

FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)

112 FEB -9 2016

SENATE

P. S. Res. No. 711

INTRODUCED BY SENATOR RALPH RECTO

**A RESOLUTION
DIRECTING THE SENATE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS
& CURRENCIES AND OTHER APPROPRIATE SENATE COMMITTEES TO
CONDUCT AN INQUIRY, IN AID OF LEGISLATION, TO REVIEW THE FOREIGN
CURRENCY DEPOSIT ACT OF THE PHILIPPINES OR R. A. 6426 TO SERVE
PUBLIC INTEREST INCLUDING THE NEED FOR TRANSPARENCY IN THE
FINANCIAL SYSTEM AND SOUNDNESS OF THE PHILIPPINE BANKING SYSTEM**

WHEREAS, an opaque blanket of secrecy on bank deposits has been well-entrenched in our financial history both for Philippine peso and foreign currency deposits as provided in R.A. 1405 (Law on Secrecy of Deposits) as amended by Presidential Decree 1792 and R.A. 7653 (New Central Bank Act) which prohibits disclosure of or inquiry into, deposits of clients with any banking institution and providing penalty thereof except upon written permission of the depositor, in cases of impeachment, upon order of a competent court in cases of bribery or dereliction of duty of public officials, and in cases where the money deposited or invested is the subject matter of litigation;

WHEREAS, there is a need to review the Foreign Currency Deposit Act of the Philippines or R. A. 6426 which provides that all foreign currency deposits are considered "of an absolutely confidential nature" and cannot be examined, inquired or looked into by any person, government official, bureau or office whether judicial or administrative or legislative, or any other entity whether public or private, except upon the written permission of the depositor;

WHEREAS, the review should also delve into other provisions of R. A. 6426 considering that the same provides that foreign currency deposits shall be exempt from attachment, garnishment, or any other order or process of any court, legislative body, government agency or any administrative body whatsoever and that there shall be no restriction on the withdrawal by the depositor of his deposit or on the transferability of the same abroad except those arising from the contract between the depositor and the bank;

WHEREAS, the government has crafted measures by which the need for confidentiality and transparency are both served such as the passage of The anti-Money Laundering Act or R. A. 9160 as amended by R. A. 9194 which prohibits covered institutions and their officers and employees, from communicating, directly or indirectly, in any manner or by any means, to any person, entity, or the media, the fact that a covered or suspicious transaction report was made, the contents thereof, or any other information in relation thereto.

WHEREAS, the Philippines Gross International Reserves in January 2012 reached \$77.043 Billion arising from economic activities of the public and private sectors, notably from export, banking, business process outsourcing activities and remittances from overseas Filipinos,

among others, while the Philippine foreign currency deposit system for January to July in 2011 recorded \$30.79 B in Total Liabilities, Minority Interest and Equity;

WHEREAS, the Philippine financial system also holds \$5.53 Billion in loans in foreign currency deposit units by various borrowers like exporters, manufacturers, oil companies and public utilities;

WHEREAS, the integrity of our financial system is under assault from domestic and transnational syndicates including human trafficking and terrorism, the perpetrators of which seek illicit refuge in our banking system that offer an almost opaque blanket of secrecy to shield the fruits of their crime from the arm of the law;

WHEREAS, the advances in technology has turned our boundaries as porous as can be working for the legitimate as well as nefarious interests such that the State needs a tool with which it can have a legitimate cover to access and investigate foreign currency deposits within certain limits;

NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved by the Senate to direct the Committee on Banks, Financial Institutions & Currencies and other appropriate Senate Committees to conduct an inquiry, in aid of legislation, to review the Foreign Currency Deposit Act of the Philippines or R. A. 6426 to serve public interest including the need for transparency in the financial system and soundness of the Philippine banking system.

Adopted,



RALPH N. TUO