


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

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SENATE

RECEIVED BY. 

P. S. R. No. 403

Introduced by Senator Aquilino "Koko" Pimentel III

RESOLUTION

**DIRECTING THE SENATE COMMITTEE ON BANKS,
FINANCIAL INSTITUTIONS AND CURRENCIES AND OTHER
APPROPRIATE SENATE COMMITTEE(S) TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED
INTERNAL DATA PROCESSING ERROR OF THE BANK OF
THE PHILIPPINE ISLANDS, WHICH CAUSED
UNAUTHORIZED CREDIT AND DEBIT TRANSACTIONS
FROM THE BANK ACCOUNTS OF ITS CLIENTS**

WHEREAS, jurisprudence has consistently emphasized that “the banking business is impressed with public interest. Of paramount importance is the trust and confidence of the public in general in the banking industry”¹;

WHEREAS, the Bank of the Philippine Islands (BPI) is the first bank established in the Philippines and is one of the leading providers of banking and financial services with a Net Income of P6.3 Billion and with Total Deposits of P1.44 Trillion as of the First Quarter of 2017;

WHEREAS, BPI’s image as one of the leaders in the banking industry was tainted in the evening of June 6, 2017 when complaints of its irate clients surfaced in various social media, claiming unauthorized withdrawals from their bank accounts, with some even reporting negative balances in their bank accounts;

WHEREAS, the ire of BPI’s clients intensified when BPI suspended its electronic transactions on June 7, 2017 and thus prevented its clients from remotely checking their respective accounts;

¹ *Far East Bank and Trust Company (now Bank of the Philippine Islands) v. Tentmakers Group, Inc., et al.*, G.R. No. 171050, July 4, 2012

WHEREAS, in the morning of June 7, 2017, BPI issued an Advisory that it encountered an internal data processing error resulting in some of its clients seeing their bank accounts debited twice or credited twice for a past transaction. According to BPI President and Chief Executive Officer, Cezar P. Consing, the error was that BPI's system processed files or transactions dated April 27, 2017 to May 2, 2017 twice. He denied that hacking was the cause of the incident as it was only an internal issue which they would resolve within the same day. He assured everyone that no BPI client will lose money;

WHEREAS, in the morning of June 8, 2017, BPI issued another Advisory that in the process of rectifying balances of accounts with mis-posted transactions, it noted that certain accounts still reflect incorrect balances. To allow its representatives to do the necessary adjustments, it needed to de-activate its electronic channels again. It gave its clients the commitment that the alleged internal system issue would be resolved satisfactorily and reassured its clients that the integrity of their accounts will be maintained;

WHEREAS, this is not the first time that BPI clients complained of unauthorized withdrawals. In 2015, incidents of automated teller machine (ATM) card skimming involving BPI's ATMs located in various parts in Metro Manila and as far as Bacolod City were reported. Due to the ATM card skimming, unauthorized withdrawals were made;

WHEREAS, a number of BPI account holders find the public statements of the bank concerning this particular issue of incorrect balances to be unsatisfactory, lacking in details, and shrouded in mysterious technical terms like "internal data processing error" and are looking forward to be enlightened about this incident from a public hearing on the matter;

WHEREAS, although this inquiry has been prompted by the experience of only one bank, there is a need to find out if other banks and our entire banking system are vulnerable to the same phenomenon as what struck BPI this early June 2017;

WHEREAS, banks handle daily transactions involving billions of Pesos. By the nature of their work, the highest degree of responsibility, care, and trustworthiness are expected of banks. They are required to treat the accounts and deposits of their clients with meticulous care; and

WHEREAS, considering that the banking system has become an indispensable institution in the modern world that plays a vital role in the economic life of every civilized society, a probe by the Senate of the Republic of the Philippines should be held to look into the safeguards against injury to the banking public attributable to the negligence of banks which need to be studied and enacted into legislation;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, TO DIRECT THE SENATE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES AND OTHER APPROPRIATE SENATE COMMITTEE(S) TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED INTERNAL DATA PROCESSING ERROR OF THE BANK OF THE PHILIPPINE ISLANDS, WHICH CAUSED UNAUTHORIZED CREDIT AND DEBIT TRANSACTIONS FROM THE BANK ACCOUNTS OF ITS CLIENTS.

Adopted,


AQUILINO "KOKO" PIMENTEL III