

Republic of the Philippines
Bangsamoro Autonomous Region in Muslim Mindanao
BANGSAMORO TRANSITION AUTHORITY
BARMM Compound, Cotabato City

FIRST REGULAR SESSION

RESOLUTION NO. 24

RESOLUTION COMMENDING THE SENATE AND HOUSE OF REPRESENTATIVES FOR THE PASSAGE OF HOUSE BILL NO. 8281 ENTITLED, "AN ACT PROVIDING FOR THE REGULATION AND ORGANIZATION OF THE ISLAMIC BANKS," ADOPTED IN TOTO BY SENATE AND APPEALING TO PRESIDENT RODRIGO ROA DUTERTE TO SIGN HOUSE BILL NO. 8281 INTO LAW.

WHEREAS, on June 3, 2019, in a plenary proceeding in the senate of the Philippines, twenty (20) senators voted to approve *in toto* House Bill No. 8281, entitled "An Act Providing for the regulation and organization of Islamic Banks."

WHEREAS, House Bill No. 8281 was earlier approved on third reading on November 20, 2018 by the House of Representatives.

WHEREAS, House Bill No. 8281 was primarily filed by former Anak Mindanao (AMIN) Party-list Representative Sitti Djalila A. Turabin-Hataman on June 30, 2016 as House Bill No. 492 and later by Representative Gloria Macapagal Arroyo as House Bill No. 3975. These bills were consolidated and approved, later substituted by House Bill No. 8281 by the House Committee on Banks and Financial intermediaries and Committee on Ways and Means.

WHEREAS, House Bill No. 8281 is a product of cooperation and hardwork of the members of the Senate and House of Representatives, Party list Anak Mindanao (AMIN), various National Government and Local Agencies who are members of the Technical Working Group-Islamic Finance that studied, lobbied and enhanced the draft House Bill. These agencies are: Bangko Sentral ng Pilipinas (BSP), National Commission on Muslim Filipino (NCMF), Al-Amanah Islamic Investment Bank of the Philippines (AIIB), Bureau of Internal Revenue (BIR), Autonomous Region in Muslim Mindanao (ARMM), Mindanao Development Agency (MINDA), and office of the Solicitor General (OSG), where undersigned actively participated in the drafting and deliberations, with technical support from World Bank (WB) Islamic Banking experts.

WHEREAS, the Bill seeks primarily to provide legal and regulatory framework for Islamic Banking and Finance in the country where existing policy environment do not allow for Islamic Banking and Finance in the country to thrive. It also addressed the need for tax neutrality that will make Islamic Banking products more at par with Conventional Banking products thereby avoiding double taxation. It also aims to develop a pool of Islamic Banking and Finance Experts in the country. And to promote acceptability and investor awareness on Islamic Banking and Finance.

WHEREAS, if passed into law, residents and citizens of the Bangsamoro Region will have effective access to an inclusive financing scheme for Micro, Small and Medium

Enterprises (MSMEs), a financial facility that is direly needed by the Bangsamoro Region's resident for access to capital and growth.

WHEREAS, the state recognizes the vital role of Islamic Banking and Finance in creating opportunities for greater financial inclusion especially for the underserved Muslim population, in expanding the funding base for small and medium-sized enterprises as well as large government infrastructure through the use of financial arrangements which have risk-sharing as their core element and in contributing to the achievement of financial stability through the use of financial contracts that are founded on risk sharing and prohibition on speculation.

WHEREAS, the State also recognizes the role of Islamic Banking and Finance in contributing to financial stability through the use of financial contracts and services that are founded on risk sharing rather than speculation in compliance with *Shari'ah* principles.

WHEREAS, Islamic finance refers to a system of finance based on Islamic law (commonly referred to as *Shari'ah*). Islamic financial principles are premised on the general principle of providing for the welfare of the population by prohibiting practices considered unfair or exploitative. The most widely known characteristic of the Islamic financial system is the strict prohibition on giving or receiving any fixed, predetermined rate of returned on financial transactions. This ban on interest, agreed upon by a majority of Islamic scholars.

WHEREAS, according to a World Bank Study, the lack of effective access to responsive financing is one of the main of challenges to the growth and development of micro, small and medium enterprises (MSMEs) in the country. This obstacle is doubly experienced by Filipino Muslim entrepreneurs in the Bangsamoro Autonomous Region in Muslim Mindanao and in different parts of the country with the absence of Banking and financial services that are compliant with the principles of *Shari'ah* or Islamic law.

WHEREAS, the passage of House Bill No. 8281 is a necessary legislation to strengthen the exercise of the Bangsamoro Parliament of its powers under Paragraph (ii) Islamic Banking and Finance, Section 2, Article V, Republic Act No. 11054 otherwise known as, Bangsamoro Organic Law (BOL).

WHEREAS, Section 32, Article XII of Republic Act No. 11054 or BOL mandates the Bangsamoro Government to jointly promote the development of Islamic Banking and Finance, and Bangsamoro Parliament to enact laws that promote the growth of Islamic Finance, to wit:

SEC. 32. *Islamic Banking and Finance.* – The Bangsamoro Government, the Bangko Sentral Ng Pilipinas, the Department of Finance, and the National Commission on Muslim Filipinos shall jointly promote the development of an Islamic Banking and Finance system, to include, among others, the establishment of a *Shari'ah* Supervisory Board and the promotion and development of *Shari'ah* compliant financial institutions. The Bangko Sentral ng Pilipinas shall determine the type of organizational structure to be created and its composition.

The Parliament shall enact laws that promote the growth of Islamic Finance such as those that promote tax incentives and ensure tax neutrality of Islamic Finance transactions in the Bangsamoro Autonomous Region.

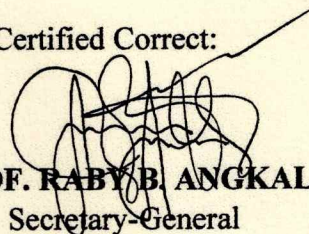
NOW, THEREFORE, be it,

RESOLVED, by the Bangsamoro Transition Authority To commend, as it hereby commends, the Senate and House of Representatives for the passage of House Bill No. 8281

entitled, "An Act Providing for the Regulation and Organization of Islamic Banks," and appealing to President Rodrigo Roa Duterte to sign House Bill No. 8281 into law.

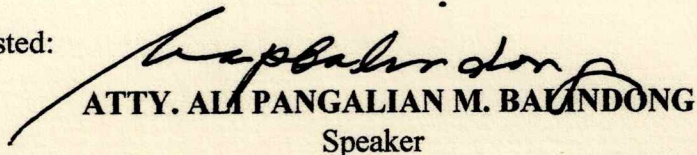
Adopted, June 25, 2019.

Certified Correct:



PROF. RABY B. ANGKAL
Secretary-General

Attested:




ATTY. ALI PANGALIAN M. BALINDONG
Speaker

/pr21

B A R M M
BTA-PARLIAMENT
Office of the Secretary General

CERTIFIED TRUE COPY STAMP
FROM THE ORIGINAL DOCUMENT

SIGNED: 
DATE/TIME: 8/19/19 11:53 A.M.