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Senator Sergio R. Osmeña III	Present
Senator Aquilino Q. Pimentel Jr.	Present
Senator Ramon B. Revilla	Present
Senator Raul S. Roco	Present
Senator Vicente C. Sotto III	*
Senator Francisco S. Tatad	Present
The President	Present

.The President. With 20 Senators present, the Chair declares the presence of a quorum.

The Majority Leader is recognized.

THE JOURNAL

Senator Drilon. Mr. President, I move that we dispense with the reading of the Journal of the previous session and consider it approved.

.The President. Is there any objection? *[Silence]*
There being none, the motion is approved.

Senator Drilon. Mr. President, before this Chamber is a Bicameral Conference Committee Report on the disagreeing provisions between Senate Bill No. 1519 and House Bill No. 6814. These are the proposed amendments to the General Banking Act.

Under our *Rules*, once a Bicameral Conference Committee Report is available, it is always in order to consider the same.

*On official mission

CONFERENCE COMMITTEE REPORT ON
S. NO. 1519/H. NO. 6814
(General Banking Act)

May I therefore move that we now consider the Bicameral Conference Committee Report on Senate Bill No. 1519 and House Bill No. 6814.

The President. Is there any objection? [Silence]
There being none, the motion is approved.

Senator Drilon. Mr. President, to formally present the report to the Chamber, may I ask that the chairman of the Committee on Banks, Financial Institutions and Currencies, Sen. Raul S. Roco, be recognized.

The President. Sen. Raul S. Roco is recognized.

REPORT OF SENATOR ROCO

Senator Roco. Mr. President, with the unanimous consent of the Chamber, since the formal text is being zeroxed, may we submit the explanation of the Conference Committee on the disagreeing provisions on Senate Bill No. 1519 and House Bill No. 6814.

In the interest of the historic occasion, Mr. President, we will seek the consent to put all these in the Record, the details of the disagreeing provisions. But for purposes of focus, may we call attention to some of the provisions that were approved by the Conference Committee.

The first agreement, Mr. President, is, the Senate text was the basis for the bill as crafted.

The House, Mr. President, has ratified this 30 minutes ago. So, we now share the burden of seeking ratification from this Chamber.

These were the major points, Mr. President, that were approved: No. 1, the opening of ownership of foreign banks to 100%, so that foreign banks may now be allowed 04

to own 100% of a Philippine bank; 40% of Philippine banks can be owned by foreign individuals or nonbanking corporations.

The same rule shall therefore apply to Filipinos so that a nonbanking corporation, Purefoods, can own 40% of a bank now. Any family group can own 40% of a bank now and that applies to qualified foreign individuals on nonbanking corporations. Microsoft, theoretically, may be allowed to own 40% of a bank.

At the same time, for those who have already availed themselves of the privilege under the Liberalization Law, Mr. President, they may now go from 60% to 100%.

For the situations of Nova Scotia, which is trying to get back in after its temporary withdrawal, it does not have to find the 40% Filipino partner to be able to buy a local bank, Mr. President.

So we feel, that further enhances the liberalization of foreign banks entry in the Philippines. We hope that the foreign investors may see that this can be a good opportunity for investors.

Mr. President, we have adhered consciously to the international standards. This was not in the Senate text, but we do mention now the bank for international settlement standards as an area that we will strive for.

Mr. President, there is a new provision, a new feature in terms of suspending bank officers. We put a provision--and this was a conference committee agreement--that notice be given by the Monetary Board to the board of directors of the affected company. If a board member of a bank is misbehaving or is violating the law, the board of directors can discipline the involved stockholder, director or officer. But if they do not do anything, then the Monetary Board can, of course, suspend, cancel, expel, punish them or whatever it is that the Monetary Board can do.

With the authorship and agreement of Senator Enrile

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and Senator Guingona, there was a new provision introduced in the conference committee and this was the idea that the Monetary Board should now look carefully at the unconscionable rates that are being imposed on microfinance. Teachers and small entrepreneurs borrow on five-six because we no longer have a Usury Law. Somebody should monitor and regulate these practices.

Our teachers are now getting a take-home pay of sometimes P3,000 because of the five-six practice. We feel that it is now the duty of the Monetary Board to look at this practice. That is a new provision that was introduced by the Senate conference committee, with the consent of the rest of the committee members. The others are fundamentally from the Senate version.

In terms of the corporate structure, while we allow meetings of the board of directors to be by teleconferencing and we restricted the number to 15, the House asked that the number of board of directors be increased to 21 in the case of merged or consolidated entities so that we lessen the pressure on the merging entities on whom to remove.

Mr. President, while we have introduced the possibility of a 100% ownership of Philippine banks, the Senate limits that the Monetary Board shall adopt measures as may be necessary to ensure that, at all times, control of 70% of the resources or assets of the entire banking system is held by banks which are at least majority-owned by Filipinos. This is maintained and further strengthened under the conference committee report.

Mr. President, we hope that this meets with the approval and judgment of the Chamber. We seek the support of our colleagues.

The President. The Majority Leader is recognized.

Senator Drilon. Mr. President, the distinguished Minority Leader seeks to take the Floor on some clarificatory questions, if the gentleman from Camarines

Sur will yield.

Senator Roco. Yes, Mr. President.

The President. Sen. Teofisto T. Guingona is recognized.

Senator Guingona. Thank you, Mr. President.

Will the distinguished gentleman yield for some clarificatory questions, Mr. President?

Senator Roco. Yes, Mr. President. I did not realize I had a choice. [Laughter]

Senator Guingona. With the allowance of 100% ownership of foreigners to own banks here in the Philippines, may we know what is the ratio of total resources to a certain particular bank?

Let us say a 100% ownership is extended to foreigners. What would be the total resources? We would like to know-- considering the high tech, considering the advantages of the foreign-owned held banks for them to utilize local resources. Should we not regulate and have more limitations so that they can bring in more capital which we need by way of resources, deposits, et cetera?

Senator Roco. To put in context, Mr. President, the total assets and aggregate resources of the present 10 or 14 foreign banks represent 14% of the total assets and resources of the banking industry.

With the increase, these banks have 16% to go. But the conference committee did not adopt any further restrictions aside from the 70% that should be controlled by Filipinos and 30% by the rest of the foreign banks. It was discussed, if it is possible, that one foreign bank may own the whole 30%. Of course, it is possible. But we do not visualize that, Mr. President, as a probable occurrence.

Senator Guingona. Could we not therefore have 07

continuous dialogue with the monetary authorities?

Senator Roco. Yes, Mr. President. I think under the Bangko Sentral law, there is an oversight function. So the Senate can, of course, continually interact with the Bangko Sentral ng Filipinas.

Senator Guingona. I thank the gentleman for that, Mr. President.

The President. The Majority Leader is recognized.

Senator Drilon. Mr. President, I now move that we formally approve the Bicameral Conference Committee Report on the disagreeing provisions between Senate Bill No. 1519 and House Bill No. 6814.

The President. Is there any objection? [Silence]
There being none, the motion is approved.

The following is the whole text of the Conference Committee Report:

INSERT

SUSPENSION OF SESSION

Senator Drilon. Mr. President, may I move that we suspend the session for one minute.

The President. Is there any objection? [Silence]
There being none, the motion is approved.

It was 3:26 p.m.

At this juncture, the Senate President, Hon. Blas F. Ople, relinquished the Chair to Sen. Aquilino Q. Pimentel Jr.

RESUMPTION OF SESSION

At 3:27 p.m., the session was resumed with Sen.

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