

Republic of the Philippines
Congress of the Philippines
House of Representatives
Metro Manila
Fourteenth Congress
Second Regular Session

Begun and held in Metro Manila, on Monday, the twenty-eighth day of July, two thousand eight.

RESOLUTION NO. 171

RESOLUTION URGING THE COMMITTEE ON LABOR AND EMPLOYMENT TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE LEGAL BASIS OF THE BANGKO SENTRAL NG PILIPINAS (BSP) CIRCULAR NO. 268 AND SUCCEEDING BSP CIRCULARS RELATIVE THERETO WHICH ALLOWED OUTSOURCING OF BANKING FUNCTIONS AND DETERMINE ITS IMPACT ON THE SECURITY OF TENURE OF BANK AND FINANCIAL INSTITUTION EMPLOYEES AND COME UP WITH POLICY RECOMMENDATIONS TO DELINEATE THE POWERS OF THE BSP AND PROTECT THE RIGHTS OF EMPLOYEES TO JOB SECURITY

WHEREAS, the Bangko Sentral ng Pilipinas (BSP) issued Circular No. 268 on December 5, 2000 which allowed the outsourcing of bank functions such as information technology (IT)

systems/processing; data imaging; storage and retrieval; clearing and processing of checks; printing of bank deposit statements; credit card services; printing of bank loan statements; credit investigation and collection; processing of export, import and other trading transactions; messengerial; courier and postal services; security guard services; and vehicle service contracts;

WHEREAS, the BSP issued succeeding circulars that widened the scope of banking functions that may be outsourced, endangering the job security of thousands of regular bank and financial institution employees;

WHEREAS, Section 55.1(e) of Republic Act No. 8791 or the General Banking Act, which was cited by the BSP as the basis of issuing these circulars, does not say anything that allows contractualization of the enumerated banking functions;

WHEREAS, the banking functions enumerated in the circulars are considered core job positions and must not be contractualized based on Department Order No. 18-02 which states that jobs that are usually necessary and desirable in the usual trade or business cannot be contracted out;

WHEREAS, outsourcing these banking functions has led to the displacement of thousands of bank employees and therefore violated the provision stated in Department Order No. 18-02 that contractualization cannot be carried out if it will cause the displacement of regular rank-and-file employees;

WHEREAS, there is a need to inquire whether or not the BSP is usurping the powers of the legislature in issuing the circulars;

WHEREAS, the said circulars are affecting some of the country's largest banking institutions like the Philippine National Bank (PNB), the Bank of Philippine Islands (BPI), the Rizal Commercial Banking Corporation (RCBC), the Planters Bank, the Veterans Bank and others. Based on the said circulars, it

would appear that the remaining functions that cannot be outsourced are managerial functions;

WHEREAS, the continuing implementation of the circulars on outsourcing of banking functions gravely affects the right of bank employees on security of tenure, right to organization and right to collectively assert their demands for higher wages and benefits;

WHEREAS, the abovementioned outsourced bank functions are contractual in nature and employees are sourced out through employment agencies and companies outside of the banks' organizational structure;

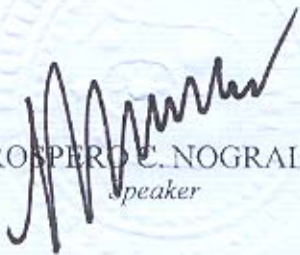
WHEREAS, aside from infringing job security of bank employees, the practice of outsourcing core bank functions and operations violates Republic Act No. 1405 or the Bank Deposits Secrecy Law, declaring that "all deposits of whatever nature with banks in the Philippines including investments in government bonds, as of an absolutely confidential nature and prohibits the examination or inquiry into such deposits or investments by any person, government official, bureau or office, as well as the disclosure by any official or employee of a bank of any information concerning said deposits";

WHEREAS, the BSP has refused to recall the circulars it had issued on outsourcing amidst the petition submitted by the Banking and Financial Unions against BSP Circular No. 268 on July 18, 2008 at the Bangko Sentral ng Pilipinas office in Manila; the petition was signed by thousands of bank and financial institution employees: Now, therefore, be it

Resolved, as it is hereby resolved by the House of Representatives, To urge the Committee on Labor and Employment to immediately conduct an inquiry, in aid of legislation, into the legal basis of the Bangko Sentral ng Pilipinas (BSP) Circular No. 268 and succeeding BSP circulars relative thereto which allowed outsourcing of banking functions, to determine the impact of the

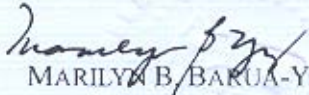
said circulars on the security of tenure of bank and financial institution employees and come up with policy recommendations to delineate the powers of the BSP and protect the rights of employees to job security.

Adopted,



PROSPERO C. NOGRALES
Speaker

This Resolution, in consolidation with House Resolution No. 770, was adopted by the House of Representatives on September 16, 2008.



MARILYN B. BARUA-YAP
Secretary General