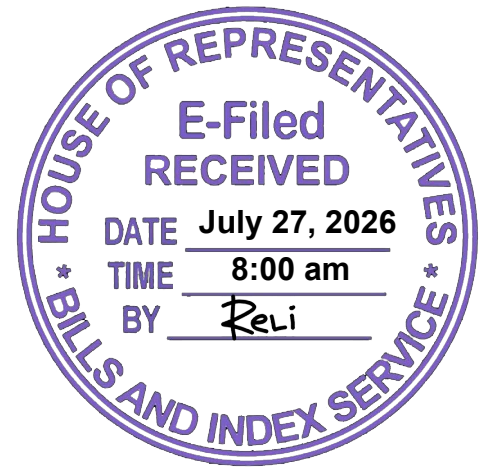




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session



House Bill No. 10218

Introduced by CIBAC Party-List Representative
EDUARDO “BRO. EDDIE” C. VILLANUEVA

EXPLANATORY NOTE

“The prudent see danger and take refuge, but the simple keep going and pay the penalty.” — Proverbs 22:3

The Philippine financial system serves as a critical pillar of economic stability, public confidence, and national development. During times of crisis—whether caused by natural disasters, public health emergencies, armed conflict, cyber incidents, or other extraordinary events—millions of Filipinos rely on banks, payment systems, and financial institutions to access their savings, receive assistance, pay obligations, and sustain economic activity. The experience of recent crises has demonstrated that disruptions in financial services can significantly aggravate the hardships faced by individuals, families, businesses, and communities.

During the COVID-19 pandemic, the Bangko Sentral ng Pilipinas (BSP) implemented various temporary regulatory accommodations and relief measures that helped preserve financial stability, maintain liquidity, support borrowers, and ensure continued access to financial services. However, many of these interventions relied on the BSP’s existing regulatory powers and specific legislative measures enacted during the emergency. The absence of a permanent statutory framework providing clear authority for emergency financial regulatory actions may limit the government’s capacity to respond swiftly and effectively to future crises.

This proposed measure seeks to institutionalize the authority of the BSP to issue temporary and binding emergency regulatory directives to BSP-Supervised Financial Institutions during periods of officially declared national emergencies. The bill authorizes the BSP, upon determination by the Monetary Board, to impose reasonable and proportionate relief measures, including payment deferments, restructuring accommodations, consumer assistance programs, temporary waivers or reductions of financial transaction fees, and other interventions necessary to preserve financial stability and protect financial consumers.

At the same time, the measure incorporates important safeguards to ensure that emergency powers remain temporary, transparent, proportionate, and subject to

periodic review. It recognizes the need to balance consumer protection with the operational viability and financial sustainability of banks, payment service providers, and other financial institutions. The bill likewise strengthens accountability through reporting requirements to Congress and establishes clear enforcement mechanisms for compliance with BSP directives.

By providing a clear legal framework for emergency financial interventions, this measure strengthens the country's capacity to respond to future crises, protects depositors and financial consumers, preserves public confidence in the financial system, and promotes economic resilience during periods of uncertainty.

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


EDUARDO "BRO. EDDIE" C. VILLANUEVA



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HOUSE BILL NO. 10218

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EDUARDO "BRO. EDDIE" C. VILLANUEVA

AN ACT
GRANTING THE BANGKO SENTRAL NG PILIPINAS EMERGENCY
REGULATORY POWERS OVER SUPERVISED INSTITUTIONS DURING A
DECLARED NATIONAL EMERGENCY

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "*Emergency Financial*
2 *Stability and Consumer Protection Act.*"

3
4 **SEC. 2. Declaration of Policy.** - The State shall ensure the stability, resiliency,
5 integrity, and continuity of the Philippine financial system during periods of national
6 emergency, disaster, public health crisis, armed conflict, cyber incident, or other
7 extraordinary events affecting public welfare and economic activity.

8
9 The State likewise recognizes the critical role of the Bangko Sentral ng Pilipinas
10 (BSP) in preserving public confidence in the banking and payments system, protecting
11 financial consumers, maintaining liquidity, and ensuring continued access to financial
12 services during emergencies.

13
14 Towards this end, the State shall grant the BSP the authority to issue binding
15 emergency regulatory directives to BSP-Supervised Financial Institutions (BSFIs)
16 during a declared national emergency.

17
18 **SEC. 3. Definition of Terms.** - For purposes of this Act:

- 19
20 (a) BSP-Supervised Financial Institutions (BSFIS) refer to banks, quasi-banks,
21 non-bank financial institutions, electronic money issuers, payment system
22 operators, trust entities, foreign bank branches, and all other entities subject
23 to the supervision, regulation, or examination authority of the BSP.
24 (b) Emergency Regulatory Measures refer to temporary directives, controls,
25 relief measures, operational requirements, accommodations, restrictions, or

1 supervisory actions imposed by the BSP during a National Emergency
2 pursuant to this Act.

3
4 (c) National Emergency refers to any of the following:

- 5
6 (i) A State of Calamity declared pursuant to law;
7 (ii) A State of Public Health Emergency;
8 (iii) A State of National Emergency declared by the President pursuant to
9 the Constitution;
10 (iv) Any other emergency formally declared by the President pursuant to
11 law which results in substantial disruption to the Philippine financial
12 system, payment system, or access to financial services.

13
14 **SEC. 4. Authority of the BSP During National Emergencies.** - Upon the
15 declaration of a National Emergency and upon determination by the Monetary Board
16 that extraordinary regulatory intervention is necessary to preserve financial stability,
17 protect depositors and financial consumers, maintain liquidity, or ensure continued
18 access to financial services, the BSP may, when public interest so requires, after
19 considering the nature, severity, duration, and economic impact of the emergency,
20 issue binding directives to BSFIs.

21
22 Such directives may include, but shall not be limited to:

- 23
24 (a) Mandatory grace periods, payment deferments, restructuring
25 accommodations, consumer assistance programs, and other financial
26 relief measures for loans, credit card obligations, and other covered
27 financial liabilities;
28 (b) Temporary suspension, waiver, reduction, limitation, or moratorium on fees,
29 penalties, surcharges, interest charges, transfer fees, interbank
30 transaction fees, digital payment fees, and similar charges relating to
31 electronic payment systems, including InstaPay, PESONet, and other
32 BSP-designated payment channels, where necessary to ensure affordable
33 and accessible financial services during a National Emergency;
34 (c) Temporary limits, restrictions, or conditions on certain financial activities,
35 transactions, or operations where necessary to preserve systemic stability,
36 protect consumers, or maintain the integrity of the financial system; and
37 (d) Such other temporary emergency measures directly related and
38 reasonably necessary to preserve financial stability, maintain access to
39 essential financial services, protect financial consumers, or ensure the
40 integrity and resiliency of the Philippine financial system during a declared
41 National Emergency.

42
43 The BSP may likewise prescribe tiered, targeted, or transaction-based relief
44 measures, including reduced or waived fees for small-value transactions or vulnerable
45 sectors, taking into consideration financial inclusion objectives, operational
46 sustainability, and systemic stability.

47
48 **SEC. 5. Legal Effect of BSP Emergency Directives.** - All circulars, memoranda,
49 resolutions, orders, directives, and similar issuances promulgated by the BSP

pursuant to this Act shall be mandatory and binding upon all BSFIs for the period specified therein.

Compliance with such directives shall be mandatory notwithstanding any contractual stipulation, internal policy, or inconsistent private agreement, except where prohibited by the Constitution or existing law.

SEC. 6. Limitations and Safeguards. - The exercise of powers under this Act shall be subject to the following limitations and safeguards:

- (a) All emergency measures issued pursuant to this Act shall be temporary, proportionate, reasonable, and strictly necessary to address the declared National Emergency and mitigate its actual or potential impact on the Philippine financial system, financial consumers, and the broader economy;
- (b) Measures imposed under this Act shall not permanently impair vested rights or contractual obligations beyond the period reasonably necessary to address the National Emergency and restore financial stability;
- (c) In the exercise of its emergency powers under this Act, the BSP shall take into consideration the nature, severity, duration, and economic impact of the National Emergency, as well as the operational viability, solvency, liquidity, financial condition, safety, soundness, and sustainability of affected BSFIs and payment system participants, and shall, whenever practicable, implement emergency measures in a manner that minimizes undue operational disruption, unreasonable financial burden, or material adverse effect on such entities;
- (d) Prior to implementing emergency measures affecting payment systems, transfer fees, digital transaction charges, interoperable payment arrangements, or similar financial infrastructure, the BSP shall, whenever practicable, assess the operational, financial, competitive, and systemic impact of such measures on BSFIs, payment system participants, clearing switch operators, financial market infrastructure, and financial consumers;
- (e) The BSP shall publicly disclose, through appropriate official channels, the rationale, scope, duration, covered institutions, transactions, or activities, and other material terms and conditions of emergency measures issued pursuant to this Act, consistent with the requirements of financial stability, market integrity, operational security, and public interest;
- (f) No emergency directive issued pursuant to this Act shall remain effective beyond one hundred eighty (180) days after the termination of the National Emergency unless earlier revoked by the BSP or extended by law; and
- (g) Emergency measures implemented pursuant to this Act shall, whenever practicable, be subject to periodic review by the BSP to determine their continued necessity, proportionality, operational feasibility, and impact on financial stability and consumer welfare.

SEC. 7. Enforcement Powers. - Failure or refusal to comply with BSP directives issued pursuant to this Act shall constitute a regulatory violation subject to enforcement action by the BSP under existing banking, payments, and financial laws.

The BSP may impose upon non-compliant BSFIs and/or their responsible directors, officers, or employees administrative fines, suspension or restriction of

1 authorities, cease-and-desist orders, corrective action directives, and such other
2 supervisory or enforcement actions as may be authorized under applicable laws.

3
4 **SEC. 8. Protection for Good Faith Compliance.** - No BSFI, nor any of its
5 directors, trustees, officers, or employees acting in good faith compliance with BSP
6 emergency directives issued pursuant to this Act, shall be subject to any civil,
7 administrative, or criminal liability solely arising from such compliance, absent fraud,
8 gross negligence, or willful misconduct.

9
10 **SEC. 9. Coordination with Government Agencies.** - The BSP may coordinate
11 with the Department of Finance (DOF), Securities and Exchange Commission (SEC),
12 Philippine Deposit Insurance Corporation (PDIC), Anti-Money Laundering Council
13 (AMLC), Insurance Commission (IC), and other relevant agencies in the
14 implementation of emergency financial stability measures.

15
16 **SEC. 10. Congressional Reporting Requirement.** - Within sixty (60) days
17 following the termination of a National Emergency, the BSP shall submit to Congress
18 a report containing the emergency measures implemented, the covered institutions
19 and sectors, the economic and financial impacts observed, the enforcement actions
20 undertaken, and recommendations for future crisis preparedness.

21
22 **SEC. 11. Implementing Rules and Regulations.** - The rules and regulations
23 necessary for the effective and efficient enforcement of the provisions of this Act shall
24 be formulated by the BSP, in consultation with the relevant stakeholders, and shall be
25 implemented within ninety (90) days from the effectivity of this Act.

26
27 **SEC. 12. Repealing Clause.** – All laws, presidential decrees, executive orders,
28 letters of instruction, proclamations, administrative orders, issuances, rules, and
29 regulations that are inconsistent with the provisions of this Act is hereby repealed,
30 amended, or modified accordingly.

31
32 **SEC. 13. Separability Clause.** – If any provision of this Act is declared
33 unconstitutional, the remainder hereof not otherwise affected shall remain in full force
34 and effect.

35 **SEC. 14. Effectivity.** – This Act shall take effect after fifteen (15) days following
36 its publication in the *Official Gazette* or in a newspaper of general circulation.

37
38 *Approved,*