

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

Thirteenth Congress
First Regular Session



HOUSE BILL NO. 4630

INTRODUCED BY HON. JOSEPH A. SANTIAGO

EXPLANATORY NOTE

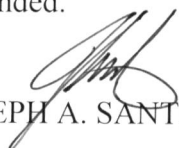
This bill seeks to curb the practice of exacting or charging dormancy fees on an inactive bank deposit and service fees from a savings account whose balance is below a bank's minimum balance requirement.

The Honorable Supreme Court in the case of *Gullas Vs. PNB* (62 Phil. 519) citing Art. 1890 of the Civil Code of the Philippines have averred that "*bank deposits, whether fixed, savings or current, are treated as loans because they earn interest*". Simply put, bank deposits earn interest from a bank because it is the one that borrows the money of its depositors. In the case, however, wherein a bank charges or exacts fees on a dormant or inactive bank account or charges/exacts service fees from a savings account whose balance is below a bank's minimum balance requirement, the act rather penalizes a depositor. This exactly violates the nature of a deposit which is a loan. The worst part even happens when a bank, time and again, increases said fees wantonly and without prior information from their depositors, thus amounting to utter disregard of their depositors rights. This happens when a bank merely posts a flyer in its branch or in its ATM booth regarding the matter.

While it is true that a bank needs to address its operation expenses, it should not abuse the prerogative of finding resources at the expense of its depositors.

It is now the objective of this bill to prohibit and outlaw this practice of exacting or charging fees which have already become pernicious. Because by so doing, banks and similar business establishments will return the favor or at least give back a small recompense to their depositors who already patronize their businesses.

For these reasons, immediate approval of this bill is highly recommended.


JOSEPH A. SANTIAGO

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

Thirteenth Congress
2nd Regular Session

HOUSE BILL NO. 4630

Introduced by the Hon. JOSEPH A. SANTIAGO

**AN ACT PROHIBITING THE IMPOSITION OF OR EXACTION OF
DORMANCY FEES ON INACTIVE DEPOSIT BANK ACCOUNTS OR OF
ARBITRARILY CHARGING SERVICE FEES FOR SAVINGS ACCOUNTS
BELOW THE MINIMUM BALANCE REQUIREMENT WITHOUT THE
PRIOR APPROVAL OF THE DEPOSITOR AND PRESCRIBING
PENALTIES THEREFOR**

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

Section 1. This Act shall prohibit banks and similar business establishments, their agents and/or authorized representatives, from imposing, exacting, collecting and/or charging dormancy fees on inactive deposit bank accounts or arbitrarily charging service fees on saving accounts below the minimum balance requirement without the prior approval of the depositor.

Section 2. Any bank or similar business establishment which shall collect, impose, exact or charge any of the said fees in violation of this Act, shall be penalized with a fine of not less than One Hundred Thousand Pesos (Php 1,000,000.00). The aforementioned fine shall be applied for every case of violation of this Act. The Members of the Board of Directors or any other corporate officer of a bank or similar business establishment that issued a directive to its employees, agents and/or representatives to collect, impose, exact or charge said fees and found guilty of violating any of the provisions of this Act, shall suffer an imprisonment of not more than five (5) years.

Any government official or employee who shall be found to have conspired in violation of any provisions of this Act by aiding banks and/or similar business establishments, its officers or agents and or representatives in circumvention of this Act, shall be suspended for not less than ten (10) days but not more than sixty (60) days, after due notice and hearing in an appropriate administrative proceedings; Provided, that this shall not exclude further prosecution from other laws.

Section 3. Any provision of this Act that is subsequently declared to be unconstitutional shall not affect the validity of its other provisions.

Section 4. All laws, decrees, orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

Section 6. This Act shall take effect upon its approval.

APPROVED.