

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5989



Introduced by Hons. Jose R. Ping-ay and Cresente C. Paez

EXPLANATORY NOTE

Taking cognizance of the crucial role played by cooperative banks in the upliftment of the standard of living of our countrymen especially in the rural areas, it is but fitting and timely to give the necessary impetus on its banking services and harness its potential as catalyst to countryside development.

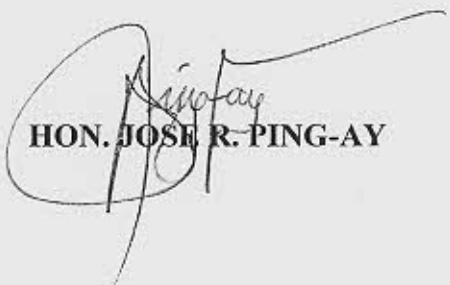
RA 9520 otherwise known as the Philippine Cooperative Code of 2008 already provides a substantial platform for the coop banking sector to establish its unique niche amidst volatile financial environment. But for these banks to not only survive but flourish in a highly competitive environment dominated by big banks, tangible and sustained support from all government agencies should be brought to bear.

Hence, aside from the already established incentives and privileges accorded to cooperative banks, this Bill intends to introduce and usher in a new era of cooperative banking.

This Bill seeks to expand its horizon through encouraging bigger capital infusion by opening up its membership to qualified foreign counterpart cooperative banks, subject to limitations of laws and statutory restrictions such as the 40% voting capital, real estate acquisition, etc.

The powers, functions and allied undertakings of the cooperative banks are also incorporated in this Bill. Likewise, aside from the assistance and support from the on-going program of the Bangko Sentral ng Pilipinas (BSP) and the Philippine Deposit Insurance Corporation (PDIC) called the Strengthening Program for Cooperative Banks where Land Bank of the Philippines (LBP) plays a crucial role in the rehabilitation of cooperative banks, capital infusion, raising supplemental capital and credit facility infusion from government banks are also addressed in this Bill.


HON. CRESENTE C. PAEZ


HON. JOSE R. PING-AY

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AN ACT
AMENDING CHAPTER XII, ON COOPERATIVE BANKS, OF REPUBLIC ACT NO.
9520, OTHERWISE KNOWN AS THE PHILIPPINE COOPERATIVE CODE OF 2008
AND FOR OTHER PURPOSES

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

SECTION 1. Article 97 of Republic Act No. 9520 is hereby amended with the insertion of a new paragraph 3, which shall read as follows:

“ART. 97. Organization, Membership and Establishment of Cooperative Bank. – (1) x x x

(2) x x x

(3) FOREIGN COOPERATIVE ORGANIZATIONS OR EQUIVALENT COUNTERPARTS IN THEIR COUNTRIES OF ORIGIN DULY ESTABLISHED AND REGISTERED AS SUCH MAY BECOME AN ASSOCIATE OR REGULAR MEMBER OF COOPERATIVE BANKS; PROVIDED, THAT IT SATISFIES THE DEFINITION OF A COOPERATIVE FOUND IN ARTICLE 3 OF THIS CODE AND THAT IT SHALL SUBMIT PROOF OF ITS ESTABLISHMENT AND REGISTRATION AS SUCH FROM THEIR COUNTRY OF ORIGIN.

OWNERSHIP OF QUALIFIED FOREIGN COOPERATIVE ORGANIZATIONS IN A COOPERATIVE BANK SHALL BE LIMITED TO A MAXIMUM OF FORTY PERCENT (40%) OF THE VOTING SHARES OF THE COOPERATIVE BANK.

THE BANGKO SENTRAL NG PILIPINAS (BSP), IN COORDINATION WITH THE AUTHORITY, SHALL ISSUE RULES AND REGULATIONS NECESSARY TO IMPLEMENT THIS PROVISION.

([3]4) x x x

SEC. 2. Article 102 of the same Act is hereby amended to read as follows:

“ART. 102. Privileges and Incentives of Cooperative Banks. – x x x

(1) x x x

(2) COOPERATIVE BANKS SHALL BE EXEMPT FROM THE PAYMENT OF ALL COURT’S AND SHERIFF’S FEES PAYABLE TO THE PHILIPPINE GOVERNMENT FOR AND IN CONNECTION WITH ANY AND ALL ACTIONS BROUGHT TO ENFORCE THE PAYMENT OF OBLIGATIONS CONTRACTED IN FAVOR OF THE BANK. However, in cases of foreclosure of mortgages covering loans granted by a cooperative bank, and the execution of judgments thereon involving real properties and levied upon by a sheriff, it shall be exempt from publication requirement where the total amount of the loan, excluding interest and other charges due and unpaid, does not exceed Two hundred fifty thousand pesos (P250,000.00) or such amount as the BSP may prescribe, as may be warranted by the prevailing economic conditions and by the nature and character of the cooperative banks. It shall be sufficient publication in such cases if the notice of foreclosure and execution of judgment are posted in conspicuous areas of the cooperative bank’s premises, the municipal hall, the municipal public market, the barangay hall, or the barangay public market, if there be any, where the property mortgaged is situated, within a period of sixty (60) days immediately preceding the public auction or the execution of judgment. Proof of publication as required herein shall be accomplished by an affidavit of the sheriff or officer conducting the foreclosure sale or execution of judgment, and shall be attached to the record of the case.

([2]3) x x x

SEC. 3. Article 103 of the same Act is hereby amended to read as follows:

“ART. 103. Assistance to Cooperative Banks. – x x x

ALL BANKING INSTITUTIONS, WHETHER GOVERNMENT OR PRIVATE, MAY BE ALLOWED TO DEPOSIT TO COOPERATIVE BANKS AT LEAST TWENTY-FIVE PERCENT (25%) OF THEIR TOTAL LOANABLE FUNDS FOR AGRICULTURE, FISHERIES AND AGRARIAN REFORM CREDIT MANDATED BY THE AGRI-AGRA REFORM CREDIT ACT OF 2000 UNDER REPUBLIC ACT 10000. SUBJECT TO THE APPROVAL OF THE DEPARTMENT OF AGRICULTURE, DEPARTMENT OF AGRARIAN REFORM AND BSP, THEIR DEPOSITS SHALL BE TREATED AS ALTERNATIVE COMPLIANCE TO THE CREDIT QUOTA REQUIREMENT OF SAID

LAW.

Whenever a cooperative bank organized under this Code is in a state of continuing inability or unwillingness to maintain a period of liquidity, the BSP may designate one of its officials or a person of recognized competence, preferably with experience in cooperative banking and finance, as conservator of said bank pursuant to the appropriate provisions of existing banking laws.

THE BSP, IN COORDINATION WITH THE AUTHORITY, DEPARTMENT OF AGRICULTURE AND DEPARTMENT OF AGRARIAN REFORM, SHALL PROMULGATE THE NECESSARY RULES AND REGULATIONS TO IMPLEMENT THIS ACT.

SEC. 4. If any section or provision of this Act shall be declared unconstitutional or invalid, such shall not invalidate any other section of this Act.

SEC. 5. All laws, decrees, orders, rules, regulations, ordinances or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 6. This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved.