

# [ PRESIDENTIAL DECREE NO. 1792, January 16, 1981 ]

## AMENDING REPUBLIC ACT NO. 1405

**WHEREAS**, under existing legal framework, the Central Bank has the authority to examine all records of banks in the discharge of its responsibilities under the Central Bank Charter;

**WHEREAS**, the prohibition against inquiry into bank deposits adversely delimits the examining authority of the Central Bank;

**WHEREAS**, limited examination powers operate against effective supervision of banks and endangers the safety of deposits which may affect the public's faith in the banking system.

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and make the following part of the law of the land:

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

**"SEC. 2.** All deposits of whatever nature with banks or banking institutions in the Philippines including investments in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities, are hereby considered as of an absolutely confidential nature and may not be examined, inquired or looked into by any person, government official, bureau or office, except when the examination is made in the course of a special or general examination of a bank and is specifically authorized by the Monetary Board after being satisfied that there is reasonable ground to believe that a bank fraud or serious irregularity has been or is being committed and that it is necessary to look into the deposit to establish such fraud or irregularity, or when the examination is made by an independent auditor hired by the bank to conduct its regular audit *provided* that the examination is for audit purposes only and the results thereof shall be for the exclusive use of the bank, or upon written permission of the depositor, or in cases of impeachment, or upon order of a competent court in cases of bribery or dereliction of duty of public officials, or in cases where the money deposited or invested is the subject matter of the litigation."

**SEC. 2.** Section 3 of the same Act is hereby amended to read as follows:

**SEC. 3.** It shall be unlawful for any official or employee of a bank to disclose to any person other than those mentioned in Section Two hereof, or for an independent auditor hired by a bank to conduct its regular audit to disclose to any person other than a bank director, official or employee authorized by the bank, any information concerning said deposits.

**SEC. 4.** This Decree shall take effect immediately.