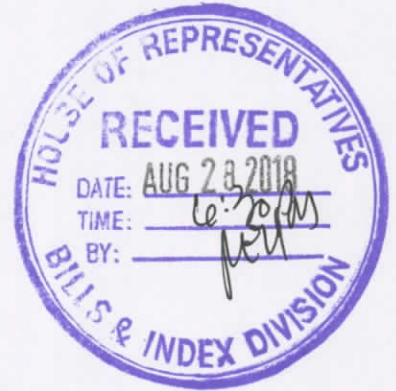


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 8150



Introduced by: Hon. HARLIN NEIL J. ABAYON, III

EXPLANATORY NOTE

Automated Teller Machine (ATM) machine withdrawal charges of banks operating in the Philippines range from P10 to P12.50 per withdrawal. Balance inquiry charges range from no charge to P2.50. Aside from these, there are other numerous types of charges for every move a depositor or client makes, including remittance service charges.

There are 71 banks operating in the country with Bangko Sentral ng Pilipinas-approved electronic banking facilities and services.

Most recently, in the weekend of July 21-22—just before the latest SONA of President Duterte, the Land Bank of the Philippines was offline. The Land Bank is a government bank and depository bank. It is from the Land Bank where our government employees' salaries are deposited.

Weeks before that, BDO and the Bank of the Philippine Islands were inaccessible. These banks and other banks have occasional outages, service interruptions, and glitches.

When Filipino depositors withdraw and do other transactions, the banks swiftly execute service charges. However, when these banks are unable to deliver their most basic ATM services, depositors cannot reciprocate in kind with the equivalent of service charges.

We, the depositors, simply endure the hardship or inconvenience. Being unable to pay bills and other payables on time is more than mere inconvenience.

This unfair and unjust situation must not persist. To address it, this bill empowers depositors and other bank clientele with verified, credible information and sound metrics on banking performance and services.

By empowering depositors and banking clientele using latest available and emerging technologies and practices, we enable them to make well-informed decisions on which bank to patronize, which services to avail of, and most importantly how to manage their personal and business finances.

This bill tasks the Bangko Sentral, in consultation and collaboration with stakeholders and eminent subject matter experts, to develop comprehensive and detailed sets of banking and financial services standards, corresponding objective indicators, and database of metrics of objective, qualitative and quantitative ratings on financial inclusion, service quality, and service charges.

These standards shall factor into the regular evaluation of banks, financial intermediaries, and other financial institutions conducting by the Bangko Sentral ng Pilipinas in furtherance of its supervision and regulation of these institutions.

This bill also creates the Harmonized Indices of Service Quality and Charges (HISQC) System as a transparency mechanism to enable consumers to use the Standards on Financial Inclusion, Service Quality, and Service Charges to objectively compare, monitor, and rate banking and financial services of different financial institutions and services providers using computer software, electronic devices, mobile applications, and other means of telecommunications.

Other salient features of the bill are:

- 1) The System shall be administered and operated by the Bangko Sentral, in coordination and collaboration with the Department of Finance, Department of Trade and Industry, and the Securities and Exchange Commission.
- 2) The Bangko Sentral shall design and operate the System to protect consumers, banks, financial intermediaries, and other financial institutions against fraud, abuse, malpractice, malfeasance, and other acts that undermine public trust and confidence of stakeholders in the financial and banking system and institutions.
- 3) The System shall have a customer feedback mechanism to enable consumers to directly report to the Bangko Sentral incidents of excessive charges, poor customer service, and suspicious transactions or activity.
- 4) The Bangko Sentral shall develop and implement a transparent process for the management of the customer feedback mechanism.

- 5) The Governor of the Bangko Sentral shall screen and appoint internal and external auditors for the System consistent with applicable standards and processes for such screening and appointment.
- 6) The Monetary Board of the Bangko Sentral shall promulgate the necessary implementing guidelines, rules, and regulations to implement within one hundred and twenty (120) days from the effectivity thereof.
- 7) The Standards on Financial Inclusion, Service Quality, and Service Charges and the Harmonized Indices of Service Quality and Charges (HISQC) System shall be operational not later than three hundred sixty (360) days from enactment.

BACKGROUND

The typical Filipino person or small business has a bank account with only P5,000 or less deposited in any of our country's banks. Some are more fortunate to have anywhere from P5,000.01 to P100,000.

In total, the banks had P11.945 trillion worth of deposits in 58.21 billion accounts of latest available figures (March 2018) of the Philippine Deposit Insurance Corporation (PDIC).

The biggest chunk of that are small deposits with balances of P5,000 or lower (P26.85 billion in 36 billion peso accounts).

It is discernable from the PDIC data that the bulk of small to medium-sized deposits are salaries of employees and cash in bank of small businesses. PDIC data show there are 47.34 billion bank accounts with deposits of 40,000 or lower.

Interestingly, the next set of clusters are deposits ranging from P40,000.01 to P100,000 in 3.23 billion accounts. Then there are some Filipinos who are able to have P100,000.01 to P150,000.00 in 1.28 million peso savings accounts.

As to deposits in foreign currency, usually dollars, there are 942.7 million foreign currency accounts with deposits worth P60,000 or lower and these accounts have, in total, P25.38 billion pesos' worth of dollars. Some 336 million of those accounts have P962 million worth of dollars in them.

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Considering all the foregoing, the swift passage of this bill is sought.



REP. HARLIN NEIL J. ABAYON, III
AANGAT TAYO Party-list

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
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HOUSE BILL NO. 8150

Introduced by: Hon. HARLIN NEIL J. ABAYON, III

AN ACT
ESTABLISHING THE PHILIPPINE NATIONAL STANDARDS FOR
BANKING AND FINANCIAL SERVICE CHARGES AND CLIENT
PROTECTION AND WELFARE, AND FOR OTHER PURPOSES

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

Section 1. Short Title. - This Act shall be known as the “*Financial Services Inclusion and Protection Act*”.

Section 2. Declaration of Policy. - It is the declared policy of the State to:

- a) promote a sustained increase in the amount of goods and services produced by the nation for the benefit of the people and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged; and
- b) ensure that with the use of property comes the responsibility of rendering a social function, so that all economic agents shall contribute to the common good.

Section 3. **Standards on Financial Inclusion, Service Quality, and Service Charges.** The Bangko Sentral, in consultation and collaboration with stakeholders and eminent subject matter experts, shall develop comprehensive and detailed sets of banking and financial services standards, corresponding objective indicators, and database of metrics of objective, qualitative and quantitative ratings on financial inclusion, service quality, and service charges.

These standards shall factor into the regular evaluation of banks, financial intermediaries, and other financial institutions conducting by the Bangko Sentral ng Pilipinas in furtherance of its supervision and regulation of these institutions.

Section 4. Harmonized Indices of Service Quality and Charges. The Harmonized Indices of Service Quality and Charges (HISQC) System, hereinafter referred to as the System, is hereby created as a transparency mechanism to enable consumers to use the Standards on Financial Inclusion, Service Quality, and Service Charges to objectively compare, monitor, and rate banking and financial services of different financial institutions and services providers using computer software, electronic devices, mobile applications, and other means of telecommunications.

The System shall be administered and operated by the Bangko Sentral, in coordination and collaboration with the Department of Finance, Department of Trade and Industry, and the Securities and Exchange Commission.

The Bangko Sentral shall design and operate the System to protect consumers, banks, financial intermediaries, and other financial institutions against fraud, abuse, malpractice, malfeasance, and other acts that undermine public trust and confidence of stakeholders in the financial and banking system and institutions.

The System shall have a customer feedback mechanism to enable consumers to directly report to the Bangko Sentral incidents of excessive charges, poor customer service, and suspicious transactions or activity.

The Bangko Sentral shall develop and implement a transparent process for the management of the customer feedback mechanism.

Section 5. Internal and External Audit. The Governor of the Bangko Sentral shall screen and appoint internal and external auditors for the System consistent with applicable standards and processes for such screening and appointment.

Section 6. Implementing Guidelines, Rules, and Regulations. The Monetary Board of the Bangko Sentral shall promulgate the necessary implementing guidelines, rules, and regulations to implement this Act within one hundred and twenty (120) days from the effectivity thereof.

The Standards on Financial Inclusion, Service Quality, and Service Charges and the Harmonized Indices of Service Quality and Charges (HISQC) System shall

be operational not later than three hundred sixty (360) days from the effectivity of this Act.

Section 7. **Separability.** - If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall continue to be in full force and effect.

Section 8. **Repealing Clause.** - All laws, executive orders, and administrative orders or parts thereof inconsistent with any provision of this Act are hereby repealed or amended accordingly.

Section 9. **Effectivity Clause.** - This Act shall take effect fifteen (15) days after its publication in the online version of the *Official Gazette* or in two (2) newspapers of general circulation or with established internet website presence.

Approved.