



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session



5446
House Bill No. _____

Introduced by **Honorable ERLPE JOHN "PING" M. AMANTE**

EXPLANATORY NOTE

Financial literacy is an important tool in achieving financial inclusion, financial stability, economic growth and development.¹ There is a growing consensus that financial literacy programs can "play an important role in reducing economic inequalities as well as empowering citizens and decreasing information asymmetries between financial intermediaries and their customers."²

Financial literacy is also seen to be helpful in preparing consumers "for tough financial times, by promoting strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance."³ Moreover, it reinforces positive behaviors such as timely payment of bills and avoidance of over-indebtedness.

Unfortunately, financial literacy is considerably low in the Philippines. In the Financial Literacy Index released by MasterCard last 2016, the country ranked 11th out of the 17 Asia-Pacific countries included in the study; with the poor placing attributed to the significant decline in basic money management.⁴ In addition, the country's overall score of 62 was below the regional mark of 64.

¹ Central Bank of Nigeria. (2015). *National Financial Literacy Framework* (Publication). Nigeria. Retrieved March 22, 2017, from <https://www.cbn.gov.ng/out/2016/cfpd/financial%20literacy.pdf>

² Bel, S. (n.d.). Why financial literacy matters for development. Retrieved March 22, 2017, from http://oecdobserver.org/news/fullstory.php/aid/4967/Why_financial_literacy_matters_for_development.html

³ The International Bank for Reconstruction and Development/The World Bank. (2009). *The Case for Financial Literacy in Developing Countries* (Publication). Washington DC: The International Bank for Reconstruction and Development/The World Bank. Retrieved March 22, 2017, from https://www.globalbrigades.org/media/Financial_Literacy.pdf

⁴ Mastercard. (n.d.). *Singapore Tops Financial Literacy Index in Asia Pacific*. Retrieved March 22, 2017, from <http://newsroom.mastercard.com/asia-pacific/press-releases/singapore-tops-financial-literacy-index-in-asia-pacific/>

According to the National Baseline Survey on Financial Inclusion conducted by the Bangko Sentral ng Pilipinas, only 4 out of 10 Filipino adults (43.2%) have savings, while 32.3% used to save in the past but have stopped saving money and the remaining 24.5% have never experienced saving money at all.⁵ It also reported that most Filipinos have or had debt (47.1% of adults borrow money, while 33.8% did so in the past and do not borrow anymore); with many of them borrowing through informal means (61.9% from families, relatives, and friends and 10.1% from informal lenders).

It is within this context that this bill, which seeks to declare a national policy promoting financial literacy as a tool for poverty alleviation and national development, is filed. This bill includes provisions that take guidance from the policy handbook "National Strategies for Financial Education" released by the Organization for Economic Co-operation and Development - International Network on Financial Education. Among these is the constitution of the National Financial Literacy Council and the Financial Literacy Promotions Office to recognize the importance of having dedicated public institutions that will ensure the effective implementation of national strategies that are sustainable and better suited to achieving behavioral changes.⁶ These bodies shall also advance greater accountability and visibility to the public, as well as whole-of-government recognition.

The bill also pushes for the application of various approaches to financial education, such as harnessing the schools and workplaces as learning environments, integration in anti-poverty programs, and multi-channel delivery of learning tools and information.

In view of the importance of promoting financial literacy among Filipinos in the achievement of inclusive and sustainable development, the passage of this bill is earnestly sought.


ERLPE JOHN "PING" M. AMANTE

⁵ Bangko Sentral ng Pilipinas. (2015). *National Baseline Survey on Financial Inclusion* (Publication). Philippines: Bangko Sentral ng Pilipinas. Retrieved March 22, 2017, from <http://www.bsp.gov.ph/downloads/publications/2015/NBSFIFullReport.pdf>

⁶ Organization for Economic Co-operation and Development. (2015). *National Strategies for Financial Education OECD/INFE Policy Handbook* (Publication). Organization for Economic Co-operation and Development. Retrieved March 22, 2017, from http://www.gpfi.org/sites/default/files/documents/06-OECD-INFE%20Policy%20Handbook%20on%20the%20Implementation..._0.pdf



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AN ACT
DECLARING A NATIONAL POLICY THE PROMOTION OF
FINANCIAL LITERACY AS A TOOL FOR POVERTY ALLEVIATION
AND NATIONAL DEVELOPMENT

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

SECTION 1. *Short Title.* – This Act shall be known as the
"Financial Literacy Promotions Act of 2017."

SECTION 2. *Declaration of Policy.* – The State declares financial literacy as a vital tool in improving the socio-economic welfare of all Filipinos, which must be harnessed in developing a robust, inclusive, and sustainable national economy.

Towards this end, the State shall seek to:

- a. Instil financial literacy in young Filipinos by incorporating its modules to the basic education system;
- b. Integrate financial literacy in the implementation of poverty alleviation programs to ensure their effectivity and sustainability;
- c. Promote financial literacy in all government and private workplaces; and,
- d. Disseminate financial education materials to a wide audience through various media platform.

SECTION 3. *Definition of Terms.* For purposes of this Act, the following terms are hereby defined:

- a. Financial literacy – the combination of one's understanding of financial products and concepts; and ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve financial well-being;
- b. Financial education materials – include all materials that can be used as study or reference materials to enhance financial literacy;
- c. Financial literacy module – a module used in schools that is used to teach financial literacy to learners;
- d. Poverty alleviation program – a program initiated by the national or local government that helps the poor gain access to economic opportunities that promote sustainable livelihood, as well as social services, such as education and healthcare.

SECTION 4. *Creation of the National Financial Literacy Council.* – There shall be created a National Financial Literacy Council (NFLC) composed of the following:

Ex-officio members:

- a. Secretary of Finance or a representative;
- b. Secretary of Education or a representative;
- c. Secretary of Labor and Employment or a representative;
- d. Chairperson of the Civil Service Commission or a representative;
- e. Director General of the Philippine Information Agency or a representative;

Appointive members:

- a. Two (2) representatives from the private sector;
- b. A representative from civil society organizations; and,
- c. A representative from the academe.

The Secretary of Finance shall serve as Chairperson of the NFLC while the Secretary of Education shall serve as Vice Chairperson. The selection, appointment, and term of office of the appointive members shall be in accordance with the pertinent provisions of Republic Act No. 10149, otherwise known as the GOCC Governance Act of 2011.

SECTION 5. *Duties of the NFLC.* – The NFLC shall perform the following duties:

- a. Formulate a national plan of action for the implementation of this Act, which will include:

1. Crafting of financial literacy modules and their integration in the curriculum of all levels of basic education;
 2. Mandating the conduct of financial literacy sessions for all beneficiaries of state-sponsored poverty alleviation programs, particularly those that provide grants or subsidies;
 3. Setting of guidelines to encourage public and private employers to implement financial literacy programs for their employees; and,
 4. Disseminating, at least once (1) monthly, of financial education materials in all media platforms, such as, but not limited to, television, radio, print media, online media, and social media;
- b. Recommend to the President and the Congress all policy matters related to the promotion of financial literacy;
 - c. Coordinate and integrate various government and private sector activities relating to financial literacy;
 - d. Promote the exchange of information on financial literacy between public and private sectors;
 - e. Perform monitoring and regular impact evaluations of financial literacy programs; and,
 - f. Exercise such other powers as may be necessary to carry out the purposes of this Act.

SECTION 6. *Creation of the Financial Literacy Promotions Office.*
 – There shall be a Financial Literacy Promotions Office (FLPO) to be attached to the Department of Finance.

The FLPO shall perform the following functions:

- a. Coordinate the preparation of position papers and background materials for discussion or approval during NFLC meetings;
- b. Assist the NFLC in coordinating and monitoring financial literacy programs and activities of all government agencies and the private sector;
- c. Submit periodic reports to the NFLC on the progress and accomplishment of its work programs;
- d. Prepare a yearly report on the status of financial literacy in the country; and,
- e. Perform ad hoc functions as authorized by the NFLC.

SECTION 7. *Implementing Rules and Regulations.* – Within sixty (60) days from the approval of this Act, the Secretary of Finance, in consultation with the heads of the DepEd, DOLE, CSC, and PIA, shall formulate the rules and regulations implementing the provisions of this Act.

SECTION 8. *Appropriation.* – The amount necessary for the initial implementation of this Act shall be charged against the appropriations of the Department of Finance under the current General Appropriations Act (GAA). Thereafter, the amount for its full implementation shall be included in the GAA as a distinct and separate item.

SECTION 9. *Repealing Clause.* – All laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SECTION 10. *Separability Clause.* – If any provision of this Act is held invalid or unconstitutional, the other provisions not affected hereby shall remain valid and subsisting.

SECTION 11. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,