

FIFTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.

House Bill No. **4438**

EXPLANATORY NOTE

According to the Manual of Regulations for Banks, dormant accounts are defined as (1) Current or checking accounts showing no activity (deposit or withdrawals) for a period of one (1) year or (2) Savings account showing no activity (deposit or withdrawals) for a period of two (2) years.

The practice of these banks, as authorized by the Bangko Sentral ng Pilipinas is to charge fees on these dormant accounts, usually in an amount ranging from P300 to P500 per month.

There are reports that some Overseas Filipino Workers come home after their work abroad to find that instead of their bank deposits increasing, it has been reduced by absurd dormancy fees imposed by the banks.

One explanation as to why banks charged dormancy fees is that banks may have anticipated a certain amount of activity on each account, which can generate fee income for them. And because of the inactivity, they see these dormant fees as a way to replace the expected income that they lost to the detriment of the depositor.

This practice has to stop because banks must understand that they are operating primarily to help people and not make money off innocent depositors who may have forgotten about an account or who had to go overseas and left the account inactive while abroad.

Also, why is there a need to charge service fees when banks are in fact already earning interests when the deposits are utilized as loans to bank borrowers at substantially higher rates than the interest in deposits.

In view of the foregoing, immediate approval of this bill is earnestly requested.


RUFUS B. RODRIGUEZ


MAXIMO B. RODRIGUEZ, JR.

HOUSE OF REPRESENTATIVES

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AN ACT

**PROHIBITING THE IMPOSITION OF FEES AND CHARGES ON DORMANT
ACCOUNTS, AND FOR OTHER PURPOSES**

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

SECTION 1. A dormant or inactive account is hereby defined as:

- (1) Current or checking accounts showing no activity (deposit or withdrawals) for a period of three (3) years.
- (2) Savings account showing no activity (deposit or withdrawals) for a period of five (5) years.

SEC 2. Banks shall review and segregate dormant accounts as herein defined at least once in every semester.

SEC 3. *Internal control measures –*

(1) As a matter of policy, banks shall exert all efforts to prevent checking and savings accounts from becoming dormant. When it becomes apparent that an account is inactive, a short letter should be sent to the depositor encouraging him to use his account.

In case of checking accounts, the banks shall ensure that the monthly statement of accounts reach the depositors. If the depositors cannot be located, the following steps should be undertaken:

- (a) Check any significant changes or fluctuations in the depositors' account balances over a period of time with emphasis on accounts with decreasing balances;
- (b) Verify apparent reactivation entries, represented either by deposit or withdrawal, that appears to have prevented the account from being classified as dormant; and
- (c) Investigate any obvious alteration of the ledger records.

(2) Segregated dormant accounts shall be placed under joint custody of two (2) responsible officers/employees.

(3) A separate ledger control for dormant accounts shall be maintained.

(4) Signature cards for dormant accounts shall also be segregated from active files and held under joint custody.

(5) Entries to dormant account ledgers shall be verified and approved by a designated officer. His initials shall be placed next to the entry on the ledger sheet.

(6) All inquiries on dormant accounts shall be coured to one officer who should obtain sufficient identification from the inquirer to assure that he is entitled to the information.

(7) A trial balance of dormant account ledgers shall be taken periodically and balances with the general control account by an employee other than the bookkeeper.

(8) Dormant or inactive accounts shall be verified directly with depositors.

(9) All transactions affecting dormant accounts shall be subject to audit by the internal auditor.

(10) A semestral report on deposit accounts transferred to dormant shall be rendered to bank management.

SEC. 4. *Prohibition* – Banks are hereby prohibited from imposing or charging service, maintenance or any other fee on dormant accounts as defined in this Act.

SEC. 5. Upon expiration of a period as stated in Section 1 of this Act, the unclaimed balance in the dormant account, including all increase and proceeds thereof, shall be deposited to the National Treasury to be used by the National Government.

SEC. 6. *Notices* – After one year has lapsed without any activity on any account, the bank shall send a notice to the depositor informing him of said inactivity. Thereafter, banks shall regularly send notices to the depositor every six months.

Three (3) months prior to the expiration of the periods as stated in Section 1 of this Act, the bank shall send a final notice to the depositor informing him of the impending deposit of his account to the National Treasury.

SEC. 7. *Implementing Rules and Regulations* – Within three (3) months from the effectivity of this Act, the Bangko Sentral ng Pilipinas, in consultation with the Department of Finance and the Bureau of Treasury shall issue the rules and regulations implementing the same.

SEC. 8. *Separability Clause* – If for any reason, any provision of this Act or any part thereof shall be held unconstitutional or invalid, the other parts or provisions of this Act, which are not affected thereby, shall remain in force and effect.

SEC. 9. *Repealing Clause* – All laws, decrees, orders, rules and regulations including Presidential Decree No. 679, or parts thereof, and the Manual of Regulations for Banks which are inconsistent with any of the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 10. *Effectivity Clause* - This Act shall take effect fifteen (15) days after its complete publication in at least two newspapers of general circulation.

Approved,