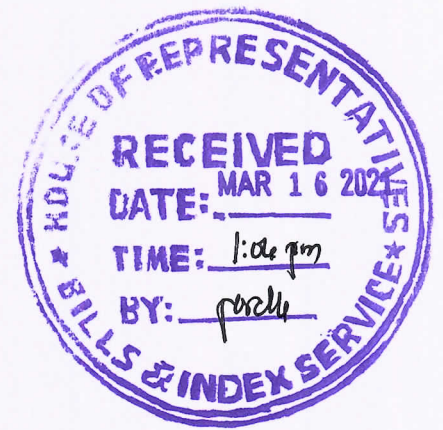


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Eighteenth Congress
First Regular Session

HOUSE BILL NO. 9006



Introduced by HON. HENRY S. OAMINAL

EXPLANATORY NOTE

During the worst of times when the COVID-19 pandemic in 2020 necessitated strict lockdown protocols causing small businesses to close (leading to job losses) and the remainder of the working population to work from home, investment scammers recognized ideal conditions to perpetrate multiple types of scams ranging from the simple pyramid sales schemes to complicated investments dealing with alleged bitcoins or other forms of cryptocurrencies and forex trading.

Indeed, the massive reach of social media and other online platforms in the country today, coupled with a population easily swayed to place their trust in an entity illegally soliciting investments has heightened the risk of investment scams victimizing the public. The low levels of savings and financial literacy to identify tell-tale signs of investment scams (most of these schemes are being conducted online with a community of loyal and satisfied followers and subscribers) underscores the need for a national response through financial literacy and education

Published data from the Securities and Exchange Commission (SEC) revealed an alarming surge in investment scams ranging from alleged cryptocurrency investments, forex trading, Ponzi schemes, pyramid sales schemes, and many other get-rich-quick schemes designed to entice and lure Filipinos to part with their hard-earned money in exchange for promises of above-market monthly returns. The investment scams advisories issued by the SEC to the public registered a 97% surge in 2020 compared to 2019, with metropolitan Cebu City registering a 400% increase in fraudulent entities employing fraudulent schemes to defraud investors.

At the core of the issue is the financial literacy challenge in the Philippines. Based on the BSP 2019 Financial Inclusion (FI) Survey, only half (55%) of Filipino adults know the effect of inflation on the prices of goods and services. Only a third

(33%) of respondents correctly answered questions on interest rates. The same percentage of respondents said: they do not know how much their savings would be if interest rate is guaranteed at 2% and compounded annually for five years. These concepts on time value of money are crucial in understanding the principles of saving, getting credit and investing. Without knowledge of these concepts, Filipinos would be unable to make informed decisions when comparing financial products and selecting financial institutions that would best fit their needs and capacities.

Studies show that money management habits formed in early life persist and last into adulthood.¹ College students who will soon be joining the work force will need to make important financial decisions (e.g., allocating their salaries, accepting credit card offers, evaluating investment options, etc.) that will directly impact their well-being. This can also spell the difference between those who will later on have a retirement that is well-prepared for or not—the latter having significant implications for the government and the society.

Finances are one of the major causes of stress for adults. Around 3 out of 10 employees all over the world report to having money troubles that are negatively impacting their life.² Health and financial issues are interconnected and can impact employee productivity. Financial worries are strongly linked to stress and anxiety, poor health, unhealthy lifestyles, and reduced job effectiveness. These come in the form of lower job engagement, higher levels of stress, anxiety, and depression as well as increased instances of absenteeism or “presenteeism”—that is, physically reporting for work but not fully functioning.

This bill seeks the inclusion of a savings and investment subject in the curriculum for junior high school in order to equip them with the tools for long-term savings and long-term investments prior to senior high school and college or university studies. From the perspective of the government, educated investors are better equipped to recognize frauds and scams and not fall prey to unscrupulous individuals offering “get-rich-quick schemes” to hapless victims. Furthermore, as has been seen in our neighboring countries in the ASEAN region, a population with a high level of financial education and literacy will serve to stimulate the development of the domestic capital markets and ultimately reduce the dependency of the population on government grants and subsidies especially during times of crises and emergencies.

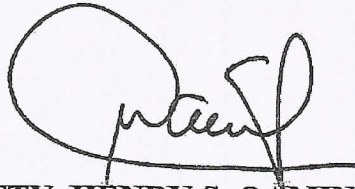
In sum, the passage of this bill will promote investor education, investor protection and scam-proof the population and, more importantly, enable the young population to understand the fundamental principles of finance and investments as they chart their chosen strand and track for their senior high school years.

¹ Source: World Bank 2015 Study: Enhancing Financial Capability and Inclusion in the Philippines.

² Source: <https://www.willistowerswatson.com/en-PH/Insights/2020/02/global-benefits-attitudes-survey-report>.

The common aspiration is to roll out an effective investor education program to encourage a sustained retail participation in the capital markets paving the way to a ~~virtuous circle~~ of financial literacy and capital market development that will effectively put an end to the *vicious cycle* of investment scams and a financially illiterate population.

In view of the foregoing, immediate approval of this bill is requested.

A handwritten signature in black ink, appearing to read 'Henry S. Oaminal', written over a horizontal line.

ATTY. HENRY S. OAMINAL
Representative
2nd District, Misamis Occidental

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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HOUSE BILL NO. 9006

Introduced by HON. HENRY S. OAMINAL

AN ACT

TO FURTHER ENHANCE THE BASIC EDUCATION SYSTEM BY PROVIDING FOR THE INCLUSION OF A SUBJECT ON SAVINGS AND INVESTMENTS IN THE SECONDARY EDUCATION CURRICULUM AND FOR OTHER PURPOSES

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

1 SECTION 1. *Short Title.* – This Act shall be known as the “Savings and Investments Act of
2 2021”.

3
4 SEC. 2. *Policy of Investor Education.* – The State shall adopt a national strategy to enhance
5 investor education by including the same among the priority programs to encourage long-term
6 savings and investment by the Filipinos. The goals of the investor education include not just
7 investor awareness of the alternative savings and investment products, but also for the population
8 to develop their long-term investing skills and financial well-being through planning and actual
9 investments. Finally, the national investor education program seeks to foster financial inclusion
10 for both existing and potential investors towards enabling the development of the financial markets
11 through collaborations by the government with both public and private sector participants in the
12 finance and investments industry.

13
14 SEC. 3. *Savings and Investment Subject in Junior High School.* - In furtherance of the above
15 State objective, a relevant, comprehensive, and globally-benchmarked national investor education
16 program shall be integrated within the enhanced basic education program prescribed under Section
17 4 of Republic Act No. 10533 otherwise known as the “*Enhanced Basic Education Act of 2013.*”
18 The junior high school curriculum for all students prior to their senior high school curriculum shall
19 integrate a required subject on the basics of savings and investment that will focus on providing

1 an overview of long-term investment instruments available to retail investors, the risks and rewards
2 of savings and investment, available investments in the domestic capital market, alternative
3 investments, investor protection safeguards provided under existing regulations, and how to
4 recognize and avoid financial fraud (e.g., Ponzi schemes and get-rich quick scams), among others.

5
6 *Sec. 4. Content of the Savings and Investment Subject.* – The savings and investment subject
7 shall introduce the theoretical underpinnings of financial education principles and financial
8 markets and shall provide clear and specific examples of actual case studies of traditional and
9 innovative investment products and financial instruments to illustrate the features thereof, the risks
10 and rewards of said financial instruments as they have been actually launched in the Philippines
11 or in global financial markets.

12 In the design and implementation of the Savings and Investment subject for junior high
13 school, the following are the minimum key core competencies that the students should develop:

- 14 a.) Fundamental understanding of the benefits of long-term financial planning to achieve
15 financial goals at the individual and family levels;
- 16 b.) Suitability of financial products relative to one's risk-reward profile and other
17 behavioral considerations;
- 18 c.) Understanding how different savings and investment products deliver returns and the
19 risks attendant to investing in these instruments; and
- 20 d.) Long-term financial planning with an understanding of the intermediaries who
21 distribute different alternative instruments, where to source relevant material
22 information and the financial market regulations and other legal and regulatory
23 requirements that protect investors against fraud and scams.

24
25 *Sec. 5. Penalty Clause.* – An educational institution who fails or refuses to comply with the
26 provisions of this Act shall be penalized by a fine of fifty thousand pesos (Php 50,000.00) and
27 suspension of permit to operate.

1 SEC. 6. *Implementing Rules and Regulations.* – the Department of Education shall
2 promulgate the necessary rules and regulations within one hundred eighty (180) days from the
3 approval of this Act for its effective implementation.

4
5 SEC. 7. *Separability Clause.* - If any provision of this Act is declared invalid by a
6 competent court, the remainder of this Act or any provision not affected by such declaration of
7 invalidity shall remain in force and effect.

8
9 SEC. 8. *Repealing Clause.* - All laws, presidential decrees, executive orders, other
10 executive issuances, rules and regulations or parts thereof, including the provisions of Republic
11 Act 10533, which are inconsistent with this Act are hereby repealed, amended or modified
12 accordingly.

13
14 SEC. 9. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in at
15 least two (2) newspapers of general circulation.

Approved,