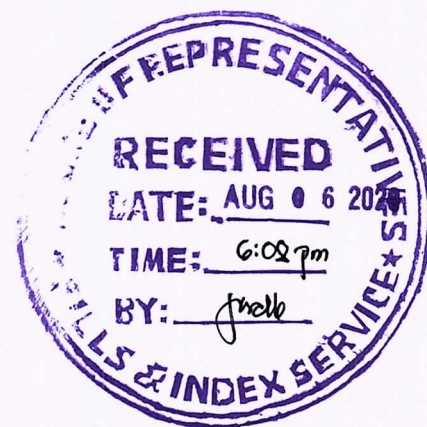




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session



HOUSE BILL NO. 7316

Introduced by Representative Sharon S. Garin

EXPLANATORY NOTE

This bill seeks to exempt government officials and employees under investigation by the Senate and House of Representatives from the prohibition against disclosure of bank deposits.

Republic Act (RA) No. 1405, entitled "*An Act Prohibiting Disclosure of or Inquiry Into, Deposits With Any Banking Institution and Providing Penalty Therefor*," was approved on September 9, 1955. RA 1405, also known as the "*Bank Secrecy Law*," was passed into law to encourage individuals to deposit their money in banks, and to discourage private hoarding so the deposited money may be properly utilized by the banks for authorized loans to assist in the economic development of the country.

Under RA 1405, all deposits of whatever nature with banks or banking institutions in the Philippines including investments in bonds issued by the government are considered absolutely confidential in nature, and may not be examined, inquired, or looked into by any person, government official, bureau, or office, except upon written permission of the depositor, or in cases of impeachment, or upon order of a competent court in cases of bribery or dereliction of duty of public officials, or in cases where the money deposited or invested is the subject matter of the litigation.

The current bank secrecy law is viewed as very strict and hampers the transparency of reporting anti-corruption mechanisms in the government. It is being used as a reason to thwart significant challenges to courts and prosecutors from obtaining information from banks. It stalls investigations of government officials and employees involved in anomalous transactions by a legitimate body which has a constitutional duty to protect the interests of the people.

The exceptions to the absolute confidentiality rule with regard to domestic bank deposits and investments in government bonds have been expanded by other laws and have gone through numerous jurisprudential refinements. These include, among others, RA 7653, entitled "*The New Central Bank Act*," as amended, and RA 9160, otherwise known as the "*Anti-Money Laundering Act of 2001*," as amended. Several bills of the same nature were also filed in the House of Representatives and Senate.

This bill seeks to amend RA 1405 by excluding government officials and employees from the bank secrecy law when they are under investigation by the Senate or the House of Representatives, or any of its committees, in the exercise of its constitutional and statutory mandate. It will promote transparency in governance and will help the lawmakers to legislate effective measures to prevent anomalous transactions and curtail graft and corruption. This will also significantly lessen, if not eliminate, the attempts to accumulate ill-gotten wealth by public officials and employees.

In view of the foregoing, approval of this bill is earnestly recommended.



SHARON S. GARIN
AAMBIS-Owa Party-list



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HOUSE OF REPRESENTATIVES
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HOUSE BILL NO. 7316

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AN ACT
EXEMPTING GOVERNMENT OFFICIALS AND EMPLOYEES UNDER
INVESTIGATION BY THE SENATE AND THE HOUSE OF REPRESENTATIVES
FROM THE PROHIBITION AGAINST DISCLOSURE OF BANK DEPOSITS,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405, ENTITLED "AN
ACT PROHIBITING DISCLOSURE OF OR INQUIRY INTO, DEPOSITS WITH
ANY BANKING INSTITUTION AND PROVIDING PENALTY THEREFOR," AS
AMENDED

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

SECTION 1. Section 2 of Republic Act No. 1405, as amended, is further amended to read as follows:

"SEC. 2. All deposits of whatever nature with banks or banking institutions in the Philippines including investments in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities, are hereby considered as of an absolutely confidential nature and may not be examined, inquired, or looked into by any person, government official, bureau or office, except upon written permission of the

21 depositor, or in the cases of impeachment, or upon order of a competent
22 court in cases of bribery or dereliction of duty of public officials, or in cases
23 where the money deposited or invested is the subject matter of the
24 litigation, **OR WHEN THE DEPOSITOR WHO HOLDS OFFICE IN THE**
25 **GOVERNMENT OR IN ANY GOVERNMENT-OWNED OR**
26 **CONTROLLED CORPORATION, BY VIRTUE OF AN APPOINTMENT,**
27 **ELECTION, OR CONTRACT, WHETHER PERMANENT OR**
28 **TEMPORARY, IN THE CAREER OR NON-CAREER SERVICE,**
29 **INCLUDING THOSE IN THE MILITARY SERVICE AND THE POLICE**
30 **FORCE, WHETHER CIVILIAN OR UNIFORMED PERSONNEL, IS**
31 **UNDER INVESTIGATION BY THE SENATE, OR THE HOUSE OF**
32 **REPRESENTATIVES, OR ANY OF ITS COMMITTEES, IN THE**
33 **COURSE OF, OR IN PURSUANT TO, THE EXERCISE OF ITS**
34 **CONSTITUTIONAL AND STATUTORY MANDATE."**

35 SEC. 2. All laws, decrees, executive orders or parts thereof inconsistent with the
36 provisions of this Act are hereby repealed or modified accordingly.

37 SEC. 3. This Act shall take effect fifteen (15) days after its publication in the
38 *Official Gazette* or in a newspaper of general circulation.

39 Approved,