

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6916



Introduced by:

HON. CHRISTOPHERSON "COCO" M. YAP

EXPLANATORY NOTE

Republic Act No. 1405, or the Bank Deposit Secrecy Law, was enacted in 1955 to build public trust in the banking system by assuring Filipinos that their savings would be protected from unwarranted intrusion. For decades, this promise of confidentiality helped encourage thrift and financial stability. The Supreme Court has consistently affirmed that secrecy is the general rule and that exceptions must be strictly limited. Yet the world in which this law operates has profoundly changed.

Today, corruption and financial crime are far more complex, often hidden behind layers of accounts, related parties, and shell entities that exploit absolute secrecy to evade accountability. While special laws such as the Anti Money Laundering Act, the Anti Financial Account Scamming Act, and recent amendments to banking and deposit insurance laws have introduced targeted exceptions, these remain fragmented and reactive. The core text of the Bank Deposit Secrecy Law has not kept pace with the legitimate supervisory and anti-corruption needs of regulators, particularly the *Bangko Sentral ng Pilipinas*, which is constitutionally mandated to safeguard the integrity, stability, and soundness of the financial system. As a result, secrecy has too often been used not to protect honest depositors, but to delay investigations, conceal insider abuse, and undermine public confidence.

This concern is neither new nor isolated. During the Nineteenth Congress, a similar measure was filed in principle to address these very gaps and to recalibrate bank secrecy in favor of transparency and accountability. **House Bill No. 7446**, principally authored by Representative Irwin Tieng of the Fifth District of Manila, reflected a growing legislative consensus that the law must evolve to confront modern corruption and financial misconduct while preserving essential safeguards for

privacy. The filing of that measure underscored the urgency and continuing relevance of reform.

This bill seeks to restore the proper balance between privacy and accountability. It modernizes the Bank Deposit Secrecy Law by allowing the *Bangko Sentral ng Pilipinas*, under clearly defined conditions and strict safeguards, to examine deposits of insiders and related parties of supervised institutions when there is reasonable ground to believe that fraud or serious illegality exists and that inquiry is necessary to establish the truth. It reinforces protections against misuse, limits the sharing of sensitive information, provides certainty to banks and their personnel who act in good faith, and updates penalties to reflect the gravity of violations. In doing so, it affirms that confidentiality remains the rule, but that secrecy must never become a refuge for corruption or a threat to the stability of the financial system.

Ultimately, this measure is about preserving public trust. By strengthening transparency and accountability in the banking sector, it protects depositors, upholds the integrity of financial institutions, and sends a clear message that the law will no longer allow secrecy to be weaponized against the Filipino people.

In view of the foregoing, **ug sa ngalan sa SERBISYONG TINUORAY**, the undersigned respectfully requests the immediate passage of this measure.


CHRISTOPHERSON "COCO" M. YAP
Representative, Second District of Southern Leyte

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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”

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.”

SECTION 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.”

SECTION 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.”

SECTION 4. Separability Clause. – If any provision of this Act is declared invalid or unconstitutional, the remainder thereof not otherwise affected shall remain in full force and effect.

SECTION 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.

SECTION 6. Effectivity. – This Act shall take effect fifteen (15) days after its publication s after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,