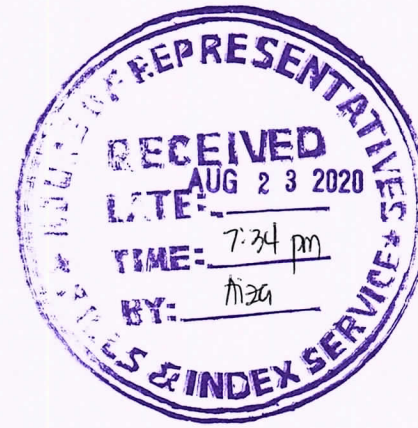


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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7452

Introduced by **ANG PROBINSYANO**
Party-List Representative Alfred Delos Santos

EXPLANATORY NOTE

Despite the growing relevance of financial technology mechanisms in the Philippines such as being pioneers in mobile banking, there remains a huge gap in reaching financial inclusivity in our country, especially in rural areas. Financial awareness and literacy remain to be a huge aspect of rolling out financial technology and many Filipinos, even those who are engaged with such technology, are unaware of digital options (BSP, 2017). Moreover, even if people are aware of such options, Filipinos hesitate to share personal information with such platforms due to cybersecurity issues that have been plaguing online financial productivity and platforms. Other issues pose barriers to the inclusion of Filipinos in digital finance such as access to basic financial products and fragmented financial and business institutions.

The proposed bill addresses all of these problems. It is the responsibility of the State to bring about financial inclusivity especially with those living in rural and underdeveloped areas through mechanisms that ensure equitable access to financial technology. It addresses issues on financial awareness, trust, inclusion, and access. This bill aims to empower Filipinos to be more financially stable and capable to pursue personal and economic development.

In view of the foregoing, immediate approval is highly recommended.

ALFRED C. DELOS SANTOS
Representative, Ang Probinsyano Partylist

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12 Introduced by **ANG PROBINSYANO**
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15
16 **AN ACT PROMOTING RURAL FINANCIAL INCLUSION AND LITERACY**
17

18 *Be it enacted by the Senate and the House of Representatives of the*
19 *Philippines in Congress assembled:*
20

21 SECTION 1. *Short Title.* – This Act shall be known as the “Rural Financial
22 Inclusion and Literacy Act.”
23

24 SECTION 2. *Declaration of Policy.* – In recognition of the importance of
25 bringing about financial inclusion and literacy, the State shall endeavor in
26 innovations that reduce financial vulnerabilities and promote financial
27 empowerment to citizens. The State shall also commit to taking proactive
28 measures in developing technology capabilities of various financial institutions
29 in rural areas to improve access to financial services.
30

31 Guided by the National Strategy for Financial Inclusion (NSFI) under the
32 Philippine Development Plan, the State shall ensure that programs shall
33 contribute in establishing a financial system that benefits all Filipinos,
34 regardless of socio-economic status, and thereby contribute to inclusive growth
35 and development, especially within rural and provincial areas.
36

37 SECTION 3. *Financial Literacy.* – In order to promote engagement with
38 financial services and institutions in rural areas, there shall be an established
39 proactive and sectoral financial and digital literacy program. The program shall
40 contain a basic understanding of concepts but will further allow for technical
41 application in partnership with financial institutions such as banks and lending
42 companies in order to acquire knowledge and develop skills to make well-
43 informed economic and financial decisions. Priority sectors shall include, but not
44 limited to, students, farmers, fisherfolk, micro, small, and medium enterprises
45 (MSMEs).
46

1 Further, it shall be implemented by the Bangko Sentral ng Pilipinas (BSP),
2 Department of Finance (DOF), Department of Education (DepEd), Department of
3 Agriculture (DA), Department of Trade and Industry (DTI), Cooperative
4 Development Authority (CDA). For a more inclusive implementation, non-
5 government organizations (NGOs) and civil society organizations (CSOs) shall be
6 also included in the implementation of financial literacy programs. Completion
7 of such a program may be used to comply with requirements of financial
8 institutions on various financial products such as, but not limited to, savings,
9 payment, credit, and insurance.

10
11 SECTION 4. *Capacity Development for Rural Financial Institutions.* –
12 Capacity-building programs to improve knowledge of financial technologies
13 within traditional banks, particularly rural banks shall be implemented such as,
14 but not limited to, mobile payments, online lending, blockchain applications for
15 the banking sector, and move data processing to the cloud through expanding
16 awareness of BSP instructions on approved approaches to data migration and
17 storage. It shall also include capacity development programs for staff and
18 operators to maximize the potential of financial technology application.

19
20 Further, the Bangko Sentral ng Pilipinas (BSP), together with FinTech
21 Philippines Association, shall facilitate the procurement process for rural banks
22 to engage with financial technology by establishing a trustworthy, third-party
23 accreditation for those engaged with the financial technology industry.

24
25 Further, to promote trust in the development and application of technology
26 to financial services, financial institutions shall prioritize and include
27 cybersecurity safeguards and planning in the earliest stages of project and policy
28 design.

29
30 SECTION 5. *National Financial Inclusion Steering Committee.* – To further
31 systematically accelerate financial inclusion, there shall be an established
32 National Financial Inclusion Steering Committee. It shall spearhead
33 collaborative efforts to address regulation and execute innovative modes of
34 implementation.

35
36 The Committee shall be composed of the Bangko Sentral ng Pilipinas (BSP)
37 as its chair and members include the heads of the Department of Finance,
38 Department of Education, Department of Trade and Industry, Department of
39 Social Welfare and Development, Department of Budget and Management,
40 National Economic and Development Authority, Insurance Commission,
41 Commission on Filipinos Overseas, Securities and Exchange Commission,
42 Philippine Statistics Authority, Philippine Deposit Insurance Corporation, and
43 Cooperative Development Authority. Heads of other government agencies may be
44 invited as FISC members as necessary.

45
46 Further, the National Financial Inclusion Steering Committee (NFISC),
47 together with other relevant government agencies, shall provide for mechanisms

1 that protect and boost financial activities especially within the provinces and
2 rural areas. The aforementioned government institutions and agencies shall
3 cooperate to implement the National Strategy for Financial Inclusion (NSFI)
4 under the Philippine Development Plan.

5
6 SECTION 6. *Priority Implementation Points.* – There shall be priority agenda
7 implementation points to establish a digital financial ecosystem that can support
8 the diverse needs of all users in a manner that is secure, sustainable, convenient,
9 and affordable, especially in provinces and rural areas. It may include, but not
10 limited to:

- 11 1. efficient retail payments system;
- 12 2. an expansive network of low-cost touchpoints and accredited cash
- 13 agents;
- 14 3. democratized access to a transaction account through the utilization
- 15 of a national ID system as mandated by RA 11055, otherwise known
- 16 as the Philippine Identification System Act (PhilSys Act); and
- 17 4. collaboration with pawnshops and money service business
- 18

19
20 SECTION 6. *Separability Clause.* – If any provision or part of this Act is
21 held invalid or unconstitutional, the remaining provisions or parts unaffected
22 shall remain in full force and effect.

23
24 SECTION 7. *Repealing Clause.* – All laws, executive orders, presidential
25 decrees or issuances, letters of instruction, administrative orders, rules, and
26 regulations contrary to or inconsistent with the provisions of this Act are hereby
27 repealed, amended, or modified accordingly.

28
29 SECTION 8. *Effectivity Clause.* – This Act shall take effect fifteen (15) days
30 after its publication in the Official Gazette or in a newspaper of general
31 circulation.

32
33 Approved,