mechanisms in the Operation of Banks, amending for the Purpose Republic Act No. 1405, otherwise known as "The Secrecy of Bank Deposits Law," is the Bank Deposits Secrecy Bill supported by the BSP.

According to the International Monetary Fund (IMF), there is a compelling rationale for amending the Philippines' unusually strict bank secrecy regulations so that law enforcement and financial regulators have complete and direct access to depositor information. It also said that the Philippines would be able to remove itself from the Financial Action Task Force's (FATF) "grey list" by revising governing bank secrecy rules.

There are stories affixed to banking transactions. They are not just empty figures. So, unless we realize the need and act to amend our more than half a century-old law, no end to corruption will ever be in sight.

Hence, the proposed Bill.

SIGNATORIES

Edilberto M. Cuenca
Chairman
Kapatiran Party

Norman V. Cabrera
President & Incumbent Secretary-General
Kapatiran Party

Annex "B"

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

SENATE BILL NO. _____

THROUGH "INDIRECT INITIATIVE", SECTIONS 3(B) AND 11 OF R.A. 6735 (The Initiative and Referendum Act)

Introduced by Kapatiran Party (Alliance for the Common Good)

AN ACT
PROMOTING TRANSPARENT GOVERNANCE
AND INSTALLING ANTI-CORRUPTION MECHANISMS
IN THE OPERATION OF BANKS,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405,
OTHERWISE KNOWN AS "THE SECRECY OF BANK DEPOSITS ACT"

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

SECTION 1. Section 2 of Republic Act No. 1405, otherwise known as "The Secrecy of Bank Deposits Law," is hereby amended to read as follows:

Section 2. All deposits are hereby considered as of an absolutely confidential nature and may not be examined, inquired or looked into by any person, government official, bureau or office, except upon written permission of the depositor, or in cases of impeachment, or upon order of a competent court in cases of bribery or dereliction of duty of public officials, or in cases where the money deposited or invested is the subject matter of the litigation**, or in cases where the inquiry or examination is made by the *Bangko Sentral ng Pilipinas (BSP)*, in the exercise of its supervisory powers, on the deposit of the stockholder, owner, director, trustee, officer or employee of an entity that is subject to the supervision and regulatory power of the *BSP*, the representative or agent, the related party, or any of the conspirators of the person involved, *provided* that, upon determination by the monetary board, there is a reasonable ground to believe that fraud, serious irregularity, or unlawful activity has been or is being committed by the abovementioned persons, and that it is necessary to look into the deposit to establish such fraud, irregularity, or unlawful activity. The authority of the *BSP* to inquire and examine deposits shall also apply in the course of its investigation of closed banks.**

As used in this act, *deposits* shall refer to money or its equivalent received by a bank in the usual course of business, and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account, evidenced by a passbook, certificate of deposit, or other evidence of deposit, issued in accordance with *BSP* rules and regulations and other applicable laws, as well as such other obligation of a bank that forms part of its deposit liabilities pursuant to *BSP* rules and regulations.

The results of the inquiry or examination conducted by the *BSP* shall be for its exclusive use and shall not be made available to any person or entity, whether public or private, except to the Securities and Exchange Commission,

Philippine Deposit Insurance Corporation, Anti-Money Laundering Council, Department of Finance, Department of Justice, and the courts, *provided*, that the sharing of the results or examination of the abovementioned inquiry or examination is necessary to prevent or prosecute any offense or crime.

The exemptions to this section shall also apply to foreign currency deposits in banks operating in the Philippines, including off-shore branches of domestic banks; *provided*, that this exemption shall not apply to non-stock savings & loan associations (NSSLAS) that are catering only to their members.

SECTION 2. Section 3 of the same Act is hereby amended as follows:

SECTION 3. **No bank or financial institution, or any of its directors, officers or employees, shall be subject to any action, claim or demand in connection with, and shall be held free and harmless from liability for, any act done in compliance with an order for inquiry or examination of deposits from the *BSP*.** **However,** it shall be unlawful for any official or employee of a banking institution **or the *BSP*** to disclose **any information concerning said deposits** to any person **and under such conditions** other than those mentioned in Section two hereof. **It shall also be unlawful for any person to use this act for persecution or harassment or as an instrument to hamper competition in trade and commerce.**

SECTION 3. Section 5 of the same Act is hereby amended as follows:

SECTION 5. Any violation of this law will subject **the** offender upon conviction, to an imprisonment of not more than **TEN (10)** years or a fine of **NOT LESS THAN FIFTY THOUSAND PESOS (P50,000) NOR** more than **TWO MILLION PESOS (P2,000,000),** or both, **at** the discretion of the court.

SECTION 4. ***Separability Clause*****.** If any provision or section of this Act is held to be unconstitutional or invalid, the other provisions or sections hereof, which are not affected thereby, shall continue to be in full force and effect.

SECTION 5. ***Repealing Clause*****.**

a. Section 2, 3 and 5 of Republic Act No. 1405, as amended, also known as "Secrecy of Bank Deposits Act", are hereby amended;
b. Sections 8 and 12-A of Republic Act No. 6426, as amended, also known as the "Foreign Currency Deposit Act of the Philippines," with respect to foreign currency deposits, are hereby amended;
c. Section 33 of Republic Act No. 6848, also known as the "Charter of the Al-Amanah Islamic Investment Bank of the Philippines", is hereby amended;
d. Section 26(a)(2) of Republic Act No. 7353, also known as the "Rural Banks Act of 1992", is hereby amended; and
e. Section 21(a)(2) of Republic Act No. 7906, also known as the "Thrift Banks Act of 1995", is hereby amended.

All other Acts or parts of Acts, Special Charters, Executive Order, Rules and Regulations, which are inconsistent with the provisions of this Act, are hereby repealed.

SECTION 6. ***Effectivity Clause*****.** This Act shall take effect after fifteen (15) days following its publication in the *Official Gazette* or in a newspaper of general circulation in the Philippines.

Approved,

Annex "C"

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY, METRO MANILA) S.S.

SECRETARY-GENERAL'S CERTIFICATE

I, **NORMAN CABRERA**, of legal age, Filipino, with business address at #29 Guerrero Street, Xavierville 1, Loyola Height, Quezon City after having been sworn in accordance with law do hereby certify:

That I am the duly elected President and incumbent Secretary-General of **ALLIANCE FOR THE COMMON GOOD** or **KAPATIRAN PARTY**, a national political party accredited by the Commission on Elections, Republic of the Philippines, on 8 May 2004, with principal office and place at the above-stated address.

That as such Secretary-General, I am the custodian of the Party's records including the minutes of the meetings of the National Council and National Executive Committee.

That at the duly convened special digital meeting of the Party's National Council on 7-9 August 2025, the following resolutions were unanimously approved and adopted by the said Council:

> "BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Party file a **PETITION FOR INDIRECT INITIATIVE TO THE SENATE AND HOUSE OF REPRESENTATIVES UNDER SECTIONS 3(B) AND 11 OF REPUBLIC ACT NO. 6735, FOR CONGRESS TO ENACT "AN ACT PROMOTING TRANSPARENT GOVERNANCE AND INSTALLING ANTI-CORRUPTION MECHANISMS IN THE OPERATION OF BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405", OTHERWISE KNOWN AS "THE SECRECY OF BANK DEPOSITS ACT."**
>
> "BE IT RESOLVED FURTHER, that the Chairman, EDILBERTO M. CUENCA and/or President, NORMAN V. CABRERA, be hereby directed to cause the preparation and filing of the said Petition with full power and authority to sign the Verification and Certification page thereof, as well as any and all other documents necessary in connection with the said PETITION."

That the aforementioned Resolutions have not yet been repealed, modified or amended until the present.

IN WITNESS WHEREOF, I have hereunto set may hand at QUEZON CITY on this _____ day of AUG 2 6 2025 2025.

NORMAN CABRERA
SECRETARY-GENERAL

SUBSCRIBED AND SWORN to before me this _____ day of AUG 2 6 2025 2025 by affiant who exhibited to me his Driver's License No. N02-84-021628 issued by the Land Transportation Office with expiry date on 08 September 2033.

Doc No. 70
Page No. 04
Book No. I-A
Series of 2025.

ATTY. SHERYLL D. DUNGCA
Notary Public for Q.C./Until Dec. 31, 2026
Roll No. 78139
PTR No. 7133708D/Jan. 23, 2025/Q.C

BANGKO SENTRAL NG PILIPINAS
EXECUTIVE OFFICES I OFFICE OF THE GENERAL COUNSEL AND LEGAL SERVICES

3 June 2022

MR. NORMAN CABRERA
President
Kapatiran Party
nv_cabrera2003@yahoo.com
09175048794

Subject : **Proposed Amendments to the Bank Deposits Secrecy Law**

Dear Mr. Cabrera:

This refers to your e-mail to National Economic and Development Authority (NEDA) Secretary Karl Kendrick T. Chua, dated 11 May 2022 **(Annex "A")**, which was referred to *Bangko Sentral ng Pilipinas* (BSP), relative to the proposed amendments to the Bank Deposits Secrecy Law. We understand that the Kapatiran Party recognizes its importance as an institutional measure to combat corruption and mitigate the economic consequences it brings. Thus, it intends to file a bill proposing to amend the Bank Deposits Secrecy Law in the 19th Congress.

In this regard, we inform that House Bill No. 8991,[1] entitled an *"Act Promoting Transparent Governance and Instituting Anti-Corruption Mechanisms in the Operation of Banks, amending for the Purpose Republic Act No. 1405, otherwise known as "The Secrecy of Bank Deposits Law,"* is the Bank Deposits Secrecy Bill currently being supported by BSP. This is already approved on first reading in the House of Representatives (HOR). We attach hereto a copy of the bill **(Annex "B")** for reference. This bill takes into account the various deliberations during the HOR Committee on Banks and Financial Intermediaries hearings in which various concerned stakeholders[2] participated and provided comments. In the event that this bill will not pass into law this 18th Congress given the limited remaining time, BSP intends to re-file the same in the 19th Congress as this already addresses the comments/concerns of the concerned stakeholders. On this note, we encourage the Kapatiran Party to attend the future deliberations thereon.

[1] Per Committee Report No. 861, dated 14 March 2021.

[2] Including the Bankers Association of the Philippines, Chamber of Thrift Banks, Rural Bankers Association of the Philippines, Cooperative Banks Federation of the Philippines, Alliance of Non-Stock Savings & Loan Associations, and Al-Amanah Islamic Investment Bank of the Philippines.

We thank the Kapatiran Party for giving BSP the opportunity to share its insights relating to the proposed amendments to the Bank Deposits Secrecy Law.

Very truly yours,

ELMORE O. CAPULE
Senior Assistant Governor
and General Counsel

Attachments: **Annex A** – E-mail of Kapatiran Party President
Annex B – House Bill No. 8991 per Committee Report No. 861

Copy Furnished: NEDA Secretary Karl Kendrick T. Chua
BSP Governor Benjamin E. Diokno

Annex "E"

House of Representatives
Quezon City
EIGHTEENTH CONGRESS
Second Regular Session

HOUSE OF REPRESENTATIVES ★ BILLS & INDEX SERVICE
RECEIVED
DATE: MAR 14 2021
TIME: 7:16 pm
BY:

COMMITTEE REPORT No. 861

Submitted by the Committee on Banks and Financial Intermediaries on MAR 14 2021

Re: House Bill No. 8991

Recommending its approval in substitution of House Bill No. 8634

Sponsor: Representative Cua, Junie E.

Mr. Speaker:

The Committee on Banks and Financial Intermediaries to which was referred House Bill No. 8634, by Rep. Cua, Junie E., entitled:

AN ACT
AMENDING REPUBLIC ACT NO. 1405,
OTHERWISE KNOWN AS
"THE SECRECY OF BANK DEPOSITS LAW"

has considered the same and hereby recommends the approval of House Bill No. 8991 entitled:

AN ACT
PROMOTING TRANSPARENT GOVERNANCE
AND INSTALLING ANTI-CORRUPTION MECHANISMS
IN THE OPERATION OF BANKS,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405,
OTHERWISE KNOWN AS "THE SECRECY OF BANK DEPOSITS LAW"

in substitution of House Bill No. 8634, with Representative Cua, Junie E. as author thereof.

Respectfully submitted,

JUNIE E. CUA
Chairperson

THE SPEAKER
HOUSE OF REPRESENTATIVES

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 8991
(in substitution of HB8634)

Introduced by Representative Junie E. Cua

AN ACT
PROMOTING TRANSPARENT GOVERNANCE AND INSTITUTING ANTI-CORRUPTION MECHANISMS IN THE OPERATION OF BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405, OTHERWISE KNOWN AS "THE SECRECY OF BANK DEPOSITS LAW"

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

SECTION 1. Section 2 of Republic Act No. 1405, otherwise known as "The Secrecy of Bank Deposits Law" is hereby amended to read, as follows:

SECTION 2. All deposits ~~of whatever nature, with banks or banking institutions in the Philippines including investments in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities,~~ are hereby considered as of an absolutely confidential nature and may not be examined, inquired or looked into by any person, government official, bureau or office, except upon written permission of the depositor, or in cases of impeachment, or upon order of a competent court in cases of bribery or dereliction of duty of public officials, or in cases where the money deposited ~~or invested~~ is the subject matter of the litigation**, OR IN CASES WHERE THE INQUIRY OR EXAMINATION IS MADE BY THE *BANGKO SENTRAL NG PILIPINAS (BSP)*, IN THE EXERCISE OF ITS SUPERVISORY POWERS, ON THE DEPOSIT OF THE STOCKHOLDER, OWNER, DIRECTOR, TRUSTEE, OFFICER OR EMPLOYEE OF AN ENTITY THAT IS SUBJECT TO THE SUPERVISION OR REGULATORY POWER OF THE *BSP*, THE REPRESENTATIVE OR AGENT, THE RELATED PARTY, OR ANY OF THE CONSPIRATORS OF THE PERSON INVOLVED, *PROVIDED* THAT, UPON DETERMINATION BY THE MONETARY BOARD, THERE IS A REASONABLE GROUND TO BELIEVE THAT FRAUD, SERIOUS IRREGULARITY, OR UNLAWFUL**

ACTIVITY HAS BEEN OR IS BEING COMMITTED BY THE ABOVEMENTIONED PERSONS, AND THAT IT IS NECESSARY TO LOOK INTO THE DEPOSIT TO ESTABLISH SUCH FRAUD, IRREGULARITY, OR UNLAWFUL ACTIVITY. THE AUTHORITY OF THE *BSP* TO INQUIRE AND EXAMINE DEPOSITS SHALL ALSO APPLY IN THE COURSE OF ITS INVESTIGATION OF CLOSED BANKS.

AS USED IN THIS ACT, *DEPOSITS* SHALL REFER TO MONEY OR ITS EQUIVALENT RECEIVED BY A BANK IN THE USUAL COURSE OF BUSINESS, AND FOR WHICH IT HAS GIVEN OR IS OBLIGED TO GIVE CREDIT TO A COMMERCIAL, CHECKING, SAVINGS, TIME OR THRIFT ACCOUNT, EVIDENCED BY A PASSBOOK, CERTIFICATE OF DEPOSIT, OR OTHER EVIDENCE OF DEPOSIT, ISSUED IN ACCORDANCE WITH *BSP* RULES AND REGULATIONS AND OTHER APPLICABLE LAWS, AS WELL AS SUCH OTHER OBLIGATION OF A BANK THAT FORMS PART OF ITS DEPOSIT LIABILITIES PURSUANT TO *BSP* RULES AND REGULATIONS.

THE RESULTS OF THE INQUIRY OR EXAMINATION CONDUCTED BY THE *BSP* SHALL BE FOR ITS EXCLUSIVE USE AND SHALL NOT BE MADE AVAILABLE TO ANY PERSON OR ENTITY, WHETHER PUBLIC OR PRIVATE, EXCEPT TO THE SECURITIES AND EXCHANGE COMMISSION, PHILIPPINE DEPOSIT INSURANCE CORPORATION, ANTI-MONEY LAUNDERING COUNCIL, DEPARTMENT OF JUSTICE, AND THE COURTS, *PROVIDED,* THAT THE SHARING OF THE RESULTS OF THE ABOVEMENTIONED INQUIRY OR EXAMINATION IS NECESSARY TO PREVENT OR PROSECUTE ANY OFFENSE OR CRIME.

THE EXEMPTIONS UNDER THIS SECTION SHALL APPLY TO FOREIGN CURRENCY DEPOSITS IN BANKS OPERATING IN THE PHILIPPINES INCLUDING OFF-SHORE BRANCHES OF DOMESTIC BANKS; PROVIDED, THAT THIS EXEMPTION SHALL NOT APPLY TO NON-STOCK SAVINGS & LOAN ASSOCIATIONS (NSSLAS) THAT ARE CATERING ONLY TO THEIR MEMBERS.

SEC. 2. Section 3 of the same Act, is hereby amended to read as follows:

SECTION 3. **NO BANK OR FINANCIAL INSTITUTION, OR ANY OF ITS DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE SUBJECT TO ANY ACTION, CLAIM OR DEMAND IN CONNECTION WITH, AND SHALL BE HELD FREE AND HARMLESS FROM LIABILITY FOR, ANY ACT DONE IN COMPLIANCE WITH AN ORDER FOR INQUIRY OR EXAMINATION OF DEPOSITS FROM THE *BSP.***

HOWEVER, it shall be unlawful for any official **OR** employee, of a banking institution **OR THE *BSP*,** to disclose ANY INFORMATION CONCERNING SAID DEPOSITS to any person **AND UNDER SUCH CONDITIONS** other than those mentioned in Section 2 hereof (~~, information concerning said~~

~~deposits).~~ **IT SHALL ALSO BE UNLAWFUL FOR ANY PERSON TO USE THIS ACT FOR PERSECUTION OR HARASSMENT OR AS AN INSTRUMENT TO HAMPER COMPETITION IN TRADE AND COMMERCE.**

SEC. 3. Section 5 of the same Act, is hereby amended to read as follows:

SECTION 5. Any violation of this law will subject **THE** offender upon conviction, to imprisonment of not less than two (2) years nor more than ~~five~~ **TEN (10) YEARS** or a fine of not **LESS THAN FIFTY THOUSAND PESOS (P50,000) NOR MORE THAN** ~~twenty thousand~~ **TWO MILLION PESOS (P2,000,000),** or both, ~~in~~ **AT** the discretion of the court.

SEC. 4. ***Separability Clause.*** If any provision or section of this Act is held to be unconstitutional or invalid, the other provisions or sections hereof, which are not affected thereby shall continue to be in full force and effect.

SEC. 5. ***Repealing Clause.***

a. Sections 2, 3 and 5 of Republic Act No. 1405, as amended, also known as the "Secrecy of Bank Deposits Act", are hereby amended;

b. Sections 8 and 12-A of Republic Act No. 6426, as amended, also known as the "Foreign Currency Deposit Act of the Philippines," with respect to foreign currency deposits, are hereby amended;

c. Section 33 of Republic Act No. 6848, also known as the "Charter of the Al-Amanah Islamic Investment Bank of the Philippines", is hereby amended;

d. Section 26(a)(2) of Republic Act No. 7353, also known as the Rural Banks Act of 1992, is hereby amended; and

e. Section 21(a)(2) of Republic Act No. 7906, also known as the Thrift Banks Act of 1995, is hereby amended.

All other Acts or parts of Acts, Special Charters, Executive Order, Rules and Regulations, which are inconsistent with the provisions of this Act, are hereby repealed.

SEC. 6. ***Effectivity.*** This Act shall take effect fifteen (15) days following its publication in the *Official Gazette* or in a newspaper of general circulation in the Philippines.

FACT SHEET

House Bill No. 8991

AN ACT
PROMOTING TRANSPARENT GOVERNANCE
AND INSTALLING ANTI-CORRUPTION MECHANISMS
IN THE OPERATION OF BANKS,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405,
OTHERWISE KNOWN AS "THE SECRECY OF BANK DEPOSITS LAW"

(As approved by the Committee on Banks and Financial Intermediaries on February 26, 2021, in substitution of House Bill No.8634)

***Introduced by**: Representative Cua, Junie E.*
***Committee Referral:** Committee on Banks and Financial Intermediaries*
***Chairperson**: Junie E. Cua*

OBJECTIVES:

- To lift the barriers in the effective investigation and prosecution of corrupt or illegal financial actions of stockholders, owners, directors, trustees, officers or employees of entities supervised and regulated by the Bangko Sentral ng Pilipinas (BSP).

- To effectively combat tax evasion, money laundering and other financial crimes, address the unintended consequences of bank secrecy laws, and comply with international standards on transparency in financial transactions.

KEY PROVISIONS:

- Defines the term DEPOSITS as money or its equivalent received by a bank in the usual course of business and for which it is obliged to give credit to a commercial, checking, savings, time or thrift account evidenced by a passbook, certificate of deposit or other evidence of deposit, and other obligations of a bank which forms part of its deposit liabilities under applicable BSP rules and regulations.

- Empowers the BSP to inquire into or examine deposits in the course of its investigation of closed banks, or when, in the determination of the Monetary Board, there is reasonable ground to believe that fraud, serious irregularity, or unlawful activity has been committed by a stockholder, owner, director, trustee, officer, or employee of BSP-supervised institutions, the representative, agent, related party or conspirators.

- Limits the use of the results of bank examinations exclusively to the BSP, Securities and Exchange Commission, Philippine Deposit Insurance Corporation, Anti-Money Laundering Council, Department of Justice, and the courts.

- Provides a safe harbor clause exempting banks or financial institutions, their directors, officers, or employees from any action, claim, demand, or liability, for acts done in compliance with an order of inquiry or examination of deposits from the BSP.

- Prohibits officials or employees of the BSP and banking institutions from disclosing any information concerning deposits to any person other than those authorized under the law.

- Forbids the use of the Bank Secrecy Law for purposes of persecution or harassment, or as an instrument to hamper competition in trade and commerce.

- Punishes any person or entity found guilty of violating the law with imprisonment of not less than two (2) years but not more ten (10) years, or a fine of not less than Fifty thousand pesos (P50,000) or more than Two million pesos (P2,000,000), or both, at the discretion of the court.

RELATED LAWS

Republic Act No. 1405, as amended ("Secrecy of Bank Deposits Act")
Republic Act No. 6426, as amended ("Foreign Currency Deposit Act of the Philippines")
Republic Act No. 6848 ("Charter of the Al-Amanah Islamic Investment Bank of the Philippines")
Republic Act No. 7353, as amended ("Rural Banks Act of 1992")
Republic Act No. 7906 ("Thrift Banks Act of 1995")
Republic Act No. 8791 ("General Banking Law of 2000")
Republic Act No. 7653, as amended (The New Central Bank Act)