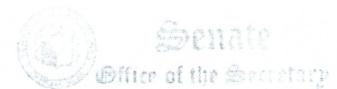


TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



25 JUL -2 P5 :20

SENATE
S. No. 38

RECEIVED BY: _____

Introduced by Senator Panfilo M. Lacson

AN ACT
FURTHER STRENGTHENING THE SECRECY OF BANK DEPOSITS LAW,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1405 OTHERWISE
KNOWN AS THE "SECRECY OF BANK DEPOSITS LAW," AS AMENDED

EXPLANATORY NOTE

The 1987 Constitution provides in Article XI Section 1 that: "Public office is a public trust. Public officers and employees must at all times be accountable to the people, serve them with utmost responsibility, integrity, loyalty and efficiency, act with patriotism and justice, and lead modest lives."

As public office is a public trust, it must not be used for self-aggrandizement or for acquiring wealth by the person holding it. A public officer is a steward who must perform his/her powers and duties for the benefit of the people and not for the enhancement of his/her own interest.

Seven decades ago, in 1955, Republic Act No. 1405, otherwise known as the "Secrecy of Bank Deposits Law", was enacted into law. Its primary objective is to encourage people to deposit their money in banking institutions, thereby discouraging private holding to facilitate money circulation through authorized loans, and to assist in the economic development of the country.

Under this law, all deposits are strictly confidential and may not be inquired or looked into except on the following grounds: upon permission of the depositor; in

cases of impeachment; upon order of a competent court in cases of bribery or dereliction of duty; and in cases where the money deposited or invested is the subject matter of litigation. The avowed purpose of the law is meritorious in preserving the confidentiality of bank transactions.

Over time, this provision of the law that prohibits the disclosure of or inquiry to bank deposits has been exploited. It has been used as a shield by unscrupulous public officials to evade investigation, thus obstructing efforts to uncover and address corruption in government service.

Thus, this bill seeks to exclude government officials and employees, whether elected or appointed, from the coverage of the Bank Secrecy Law to equip government authorities with the necessary tools to effectively investigate and prosecute those who misuse public office for personal gain.

In view thereof, the early passage of this bill is earnestly recommended.


PANFILO M. LACSON
Senator

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

1 Section 1. — Section 2 of Republic Act No. 1405 is hereby amended to read as
2 follows:

3 "Section 2. — All deposits of whatever nature with banks or banking institutions
4 in the Philippines including investments in bonds issued by the Government of
5 the Philippines, its political subdivisions and its instrumentalities, are hereby
6 considered as of an absolutely confidential nature and may not be examined,
7 inquired or looked into by any person, government official, bureau or office,
8 except upon written permission of the depositor, or in cases of impeachment,
9 or upon order of a competent court in cases of bribery or dereliction of duty of
10 public officials, or in cases where the money deposited or invested is the subject
11 matter of the litigation[.], **OR WHEN THE DEPOSITOR IS AN ELECTIVE
12 OR APPOINTIVE OFFICIAL OR EMPLOYEE OF THE REPUBLIC OF THE
13 PHILIPPINES INCLUDING THE OFFICERS AND MEMBERS OF THE
14 ARMED FORCES OF THE PHILIPPINES (AFP), THE PHILIPPINE
15 NATIONAL POLICE (PNP), AND ALL MEMBERS OF THE UNIFORMED
16 SERVICES, AND OFFICERS AND EMPLOYEES OF GOVERNMENT
17 OWNED AND CONTROLLED CORPORATIONS AND THEIR
18 SUBSIDIARIES.**

1 XXX.”

2 Sec. 2. *Separability Clause.* — If any part of the provision of this Act is hereby
3 declared unconstitutional or invalid, other provisions hereof which are not affected
4 thereby shall continue to be in full force and effect.

5 Sec. 3. *Repealing Clause.* — All laws, executive orders, decrees, rules, and
6 regulations, or any part thereof inconsistent with the provisions of this Act are deemed
7 repealed or modified accordingly.

8 Sec. 4. *Effectivity.* — This Act shall take effect fifteen (15) days after its
9 publication in the Official Gazette or in at least two (2) national newspapers of general
10 circulation.

11 *Approved,*