



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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 1918



Introduced by

HON. ATTY. GERVILLE “JINKY BITRICS” R. LUISTRO

AN ACT
PROMOTING TRANSPARENT GOVERNANCE AND
INSTITUTING ANTI-CORRUPTION MECHANISMS IN THE OPERATION
OF BANKS AND OTHER FINANCIAL INSTITUTIONS,
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”

EXPLANATORY NOTE

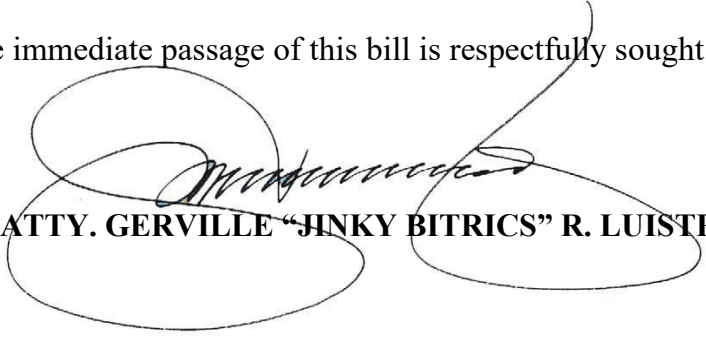
Financial crimes in the Philippines have grown more complex, often shielded by outdated laws—particularly Republic Act No. 1405, or the Bank Secrecy Law. While intended to protect depositor privacy and encourage banking, its absolute confidentiality now impedes transparency, accountability, and the fight against corruption.

This measure proposes limited amendments to allow the Bangko Sentral ng Pilipinas (BSP) to examine bank deposits under narrowly defined conditions, such as bank closures or when fraud and unlawful conduct are reasonably suspected within BSP-supervised institutions. Strict safeguards ensure that inquiries are lawful, targeted, and that information is disclosed only to designated agencies such as the courts, AMLC, SEC, and DOJ.

The bill aligns Philippine regulations with international standards on financial transparency while protecting banks and their personnel who comply in good faith. At the same time, it penalizes unauthorized disclosures to uphold responsible handling of sensitive data.

This reform strikes a necessary balance between privacy and public interest, strengthening our institutions against abuse and reinforcing trust in our financial system.

In view of the foregoing, the immediate passage of this bill is respectfully sought.



HON. ATTY. GERVILLE “JINKY BITRICS” R. LUISTRO



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ACT PROHIBITING DISCLOSURE OF OR INQUIRY INTO, DEPOSITS WITH
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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, entitled: *“An Act Prohibiting Disclosure of or Inquiry Into, Deposits With Any Banking Institution And Providing Penalty Therefor”* is hereby amended to read, as follows:

“SECTION 2. All deposits 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 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 is the subject matter of the litigation, **OR IN CASES WHERE THE INQUIRY OR EXAMINATION IS MADE BY THE BANGKO SENTRAL NG PILIPINAS (BSP), IN THE EXERCISE OF ITS SUPERVISORY POWERS, ON THE DEPOSIT OF THE STOCKHOLDER, OWNER, DIRECTOR, TRUSTEE, OFFICER OR EMPLOYEE OF AN ENTITY THAT IS SUBJECT TO THE SUPERVISION OR REGULATORY POWER OF THE BSP, THE REPRESENTATIVE OR AGENT, THE RELATED PARTY, OR ANY OF**

THE CONSPIRATORS, OF THE PERSON INVOLVED: *PROVIDED*, THAT, UPON DETERMINATION BY THE MONETARY BOARD, THERE IS A REASONABLE GROUND TO BELIEVE THAT FRAUD, SERIOUS IRREGULARITY OR UNLAWFUL ACTIVITY HAS BEEN OR IS BEING COMMITTED BY THE ABOVEMENTIONED PERSONS, AND THAT IT IS NECESSARY TO LOOK INTO THE DEPOSIT TO ESTABLISH SUCH FRAUD, SERIOUS IRREGULARITY OR UNLAWFUL ACTIVITY. THE AUTHORITY OF THE *BSP* TO INQUIRE AND EXAMINE DEPOSITS SHALL ALSO APPLY IN THE COURSE OF ITS INVESTIGATION OF CLOSED BANKS.

AS USED IN THIS ACT, *DEPOSITS* SHALL REFER TO MONEY OR ITS EQUIVALENT RECEIVED BY A BANK IN THE USUAL COURSE OF BUSINESS, AND FOR WHICH IT HAS GIVEN OR IS OBLIGED TO GIVE CREDIT TO A COMMERCIAL, CHECKING, SAVINGS, TIME OR THRIFT ACCOUNT, EVIDENCED BY A PASSBOOK, CERTIFICATE OF DEPOSIT, OR OTHER EVIDENCE OF DEPOSIT, ISSUED IN ACCORDANCE WITH *BSP* RULES AND REGULATIONS AND OTHER APPLICABLE LAWS, AS WELL AS SUCH OTHER OBLIGATION OF A BANK THAT FORMS PART OF ITS DEPOSIT LIABILITIES PURSUANT TO *BSP* RULES AND REGULATIONS.

THE RESULTS OF THE INQUIRY OR EXAMINATION CONDUCTED BY THE *BSP* SHALL BE FOR ITS EXCLUSIVE USE AND SHALL NOT BE MADE AVAILABLE TO ANY PERSON OR ENTITY, WHETHER PUBLIC OR PRIVATE, EXCEPT TO THE SECURITIES AND EXCHANGE COMMISSION, PHILIPPINE DEPOSIT INSURANCE CORPORATION, ANTI-MONEY LAUNDERING COUNCIL, DEPARTMENT OF JUSTICE, AND THE COURTS: *PROVIDED*, THAT THE SHARING OF THE RESULTS OF THE ABOVEMENTIONED INQUIRY OR EXAMINATION IS NECESSARY TO PREVENT OR PROSECUTE ANY OFFENSE OR CRIME.

THE EXEMPTIONS UNDER THIS SECTION SHALL APPLY TO FOREIGN CURRENCY DEPOSITS IN BANKS OPERATING IN THE PHILIPPINES INCLUDING OFF-SHORE BRANCHES OF DOMESTIC BANKS: *PROVIDED*, THAT THESE EXEMPTIONS SHALL NOT APPLY TO NON-STOCK SAVINGS & LOAN ASSOCIATIONS (NSSLAS) THAT ARE CATERING ONLY TO THEIR MEMBERS.”

SEC. 2. Section 3 of the same Act, is hereby amended to read as follows:

“SECTION 3. NO BANK OR FINANCIAL INSTITUTION, OR ANY OF ITS DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE SUBJECT TO ANY ACTION, CLAIM OR DEMAND IN CONNECTION WITH, AND SHALL BE HELD FREE AND HARMLESS FROM LIABILITY FOR, ANY ACT DONE IN COMPLIANCE WITH AN ORDER FOR INQUIRY OR EXAMINATION OF DEPOSITS FROM THE BSP.

HOWEVER, it shall be unlawful for any official OR employee, of a banking institution OR THE BSP, to disclose ANY INFORMATION CONCERNING SAID DEPOSITS to any person AND UNDER SUCH CONDITIONS other than those mentioned in Section ~~two~~ 2 hereof. IT SHALL ALSO BE UNLAWFUL FOR ANY PERSON TO USE THIS ACT FOR PERSECUTION OR HARASSMENT OR AS AN INSTRUMENT TO HAMPER COMPETITION IN TRADE AND COMMERCE.”

SEC. 3. Section 5 of the same Act, is hereby amended to read as follows:

“SECTION 5. Any violation of this law will subject **THE** offender upon conviction, to imprisonment of not **LESS THAN TWO (2) YEARS NOR** more than ~~five~~ **TEN (10) YEARS** or a fine of not **LESS THAN FIFTY THOUSAND PESOS (P50,000) NOR MORE THAN ~~twenty—thousand~~ TWO MILLION PESOS (P2,000,000),** or both, ~~in~~ **AT** the discretion of the court.”

SEC. 4. *Separability Clause.* — If any provision or section of this Act is held to be unconstitutional or invalid, the other provisions or sections hereof, which are not affected thereby shall continue to be in full force and effect.

SEC. 5. *Repealing Clause.* —

- (a) Sections 2, 3 and 5 of Republic Act No. 1405 are hereby amended;
- (b) Sections 8 and 12-A of Republic Act No. 6426, as amended, also known as the “Foreign Currency Deposit Act of the Philippines,” with respect to foreign currency deposits, are hereby amended;
- (c) Section 33 of Republic Act No. 6848, also known as “The Charter of the Al-Amanah Islamic Investment Bank of the Philippines”, is hereby amended;
- (d) Section 26(a)(2) of Republic Act No. 7353, also known as the “Rural Act of 1992” is hereby amended; and

(e) Section 21(a)(2) of Republic Act No. 7906, also known as the “Thrift Banks Act of 1995” is hereby amended.

All other Acts or parts of Acts, Special Charters, Executive Order, Rules and Regulations, which are inconsistent with the provisions of this Act, are hereby repealed.

SEC. 6. *Effectivity.* — This Act shall take effect fifteen (15) days following its publication in the *Official Gazette* or in a newspaper of general circulation in the Philippines.

Approved,