

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 1068



Introduced by HONORABLE SCOTT DAVIES S. LANETE, M.D.

EXPLANATORY NOTE

Financial literacy is the ability to use knowledge and skills to make effective and informed money management decisions. Personal financial literacy encompasses a range of money topics, from everyday skills such as balancing a checkbook to long-term planning for retirement. While literacy - the ability to read and write - is a fundamental part of the education system, financial literacy is often left out of the equation.¹

At present, countries in the world are beginning to recognize the value of financial literacy. In the United States, a significant number of states have introduced financial literacy requirements for their K-12 education systems, and four states require high school students to take personal finance classes.² Financial literacy is thus becoming a necessity.

While there is a movement to include more finance-related coursework in elementary, middle and high school settings, parents and guardians are the primary educators when it comes to teaching children the skills they need to develop a strong foundation for life-long financial competence. Many adults, however, avoid talking to kids about money, because they lack confidence in how they've handled their own finances. This is unfortunate, because adults have two things that children do not when it comes to finances: experience and perspective.³

Like other provocative topics, money is something that the youth will hear about outside the home. While this may sound harmless (what could they possibly hear that could be that bad?), children can get the wrong message about money by getting information from their peers. For example, a child might hear a classmate say that rich people are lucky. If that child believes that wealth is a result of luck, what motivation will he or she have to handle money responsibly? It is important to clarify at a young age that most wealth is not a result of luck - that most people work hard and make smart decisions to "get rich." Even if a child does not and is not yet capable of absorbing knowledge about the intricacies of finance, teachers can provide them with accurate information, introduce ideas, spark interest and awareness, and help empower children to take control of their financial lives.

Despite all these, the Philippines has yet to introduce reforms in its educational structure in

¹ See <http://www.investopedia.com/university/teaching-financial-literacy-kids/>

² *Id.*

³ *Id.*

terms of financial literacy, especially among children. Thus, this bill seeks to reform the country's education system by making financial literacy a vital part of every school's curriculum. By teaching the youth about money, the State can help them discover the relationships between earning, spending and saving. In doing this, children also begin to understand the value of money. This financial literacy can begin at a young age with simple money concepts such as counting coins and making change for purchases. Older children can learn about savings accounts, balancing a check book and creating a personal budget. The key is to teach a concept and let them try, even if it means a little extra time in the toy store while your little one painstakingly counts out coins from his or her piggy bank.⁴

Hence, the passage of this law is urgently sought.



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**AN ACT TO ADVANCE THE UNDERSTANDING OF PERSONAL FINANCE
AMONG ELEMENTARY AND HIGH SCHOOL STUDENTS, TO ADD A COURSE
ON PERSONAL FINANCE IN SCHOOL CURRICULUM, ESTABLISHING A
MECHANISM THEREFOR AND FOR OTHER PURPOSES**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

Sec. 1. *Short Title.* This Act shall be known as "Financial Literacy Act of 2016."

Sec. 2. *Declaration of Policy.* It is the policy of the State to recognize the vital role of the youth in nation-building and shall promote and protect their physical, moral, spiritual, intellectual, and social well-being. It is also the policy of the State to give priority to education, science and technology, arts, culture, and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development.

Sec. 3. *Mandatory Financial Literacy Course* - It shall be mandatory for all elementary and high school students to undergo financial literacy classes. Depending on a student's capacity for higher learning, financial literacy classes shall include among others, lessons on familiarity with the country's bills and coins, how to save and invest, manage debt, contest a billing statement, apply for a loan, handle an inheritance, buy insurance, figure income taxes, compute interest rates and analyze a simple contract.

Sec. 4. *Implementing Agency.* - The Department of Education, in consultation with stakeholders, shall ensure the implementation and enforcement of this Act. It shall also develop economic and personal course content guidelines and recommend textbooks to be used in a personal finance course.

Sec 5. *Implementing Rules and Regulations.* The Department of Education shall have the power to promulgate the implementing rules and regulations as may be necessary to fully implement the objectives and purposes of this Act within one (1) year from the approval hereof.

Sec. 6. *Separability Clause.* If any part or provision of this Act shall be held unconstitutional or invalid, other provisions which are not affected thereby shall continue to be in full force and effect.

Sec. 7. *Repealing Clause.* All laws, issuances or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Sec. 8. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,