

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila

FOURTEENTH CONGRESS  
Second Regular Session

House Resolution No. 953

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Introduced by Rep. Lorenzo R. Tañada III

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**RESOLUTION DIRECTING THE COMMITTEE ON OVERSIGHT TO CONDUCT AN  
INQUIRY, IN AID OF LEGISLATION ON THE SPATE OF CLOSURE OF RURAL BANKS  
AND THE CAPACITY OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)  
TO PAY OUT ALL THE DEPOSIT INSURANCE CLAIMS THEREOF**

*Whereas*, PDIC is a government instrumentality created in 1963 by virtue of Republic Act 3591 mandated to provide depositor protection and strengthen public confidence in the banking system to foster financial stability;

*Whereas*, RA 9302 enacted on 27 July 2004, amended RA 3591 provided enhanced depositor protection through increased deposit insurance coverage up to P250,000 and strengthened PDIC's risk management capabilities through the restoration of PDIC's authority to examine member banks with prior approval by the Monetary Board. The same law also enhanced PDIC's receivership and liquidation powers;

*Whereas*, as of December 2008, 13 rural banks were placed by the Monetary Board under PDIC receivership, namely: Rural Bank of Paranaque, Pilipino Rural Bank, Rural Bank of Bais (Negros Oriental), Rural Bank of San Jose (Batangas), Bank of East Asia, First Interstate Bank, Philippine Countryside Rural Bank, Dynamic Rural Bank, Nation Bank (Bacolod), Rural Bank of Carmen (Cebu), Rural Bank of DARBCI (General Santos City), San Pablo City Development Bank and Bicol Development Bank (Legaspi City);

*Whereas*, according to the Central Bank, 9 out of the 13 rural banks are under the Legacy group, and, 3 - Bicol Development Bank, Nation Bank and Rural Bank of Bais - were not part of the Legacy group but were "linked" to the group;

*Whereas*, these banks combined have estimated deposit accounts of over 135,000 in 50 locations all over the country and over P12 billion in insured deposits;

*Whereas*, these weakened rural banks pose a systemic risk as well as a strain on the state coffers;

*Whereas*, the global financial crisis has yet to see its full impact in the country and might even affect more rural banks as the Rural Bank of Subangdaku shut down its operations on 5 January 2009;

***NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED*** that the House of Representatives direct the Committee on Oversight to conduct an inquiry, in aid of legislation, on the spate of closure of rural banks and the capacity of the Philippine Deposit Insurance Corporation (PDIC) to pay out all the deposit insurance claims thereof;

*Adopted,*

**LORENZO R. TAÑADA III**  
*Representative*  
4<sup>th</sup> District, Quezon Province