

March 18, 2021

Sen. JUAN EDGARDO M. ANGARA
Chair, Senate Committee on Banks, Financial Institutions and
Currencies (Sub-Committee on SBN 1260 and SBN 2089)
Senate of the Philippines
Room 521-A
GSIS Building, Financial Center
Diokno Boulevard, Pasay City

Dear Senator Angara:

Thank you for your March 16, 2021 invitation for the Management Association of the Philippines (MAP) to participate in the March 19, 2021 Joint Public Hearing of the Senate Committee on Banks, Financial Institutions and Currencies (Sub-Committee on SBN 1260 and SBN 2089) and the Senate Committee on Government Corporations and Public Enterprises on the following bills:

1. Senate Bill No. 1260 entitled “AN ACT FURTHER INCREASING THE MAXIMUM DEPOSIT INSURANCE COVERAGE, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 3591, AS AMENDED, OTHERWISE KNOWN AS THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC) CHARTER” (Introduced by Senator Ramon “Bong” Revilla Jr.); and
2. Senate Bill No. 2089 entitled “AN ACT AMENDING SECTIONS 1, 3, 4, 5, 6, 8, 9, 10, 11, 18, 22, 24, 26 AND 28 OF REPUBLIC ACT NO. 3591, AS AMENDED, OTHERWISE KNOWN AS THE PHILIPPINE DEPOSIT INSURANCE CORPORATION CHARTER AND FOR OTHER PURPOSES” (Introduced by Senator Sonny Angara).

Unfortunately, we will not be able to join.

We are pleased, however, to submit to you our comments on the bills:

1. At P500,000 actual deposit insurance, 96% of all bank accounts are already covered so any increase will only benefit a few but, at large, impose premium cost to the banking sector which is already suffering today from huge non-performing loan (NPL) costs.
2. Any increase in the insurance coverage should be indexed to inflation and other economic indicators, and any change in the threshold should be based on actuarial studies.
3. The PDIC Board may be authorized to decide on changes in the amount of the insurance coverage after a review to be conducted at a pre-determined interval (e.g., every 3 years).
4. The reorganization of the PDIC merits support, so as to strengthen coordination and policy consistency with the Bangko Sentral ng Pilipinas (BSP).

Thank you again for the opportunity to share our views on the said bills.

Stay safe and healthy!

Respectfully,



AURELIO R. MONTINOLA III
President