



HOUSE OF REPRESENTATIVES

H. No. 10582

BY REPRESENTATIVES DELOS SANTOS, KHO (E.), ARENAS, YU, ONG (R.), CABREDO, DEFENSOR (L.),
BABASA, CARL GATO, DALOG, FARIÑAS I (R.C.), DAGOOC, CULLAMAT, GUYA, NIETO, DUJALL,
ECLEO, MANGAOANG, ESPINA, CALIXTO, UY (J.), JALOSJOS, BRAVO AND SARMIENTO, PER COMMITTEE
REPORT NO. 1372

AN ACT PROMOTING RURAL FINANCIAL INCLUSION AND LITERACY

*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 "Rural
2 Financial Inclusion and Literacy Act."

3 SEC. 2. *Declaration of Policy.* - It is the policy of the State to promote
4 financial empowerment and reduce financial vulnerabilities among its citizens
5 by taking proactive measures in developing technological capacities of various
6 financial institutions in the rural areas to improve access to financial services.
7 Toward this end, the State shall promote financial inclusion and literacy
8 programs that contribute in establishing a financial system to benefit all

1 Filipinos, regardless of socio-economic status, to accelerate economic growth and
2 development especially in rural and provincial areas.

3 SEC. 3. *Financial Inclusion and Digital Literacy Program.* - A
4 proactive Financial Inclusion and Digital Literacy Program, hereinafter referred
5 to as Program, is hereby established to promote the engagement with financial
6 service institutions such as rural banks, lending companies, insurance and pre-
7 need companies, and health maintenance organizations (HMOs) in rural areas.
8 The Program includes the conduct of nationwide seminars and workshops,
9 development of modules, trainings on organizational development and financial
10 management on credit worthiness, loan acquisition and repayment, and wide
11 dissemination of information and education campaign (IEC) materials that are
12 tailored to different sectors.

13 The Program shall also contain a basic understanding of concepts of
14 financial inclusion, and may include technical application to provide the public
15 with knowledge and skills to make well-informed economic and financial
16 decisions. Priority sectors shall include, small farmers, fisherfolk, and micro,
17 small, and medium enterprises (MSMEs).

18 SEC. 4. *Program Implementation.* - The Program shall be implemented by
19 the National Financial Inclusion Steering Committee (NFISC) chaired by the
20 Governor of *Bangko Sentral ng Pilipinas* (BSP).

21 For a more inclusive implementation, local government units, non-
22 government organizations (NGOs) and civil society organizations (CSOs) network,
23 federation of cooperatives, cooperatives specially assisted by the Department of

1 Agrarian Reform (DAR), shall also be included. Completion of a component of
2 the Program may be used to comply with the requirements of financial
3 institutions on various financial products such as savings, payment, credit,
4 insurance, pre-need products and health maintenance services (HMOs).

5 The NFISC, together with other stakeholders, shall optimize the use of all
6 available mass media networks as an effective channel in promoting public
7 awareness and education about the Program.

8 SEC. 5. *Capacity Building for Rural Banks.* – Rural banks, and other
9 financial institutions such as microfinance institutions and cooperatives
10 operating in the rural areas shall establish capacity-building programs aimed
11 at improving the knowledge and skills of their personnel on innovative
12 technologies such mobile payments, online lending, blockchain application,
13 cloud computing, application programming interface (API), and artificial
14 intelligence. Cybersecurity considerations and data privacy protection under
15 Republic Act No. 10175, otherwise known as the “Cybercrime Prevention Act of
16 2012” and Republic Act No. 10173, otherwise known as the “Data Privacy Act of
17 2012” shall be considered and incorporated in the capacity-building program.

18 To further scale up the technology capabilities of rural banks, the Rural
19 Bankers Association of the Philippines (RBAP) may assist its member banks by
20 establishing industry-level standards on internet technology (IT) outsourcing
21 and vendor management such as those pertaining with other recognized
22 industry associations such as other bank associations, financial technology

1 alliances, and reputable market players in organizing technology-focused
2 briefings and or information sessions for its member banks. Moreover, rural
3 banks shall adhere to and comply with relevant BSP rules on technology and
4 information security risk management.

5 Informal financial service institutions shall be strengthened to improve
6 their services in the rural areas by linking them to formal financial institutions,
7 and setting up of community trainings to institutionalize their operation and
8 reinforce their management capacity and governance.

9 SEC. 6. *National Financial Inclusion Steering Committee.* - To further
10 systematically accelerate financial inclusion, the National Financial Inclusion
11 Steering Committee (NFISC) which is chaired by the Governor of the BSP shall
12 spearhead collaborative efforts to address regulation and execute innovative
13 modes of implementation.

14 The NFISC is composed of heads of the following government agencies:

- 15 (a) Department of Finance;
- 16 (b) Department of Education;
- 17 (c) Department of Trade and Industry;
- 18 (d) Department of Social Welfare and Development;
- 19 (e) Department of Budget and Management;
- 20 (f) National Economic and Development Authority;
- 21 (g) Insurance Commission;
- 22 (h) Commission on Filipinos Overseas;

- 1 (i) Securities and Exchange Commission;
- 2 (j) Philippine Statistics Authority;
- 3 (k) Philippine Deposit Insurance Commission;
- 4 (l) Cooperative Development Authority;
- 5 (m) Department of Science and Technology;
- 6 (n) Department of Information and Communications Technology;
- 7 (o) Department of Agriculture;
- 8 (p) Department of Agrarian Reform;
- 9 (q) Department of Interior and Local Government;
- 10 (r) Department of Labor and Employment;
- 11 (s) Department of Transportation; and
- 12 (t) Philippine Commission on Women.

13 Heads of other government agencies may be invited as NFISC members
14 whenever appropriate and necessary as deemed by the NFISC.

15 Further, the NFISC shall prepare a roadmap for the Program to cover all
16 regions, barangays, and the smallest units in the community, and provide for
17 mechanisms that protect and boost financial activities especially within the
18 provinces and rural areas. The road map shall prioritize areas identified with
19 high poverty incidence, particularly the poor and marginalized sectors of small
20 farmers and fisherfolk who have limited access to credit from formal financial
21 institutions.

1 Consultation with government financial institutions (GFIs) should be
2 continuously undertaken to address potential technical or administrative issues
3 to ensure the effective and efficient roll out of financial technology among
4 Filipinos, especially residing in rural communities and remote areas.

5 All these government financial institutions and agencies shall also
6 cooperate in the implementation of the National Strategy on Financial Inclusion,
7 which is a comprehensive public document developed through a broad-based
8 consultative process with private and public sector stakeholders involved in
9 financial sector development to systematically accelerate the level of financial
10 inclusion in the country.

11 *SEC. 7. Priority Implementation Points.* – There shall be priority agenda
12 implementation points to establish a digital financial ecosystem that supports
13 the diverse needs of all users in a manner that is secure, sustainable, convenient
14 and affordable especially in provinces and rural areas. These priority
15 implementation points include the following:

- 16 a. Enhanced access to digital devices by strengthening local
17 infrastructure support for digital and online platforms;
- 18 b. Provision of automated teller machines (ATMs) and satellite rural
19 bank offices;
- 20 c. Efficient retail payments system;
- 21 d. Expansive network of low-cost touchpoints and accredited cash
22 agents;

- 1 e. Democratized access to a transaction account through the
2 utilization of a national identification system as mandated by
3 Republic Act No. 11055, otherwise known as the "*Philippine*
4 *Identification System Act*" (*PhilSys Act*);
- 5 f. Enhanced collaboration with rural financial institutions such as
6 rural banks, cooperatives, micro finance institutions, and other
7 non-bank financial institutions (NBFIs) such as lending and
8 financing and investment companies, securities dealers, brokers,
9 pawnshops and other money service businesses;
- 10 g. Enhanced Technology Empowerment for Education Employment
11 Program of the Department of Information and Communications
12 Technology (DICT) which provides critical information
13 communications technology enabled services in communities with
14 minimal or no access to information and government services and
15 learning and continuous skills development opportunities for special
16 sectors including women, persons with disabilities, and senior
17 citizens.

18 SEC. 8. *Implementing Rules and Regulations.* – Within ninety (90)
19 days after the effectivity of this Act, the Governor of the *Bangko Sentral ng*
20 *Pilipinas* and Members of the NFISC shall, in collaboration with the
21 representatives from government financial institutions, Rural Bankers

1 Association of the Philippines, and other stakeholders issue the necessary rules
2 and regulations for the effective implementation of this Act.

3 SEC. 9. *Separability Clause.* – If any provision or part of this Act is held
4 invalid or unconstitutional, the remaining provisions or parts unaffected shall
5 remain in full force and effect.

6 SEC. 10. *Repealing Clause.* – All laws, executive orders, presidential
7 decrees or issuances, letters of instruction, administrative orders, rules, and
8 regulations contrary to or inconsistent with the provisions of this Act are hereby
9 repealed, amended, or modified accordingly.

10 SEC. 11. *Effectivity.* – This Act shall take effect fifteen (15) days after its
11 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,