

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SIXTEENTH CONGRESS**  
**First Regular Session**

**HOUSE BILL NO. 3162**



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**Introduced by Representative EDGAR R. ERICE**

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***EXPLANATORY NOTE***

Section 2 of the *General Banking Law of 2000* decrees that the State recognizes the vital role of banks in providing an environment conducive to the sustained development of the national economy and the fiduciary nature of banking that requires high standards of integrity and performance. In furtherance thereof, the State shall promote and maintain a stable and efficient banking and financial system that is globally competitive, dynamic and responsive to the demands of a developing economy.

To aid the banks in the fulfilment of its envisioned mandate, all sectors of society were informed of the vital role of savings in economic development and, in relation thereto, they were encouraged to save in banks to generate financial resources and accelerate capital formation. It should be emphasized that the State in effect, therefore, also recognizes the vital role of the public in the pooling of financial resources for the purpose of forming capital resources, which, in turn, will be used for economic development.

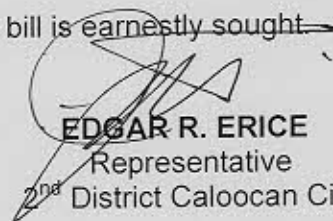
As the agency granted with the sole power to supervise the operations and activities of banks, the Bangko Sentral ng Pilipinas issued the *Manual of Regulations for Banks*. Section 263 of the said *Manual* provides that banks are authorized to impose and collect service and maintenance fees on savings and demand deposit accounts, whether active or dormant, that fall below the required minimum monthly average daily balance subject to several conditions. Pursuant to the above-stated authority, majority of the banks, therefore, made sure that the imposition of such fees is clearly provided in the terms and conditions of deposit furnished to their clients to be able to validly cause the deduction and collection of the same.

At this juncture, it cannot be overemphasized that the regulation authorizing banks to impose and collect service and maintenance fees on savings and demand deposit accounts that fall below the required minimum maintaining balance is antithetical to the State's policy of encouraging the public to save in banks to enable the latter to generate capital resources. Contrary to the original objective of encouraging the public to deposit their money in banks, those who have very limited resources would inevitably have second thoughts in depositing their money knowing that if they failed to comply with the required minimum maintaining balance, their limited financial resources would, instead of earning interest, be considerably

lessened due to the penalties imposed by the banks. It must be pointed out that the moneys deposited by the people with very limited resources, no matter how meagre they are in the eyes of the banks, still serve their purpose of contributing to the capital resources of the country and, thus, not entirely worthless. These depositors, therefore, do not deserve to be penalized for having substantially lesser money to deposit lest they would be tempted to completely pull out their money from the banks. If this would happen in a large scale, its adverse effect on the business of the banks and on the State's policy of generating capital resources for the development of national economy cannot simply be overlooked.

This bill, therefore, seeks to prohibit the banks from imposing service charge or maintenance fees on savings and current/demand deposit accounts that failed to comply with the required minimum maintain balance and providing penalties for violation thereof.

In view of the foregoing, the passage of this bill is earnestly sought.



**EDGAR R. ERICE**  
Representative  
2<sup>nd</sup> District Caloocan City

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**AN ACT**  
**PROHIBITING BANKS FROM IMPOSING SERVICE CHARGE OR ANY OTHER**  
**FEES ON SAVINGS OR CURRENT ACCOUNTS FOR FAILING TO COMPLY**  
**WITH THE BANK'S REQUIRED MINIMUM MAINTAINING BALANCE AND**  
**PROVIDING PENALTIES FOR VIOLATION THEREOF**

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

**SECTION 1.** *Prohibition Against Imposition of Fees or Charges for Failing to Comply with the Required Minimum Maintaining Balance.* - It shall be unlawful for any bank, whether government-owned/controlled or private, local or foreign, to impose service charge or any other fees on savings or current accounts which are not complying with the required minimum maintaining balance set by the bank policies.

**SEC. 2.** *Penalty.* - Any violation of this Act shall be punished by imprisonment of not less than six (6) months and one (1) day nor more than six (6) years or a fine of not less than One Million Pesos nor more than Five Million Pesos or both such imprisonment and fine at the discretion of the court. If the offender is a juridical person, the president, vice-president or the general manager shall be held liable for the penalties herein provided. If the offender is an alien, he shall, in addition to the aforementioned penalties, be immediately deported after the service of his sentence here in the Philippines.

The license to operate of the bank found by a competent court to have violated this Act shall be immediately cancelled and shall be perpetually disqualified from applying for the same license to operate.

**SEC. 3.** *Implementing Rules and Regulations.* - The Bangko Sentral ng Pilipinas (BSP) in coordination with the Department of Finance (DOF) shall, within ninety (90) days from the approval of this Act, issue the necessary rules and regulations for the effective implementation of this Act.

**SEC. 4. *Repealing Clause.*** – All laws, decrees, executive disorders, rules and regulations inconsistent with this Act are hereby repealed and modified accordingly.

**SEC. 5. *Effectivity.*** – This Act shall take effect after fifteen (15) days following the completion of its publication in the *Official Gazette* or in at least two (2) national newspapers of general circulation.

Approved,