

Banking Laws of the Philippines: A Time for Reflection

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This Article reiterates the importance of the banking industry as a business activity highly regulated by the government. Although bank transactions are for private profit, the business is of a pre-eminently public nature in view of it being a source of money and credit for the country. The serious effect of just one bank failure could lead to a “domino effect,” leading to a potential collapse of the banking industry. The Article explores the various banking laws and examines the provisions to check whether or not they are designed to enhance public confidence in our banking system, to avoid any such collapse, and foster sustained economic development. The banking laws covered are: Central Bank Act, General Banking Act, Corporation Code, and the Deposit Insurance Law. The Author concludes that a diligent enforcement of existing laws and need for more laws to enhance market discipline are the greatest needs of the banking industry and that addressing them will greatly contribute to the country’s economic development.