

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

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7263



Introduced by **HON. RENE L. RELAMPAGOS**
First District, Bohol

EXPLANATORY NOTE

Financial inclusion for the very poor is a critically important aspect of economic development. Access to reliable and affordable financial services is essential not only for growing business and improving living standards, but also for managing the unpredictability of daily life. Yet, an estimated 2.5 billion people across the world have no access to banking services.

The World Bank's Global Financial Index (Findex) Database for 2014, which measures financial inclusion around the world, reports that only about three out of 10 Filipino adults possess bank accounts. In a 2015 National Baseline Survey on Financial Inclusion from the Bangko Sentral ng Pilipinas, nearly 70 percent of Filipinos have no savings.

This has rendered the poor more vulnerable. Households with no savings don't have the capability to engage in fruitful economic activities and better their lives. More obviously, they have no cash to spare when emergency happens. The biggest tendency is that household will resort to access loans from loan sharks that, almost always, worsen their financial situation in the long run.

A variety of services have been developed to address this gap, including micro-loans, low-balance savings accounts, mobile-enabled payments and financial services and various micro-insurance products. Despite that, many Filipinos remain 'unbanked' and with no savings.

In 1924, the World Savings Day celebration was first held with 29 countries participating. Initially, the event was more on formal (banking) sector awareness. Since the mid-1990s, a number of international development organizations have promoted savings groups, in which 15-30 people, usually women, meet on a regular basis to save what money they can in common fund.¹

One of these forms is the Savings Mobilization through the "Community Managed Savings and Credit Association" or the CoMSCA. It is an approach that teaches families and children the importance of savings. It is a strategy that helps families and children realize financial freedom. Likewise, it has promoted peace building in the community. It continues as a strong support system, building and

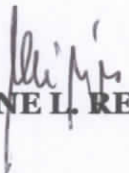
¹ World Savings Day: the importance of savings

demonstrating the culture of cooperation among members and their families. Members in distress are helped by the group. Their meetings have become venues of encouragement and spiritual nurturing. Members also attested that they have strengthened their relationship within the group and are willing to support one another. They have learned to apportion their money for the 3S – save, spend, and share².

This community-based approach has been successful in many parts of the world including the Philippines. Success stories of how communities and families benefitted from this approach prove that savings in the communities is doable and beneficial. The province of Bohol, which hosts a community-based savings approach is one such benefactor.

The undersigned sees the need to purposely engage more partners and stakeholders to continue advocating savings among the most vulnerable families. It is the main desire of this bill to reach the informal sectors with no access to financial institutions and encourage them to save through a community-based approach. The first step is awareness. It is hoped that the conduct of this initiative will result and be of use by any agencies or organizations that promotes savings.

For the abovementioned reasons, the immediate approval of this bill is immediately sought.


RENE L. RELAMPAGOS

² Impacts of CoMSCA

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AN ACT
DECLARING MAY 29 OF EVERY YEAR AS ANNUAL NATIONAL
COMMUNITY SAVINGS DAY

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

Section 1. Short Title. – This law shall be known as the “National Community Savings Day Act”.

Section 2. Declaration of State Policy. – It is hereby declared the policy under Article II, Section 19 of the 1987 Constitution, that the State shall encourage non-governmental, community-based, or sectoral organizations that promote the welfare of the nation.

Further, Republic Act No. 8367, the Revised Non-Stock Savings and Loan Association Act of 1997 declared the policy of the State to encourage industry, frugality and the accumulation of savings, and judicious utilization of credit among the members of non-stock savings and loan associations.

Section 3. National Community Savings Day. – The 29th day of May and every year thereafter is hereby declared “National Community Savings Day” and proclaim the same as special working holiday.

Section 4. Partners and Stakeholders. – The Department of the Interior and Local Government (DILG), Department of Social Service and Welfare Development (DSWD), Department of Trade and Industry (DTI), Department of Education (DepEd) and Commission on Higher Education (CHED) and non-governmental organizations advocating for community savings like World Vision, Inc. shall plan and implement activities for the holiday which shall include, among others:

- a. Establishment of Savings Mechanism in Communities;
- b. Financial literacy seminars/symposia in schools, government offices;
- c. Sharing of good practices on Community Savings;
- d. Awarding of Good Performing CoMSCA groups in the LGU; and
- e. National CoMSCA Summit.

All activities shall have the following objectives, among others:

- a. To institute awareness and popularization among the general public on the importance of savings, highlighting its contribution to poverty alleviation;
- b. To recognize the strategic role of community managed savings in poverty reduction and alleviation and in integrating this to existing anti-poverty programs of the government;
- c. To have strategic partnerships with national government agencies, local government units, civil society groups, private entities, academic institutions, faith-based organizations and children and youth groups in building resiliency among the communities;
- d. To encourage LGUs to come up with policies, programs, and activities on saving; and
- e. To encourage academic institutions, both private and public, to conduct awareness raising on the value of savings to students within the school year;

The DILG, DSWD, DTI, DepEd, CHED, in partnership with local government units, Faith-based Organizations (FBOs), People's organizations (PO), academic institutions, child and youth organizations shall participate in all activities related to the celebration of the "National Community Savings Day" and all other activities related thereto.

Section 5. Repealing Clause. – All laws, rules, regulations, orders, memoranda or circulars inconsistent with this Act are hereby repealed or modified accordingly.

Section 6. Separability Clause. – Any part or provision of this Act shall be held to be invalid or unconstitutional, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

Section 7. Effectivity Clause. – The Act shall take effect fifteen (15) days after publication in the Official Gazette or in any two (2) national newspapers of general circulation.

Approved,