

2019 MAJOR ACCOMPLISHMENTS PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)

An attached agency of the Department of Finance (DOF), the Philippine Deposit Insurance Corporation (PDIC), is a government instrumentality created in 1963 by Republic Act 3591, as amended, to insure the deposits of all banks. PDIC exists to protect depositors by providing deposit insurance coverage for the depositing public and help promote financial stability.

As Deposit Insurer

The PDIC continued to be equipped to respond to potential insurance calls through the prudent management and continuous growth of its Deposit Insurance Fund (DIF), the main fund source for payout of insured deposits. As of end-2019, the DIF stood at PhP184.52 billion, bringing the average 12-month ratio of the DIF to estimated insured deposits at 6.58%. This is higher than the minimum policy target of 5.5%.

In 2019, PDIC settled claims for 56,050 valid deposit accounts in nine out of 11 banks¹ closed in 2019. Payment of claims was completed within 5–35 working days from bank takeover, shorter than the target turnaround time (TAT) of 7–42 working days.

Clients continued to be satisfied with PDIC services, as 97.61% of respondents in PDIC's customer satisfaction survey gave a rating of Satisfactory to Very Satisfactory. The respondents included closed banks' depositors and member-banks.

Consistent with the corporate branding initiative of the Corporation, the nationwide program called PDIC Caravan or *Abot-Lingkod* Program, aimed at bringing its core services closer to depositors and borrowers of closed banks, was launched in June in Davao City. Services included addressing clients' inquiries on settlement of deposit insurance claims, claims against assets of closed banks, loan obligations, and inventory of assets for sale. In addition, PDIC conducted financial literacy sessions to raise public awareness on the Corporation's mandates and programs.

PDIC also conducted "Convergence" in Davao City and Iloilo City. Convergence is a consultation briefing with bankers' groups and local business chambers as a means to collaborate to help build depositor confidence in the banking system. For 2019, these were held for members of the Davao Bankers Association, Iloilo Federation of Rural Banks, Bankers Association of Iloilo and Philippine Chamber of Commerce and Industry-Iloilo Chapter.

¹ PDIC adopted the Receive-Process-Mail (RPM) mode of claims settlement for Rural Bank of Malabang, where the TAT was set at five (5) working days from receipt of depositor claim. PDIC was prevented from conducting payout of deposit insurance claims within the set TAT for AMA Rural Bank of Mandaluyong, Inc. (AMA Bank) due to a Temporary Restraining Order (TRO) and subsequent writ of preliminary injunction issued by the Court of Appeals as a result of a petition filed by the bank's major stakeholders

The depositing public benefited from improved systems and processes of PDIC which continued to adhere to international best practices. PDIC's Quality Management Systems (QMS) for its Claims Settlement Operations (CSO) and Assessment of Member Banks (AMB) were re-certified to be compliant under ISO 9001:2015 standards.

As Liquidator

PDIC prudently manages the affairs and assets of closed banks to clean up the asset portfolio of closed banks, to immediately settle creditors' claims, and to terminate the liquidation of closed banks. For 2019, PDIC disposed of 1,447 corporate and closed banks' properties through the conduct of public biddings and negotiated sale. This is 228% higher than the 441 properties disposed of in 2018.

An important initiative in 2019 to help expedite asset disposal was the launch of the PDIC Assets for Sale microsite. The web-based platform was designed to provide easy public access to the catalogue of properties available for sale, either through public bidding or negotiated sale. Complementing the microsite is the PDIC Assets for Sale page on Facebook, PDIC's participation in trade fairs, and close partnership with brokers, business chambers and local governments in various regions and provinces. These marketing efforts considerably contributed to the accelerated disposal of corporate and closed banks' assets.

PDIC resolved loan accounts in closed banks amounting to PhP1.3 billion, exceeding its target of PhP1.1 billion. Meanwhile, cash collections as of December 2019 yielded a total amount of PhP757.7 million, higher than the target of PhP496 million.

As part of PDIC's continuous efforts to expedite settlement of claims of closed banks' creditors, the Corporation filed 34 Asset Distribution Plans (ADPs) with the Liquidation Courts as of end-2019. ADPs refer to the plan of distribution of the assets of a closed bank to its creditors.

Receivership and liquidation processes continued to be enhanced to provide better client service. Aside from the ISO-certified Loans Management processes, a new process was certified under ISO 9001:2015 standards in 2019, the QMS for Real Property Disposal operations.

As Champion of Governance

PDIC was recognized as one of the top 10 best-governed Government-Owned and/or –Controlled Corporations (GOCC) by the Governance Commission for Government-Owned and/or –Controlled Corporations (GCG) and the Institute of Corporate Directors (ICD), ranking second in 2017 and fourth in 2018 out of 82 GOCCs. PDIC was specifically recognized for its policies and practices in the areas of disclosure and transparency, stakeholder relations, and responsibilities of the Board.

The Corporation also remitted a total of PhP10.59 billion to the National Government as dividends.

To comply with the requirements of Republic Act 11032: An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services, the Corporation's Citizen's Charter was revised in 2019, further simplifying processes and requirements in core services.

As Institutional Partner

In October, PDIC and its Korean counterpart, the Korea Deposit Insurance Corporation (KDIC), renewed its cross-border cooperation agreement that started in 2014. The agreement facilitates information exchange and expertise-sharing between PDIC and KDIC. It will also allow PDIC to benefit from international best practices in deposit insurance.

The Corporation also spearheaded the Harmonization of Requirements and the Reduction in Processing Time of Mergers, Consolidation and Acquisitions (or MCA Project), together with the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), Cooperative Development Authority (CDA) and the Philippine Competition Commission (PCC). The initiative aims to expedite inter-agency processing time for MCA from 160 business days to only 55 business days to support the law on ease of doing business.

As Financial Literacy Advocate

As part of its financial literacy advocacy, PDIC conducted 11 financial literacy sessions for some 3,300 participants from six universities in the National Capital Region, the cities of Batangas, Davao and Iloilo; and Aurora Province. Financial literacy sessions for public sector employees from the Department of Finance (DOF), Social Security System (SSS), and the City Government of Davao were likewise undertaken.