

AN ACT TO ENCOURAGE ECONOMY AND SAVING AMONG THE PEOPLE OF THE PHILIPPINE ISLANDS, AND TO THAT END TO PROVIDE FOR THE ESTABLISHMENT OF POSTAL SAVINGS BANKS AND THEIR ADMINISTRATION...

Act No. 1493, May 24, 1906

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By authority of the United States, be it enacted by the Philippine Commission, that:

SECTION 1. There shall be established in the Philippine Islands, under the control and management of the Director of Posts, an institution to be known as the Philippine Postal Savings Bank.

SEC. 2. (a) In order to facilitate the proper administration of the Philippine Postal Savings Bank, there is hereby created, as a part of the Bureau of Posts, a division to be known as the postal savings bank division, which shall be presided over by an officer to be known as the chief of the postal savings bank division, who shall receive a salary of six thousand pesos a year and perform his duties subject to the direction of the Director of Posts.

(b) The chief of the savings bank division shall be required to keep a separate set of books dealing solely with the operations of the Postal Savings Bank, and to make a monthly statement of the same to the Director of Posts and to the Secretary of Commerce and Police, and at the end of each fiscal year an annual report covering in detail the operations of the postal savings bank division.

(c) The chief of the postal savings bank division shall, before entering upon the duties of his office, execute a bond to the Insular Government in a sum to be fixed by the Insular Auditor, with sufficient surety or sureties, to be approved by and filed with the Insular Auditor. The Insular Auditor may, from time to time, require that the bond shall be increased or decreased according as the exigencies of the service require.

SEC. 3. (a) Any person six years of age or over residing in the Philippine Islands, and not under legal disability, may open an account to his own credit in the Philippine Postal Savings Bank.

(b) Any person resident in the Philippine Islands, twenty-three years of age or over, and any person under twenty-three years of age who is the head of a family, may open an account for, or make deposits to the credit of the account of, any minor, or any person who, by reason of physical or mental disability, is unable to manage his own affairs.

(c) Any charitable or benevolent society in the Philippine Islands may, with the approval, previously obtained in writing, of the Director of Posts, open and maintain, an account in the Postal Savings Bank.

SEC. 4. No person or society shall have more than one account to his or its own credit in his or its own name upon penalty of forfeiting under due process of law twenty-five per centum of all deposits so held contrary to law: Provided, That the above provision shall not prevent a person from acting as trustee in any number of accounts and at the same time maintaining an account of his own.

SEC. 5. Upon opening an account: with the Postal Savings Bank, a person must state his name in full, his age,

residence, occupation, and, in case the account is being opened in behalf of some other individual, or some society, the name, residence, or location of said individual or society, together with his relation thereto. A person upon opening an account with the Postal Savings Bank must declare that he has read or had read to him the rules and regulations of the Postal Savings Bank, and that he is willing to act in accordance B therewith. Before receiving a deposit book he must sign a statement to the effect that he receives no benefit from any other account in the Postal Savings Bank, unless it be as a trustee, the representative of a deceased depositor, or as a member of some charitable or provident society. If the statements above referred to should be found to be false, twenty-five per centum of all sums deposited to the credit of the person making said false statements shall be liable to forfeiture by due process of law.

SEC. 6. (a) Immediately upon the passage of this Act postal savings banks shall be established in Manila, Iloilo, and Cebu; and the Director of Posts shall, subject in each case to the approval of the Secretary of Commerce and Police, establish postal savings banks in other cities, towns, and villages of the Philippine Islands as rapidly as practicable.

(b) For the performance of the duties prescribed in this Act, the Director of Posts shall divide the postal savings banks of the Philippine Islands into three classes, to be known as postal savings banks of the first, second, and third class, respectively.

(c) Postal savings banks of the first class shall receive deposits to any amount and permit withdrawals of any amount, subject to the provisions of this Act.

(d) Postal savings banks of the second class shall not receive any single deposit of over one hundred pesos, nor shall they receive deposits to the credit of any one account of more than two hundred pesos for any one month. Withdrawals of deposits shall not be permitted through postal savings banks of the second class of more than two hundred pesos a month, and no depositor shall be permitted to withdraw deposits from postal savings banks of the second class oftener than twice each calendar month.

(e) Postal savings banks of the third class shall receive deposits only by means of postal savings bank stamps, as provided in section nine of this Act. No single deposit in the form of stamps shall be received by a postal savings bank of the third class to an amount exceeding twenty-five pesos, nor shall deposits amounting to more than fifty pesos be received by a postal savings bank of the third class to the credit of one account during any one month, and no depositor shall be permitted to withdraw deposits from postal savings banks of the third class oftener than twice each calendar month. No depositor shall be permitted to withdraw through a postal savings bank of the third class over fifty pesos at one time or over one hundred pesos during any one month.

(f) The maximum limits of deposits, credits, and withdrawals provided for in this section shall be doubled in the case of deposits, credits, and withdrawals, respectively, of the charitable and benevolent societies referred to in paragraph (c) of section three of this Act.

(g) No deposit shall be received and no deposit entry made for a sum less than one peso, except in the ease of accrued interest.

SEC. 7. Any person or society having a deposit account with the c Postal Savings Bank shall, subject to the provisions of this Act, be permitted to make deposits to the credit of said account or withdrawals from said account at any postal savings bank in the Philippine Islands.

SEC. 8. Each depositor in the Postal Savings Bank shall be entitled to receive, free of charge, a deposit book, to be obtained in the manner hereinafter stated.

- If the deposit be made at Manila he shall receive his deposit, book, with the proper entries therein, upon making the initial deposit. Subsequent deposits at Manila shall be received by the head office upon presentation either in person or by agent of the sum to be deposited and the deposit book, and thereupon proper entry shall be made upon the deposit book and the deposit book shall be immediately returned to the depositor.

- If the initial deposit be made at any other post-office than that at Manila, the depositor must sign an application for a deposit book, stating his name, occupation or profession, and place of residence, and sign the declaration required by section five hereof. The deposit book must be obtained from the central office. A preliminary receipt for the amount of the first deposit will be given to the depositor, who will be informed of the date upon which he should call to receive the deposit book. When the deposit book is handed over to the depositor, he will be required to return the preliminary receipt and sign a receipt for the deposit book, in addition to leaving a specimen of his signature on record in the ; post-office, if he be able to write, and if he be not able to write he shall leave in the post-office a specimen of his thumb mark. The amount of the original deposit will be entered in the deposit book by the central office and the depositor will thus have a guaranty that the same has been received in that office. He should carefully see that the entry in the deposit book corresponds with the amount entered in the preliminary receipt before giving up the latter.

- To make subsequent deposits at any other post-office than at Manila, the depositor shall take or send the amount to be deposited with his deposit book to the post-office. and the amount of the deposit shall be entered in the deposit book and the balance due the depositor struck. The entry shall then be initialed by the postmaster and stamped with the date stamp of the office, the deposit book to be returned to the depositor or his agent who brings the deposit. It shall be the duty of the postmaster, by the first mail for Manila, to notify the central office of the amount and date of the deposit, the name and residence of the depositor, the number of his deposit book, and the balance to the depositor's credit, and the head office, upon receiving the information aforesaid, shall make the proper entries upon its books, and send to the depositor at his post-office address by first mail a receipt showing the amount and date of the deposit, the name and residence of the depositor, the number of the deposit book, and the balance to the depositor's credit. If the receipt should not reach the depositor in proper time, or if when it reaches him it should show any signs of erasure and should not agree with the entry in the deposit book, the depositor should immediately apply to the head office, and renew his application again and again until he receives a satisfactory reply.

SEC. 9. (a) For the purpose of facilitating deposits of small savings and of extending the privileges of the postal savings banks to the smaller communities, there shall be issued, by the Bureau of Posts, postal savings bank stamps in denominations of five, ten, and twenty centavos, respectively, which stamps shall be for sale at every postal savings bank in the Philippine islands, and all moneys received in payment for said stamps shall lie considered as postal savings bank deposits, a record of which shall be kept separate from the other accounts of the post-office.

(b) Every postal savings bank shall furnish without charge to any person purchasing postal savings bank stamps the appropriate cards arranged with ten or twenty blank spaces, each bearing a distinctive, number, for the pasting on of the above-mentioned stamps. The cards shall be of three different colors, arranged for the three different denominations of stamps, respectively, and only stamps of the denominations designated shall be placed on the respective kind of cards. The postmaster upon giving out a card shall stamp it with the stamp of his office and shall require the person receiving it to sign it with his name, or mark, and transfers of cards shall be made only by indorsement to order.

(c) Stamp cards, upon being properly filled with stamps, may be presented at any postal savings bank in the Philippine Islands and deposited as if they were money of the amount represented by the face value of the stamps,

and the procedure for making such deposits shall be the same as that provided for deposits of money in section eight of this Act. The chief of the postal savings bank division shall cancel all stamps received for deposit at the time the deposit entry is made to the depositor's credit.

(d) Employees of the Postal Savings Bank, and all persons intrusted with the handling or custody of postal savings bank stamps, whether said stamps shall have been canceled or not, shall be held responsible for them in the same manner and to the same extent as if they were Insular money of a value equal to the face value of the stamps.

(e) Uncanceled postal savings bank stamps shall be redeemable at par in postage stamps at the office of the chief of the postal savings bank division.

SEC. 10. Interest at two and one-half per centum per annum shall be allowed on all deposits in the Postal Savings Bank until practical experience shall demonstrate that a higher rate can safely be guaranteed, subject to the following limitations:

- In the reckoning of interest, the day upon which the deposit was entered to the credit of the depositor upon the books of the chief of the postal savings bank division shall be considered as the date of the deposit.
- Money to the credit of any depositor in excess of one thousand pesos shall not "bear interest, except in the case of deposits made by charitable and benevolent societies as provided in paragraph (c) in section three, in which case deposits in excess of two thousand pesos shall not bear interest.
- Interest shall be computed upon the lowest monthly balance to the credit of the account during each month of the fiscal year and shall be placed to the depositor's credit at the end of each fiscal year: Provided, That if the account is closed during the fiscal year the interest shall be added at the time the account is closed.
- No interest shall be allowed upon fractions of a peso or for the fractional part of a calendar month.
- The Philippine Government reserves the right to alter the rate of interest at the end of each fiscal year.
- At the end of each fiscal year the chief of the postal savings bank division shall send a statement of the interest accrued on each deposit to every depositor, and a duplicate statement of the same to the postmaster of the postal savings bank most convenient to the residence of said depositors, respectively, and said postmasters shall, upon presentation of the deposit books by the respective depositors, together with the above-mentioned statement, enter the amount as a deposit in the deposit book of said depositor in the manner provided in section eight of this Act.
- Any postal savings bank account upon which there has not been made, for a period of ten years, any deposit, withdrawal, or other operation made on demand of the depositor, or his legal representatives or assignees, shall cease to be productive of interest and shall be reimbursable at the amount existing to the credit of said depositor upon the thirtieth of June following the date upon which said ten-year period shall have expired: Provided, That in the case of deposits made by one person or society to the credit of another person or society under the stipulation that the latter person or society shall not have the disposal of said funds until after a fixed period of time, the said period of ten years shall date from the expiration of the period so fixed.

SEC. 11. Postal savings bank funds deposited in the various postal savings banks in the Philippine Islands shall be transferred through the Director of Posts to the Treasurer of the Philippine Islands for the credit of the Philippine Postal Savings Bank, at such time and by such methods as the Director of Posts shall direct: Provided, That no postmaster of any postal savings bank of the first class shall at any time hold in his possession, for a longer period than is absolutely necessary to provide for its shipment to Manila, more than five thousand pesos, except upon the express authorization of the Director of Posts; no postmaster of any postal savings bank of the second class shall at any time hold in his possession, under like conditions, more than one thousand pesos of postal savings bank

funds, and no postmaster at any postal savings bank of the third class over two hundred pesos.

SEC. 12. All postal savings bank funds and all proceeds therefrom shall be kept as a separate trust fund by (lie Insular Treasurer, and shall be used for no other purpose than those expressly provided for in sections eighteen, nineteen, and twenty of this Act.

SEC. 13. (a) A depositor wishing to make a withdrawal shall present his deposit book at the office where tin.' withdrawal is to be made, and shall sign in the presence of some officer of said postal savings bank, who shall witness the same by his own signature, an application for the amount to be withdrawn. This application shall be forwarded to the chief of the postal savings bank division, who, upon being satisfied that the application is a bona fide one, and that funds sufficient for its payment are to the credit of the depositor, shall debit the amount to be withdrawn upon the depositor's account at his office. and forward to the said postmaster a warrant for the payment" to the depositor of the amount applied for. The depositor, upon receiving payment from the postmaster of the sum withdrawn, shall sign a receipt in triplicate, one copy of which shall be forwarded to the Insular Auditor, one to. the chief of the postal savings bank division, and one retained by the postmaster making the payment. The post master upon making the payment shall debit the amount paid upon the depositor's deposit book and strike therein a new balance, placing opposite the entry his initials and the stamp of his office.

(b) In case there are not sufficient funds available at the post-office where the withdrawal is desired, the postmaster of said office shall, at the time lie sends the application for withdrawal to the chief of the postal savings bank division, make a requisition upon the chief of the postal savings bank" division for the sum necessary to meet the withdrawal applied for. and said sum shall be sent by the chief of the postal savings bank division to the postmaster at whose office the application for said withdrawal was made.

(c)Withdrawals may be made by telegraph under the following regulations:

Application for withdrawal must be made to the proper postmaster as provided in this section and the cost of the telegram to the chief of the postal savings bank division paid by the applicant at the time the application is made. The telegram shall then be sent by the postmaster to the chief of the postal savings bank division. Upon being satisfied that the application is a bona fide one and that there are funds to the credit of die depositor sufficient to meet the same, a warrant for the amount, less the cost of the return telegram, shall be telegraphed to the postmaster, who, upon receipt of the same, shall make the payment; as provided in paragraph (a) of this section. If there are not sufficient funds available at said post-office for the payment, said fact shall be mentioned by the postmaster in the aforementioned telegram, and the funds for the payment shall be sent as provided in paragraph (b) of this section.

SEC. 14. (a) A depositor shall not he permitted to make more than two withdrawals from his deposit each calendar month.

(b) The Government reserves the right to delay the repayment of deposits for a period of two weeks in the ease of withdrawals of amounts less than two hundred pesos, and one month in the case of withdrawals of amounts of two hundred pesos or over, in addition to the time necessary to forward the application for withdrawal from the post-office at which said application is made to the office of the chief of the postal savings bank division at Manila and to return the warrant issued in response to said application.

(c) A depositor shall not be permitted to withdraw a smaller sum than one peso, nor shall he be permitted to withdraw any sum which includes a portion of a peso: Provided, That in closing his account he may withdraw the entire amount to his credit.

(d) A minor shall not be permitted to withdraw money other than that deposited by himself in his own name, but,

upon attaining his majority, he may withdraw any money deposited for him, in accordance with the conditions upon which such deposits were made.

Money deposited on behalf of a minor by his parent or guardian may be withdrawn only by said parent or guardian during the minority of the minor.

(e) Women, whether married or single, shall be permitted to withdraw money deposited by them in their own names, or, upon attaining their majority, money deposited for them by others, in accordance with the conditions upon which said deposits were made, and the fact of their marriage shall not alter this privilege.

SEC. 15. A depositor wishing to close his account shall present, his deposit book with a form of application properly made out at the postal savings bank at which the withdrawal of the deposit is to be made. He shall receive from the postmaster a receipt for his deposit book, which receipt shall state the name and residence of the depositor, number of his deposit book, and the balance due him as shown by said book. The deposit book, together with the application for the withdrawal of the balance of the deposit and the closing of the account, shall be forwarded to the chief of the postal savings bank division in the same manner as requests for the withdrawal of deposits are forwarded, as provided in section thirteen, and payment of the balance due to his credit, including interest up to the close of the month preceding the receipt of his application, shall be made. Upon payment to the depositor he shall surrender to the postmaster the receipt given to him as in this section above provided. The deposit book shall be retained at the office of the chief of the postal savings bank division.

SEC. 16. (a) Depositors wishing to withdraw funds from their postal savings bank account and who are unable to make application in person at a postal savings bank for such withdrawals may, by filling out a proper application form and intrusting the same, together with their deposit book, to another person, authorize said person to make the application for withdrawal, and receive the receipt given by the postmaster for the deposit book and the funds to be withdrawn.

(b) Any depositor of the age of majority may execute a nomination in connection with his postal savings bank account, providing for the transfer of his deposit or any part thereof at his death. Said nomination must be made in writing upon a proper form prepared for that purpose by the chief of the postal savings bank division. It must be signed by the depositor in the presence of a witness (other than the beneficiary of the nomination) and must be sent for registration to the chief of the postal savings bank division during the depositor's lifetime. The nomination shall then be returned to the depositor.

(c) Whenever a claim is made under a nomination executed by a depositor in the manner above provided, and in force at the depositor's death, the nominee shall be required, before receiving any benefits from the depositor's account, to forward, to the chief of the postal savings bank division, the nomination and the depositor's deposit book, together with satisfactory evidence of the depositor's death and of his identity as the person named in the nomination. The chief of the postal savings bank division, upon being satisfied from the above-mentioned evidence, of the death of the depositor, the identity of the nominee, and the legality of his claim, shall pay to the nominee the sum legally due him as provided in the nomination.

(d) In case no nomination is made during the depositor's lifetime as herein provided, funds to his credit in the Postal Savings Bank at the time of his death shall be disposed of in the same manner as other property in accordance with the provisions of existing law.

SEC. 17. (a) No postal savings bank deposit shall lie subject to taxation by the Insular Government, or any provincial or municipal government in the Philippine Islands.

(b) The deposit book of a depositor in the Postal Savings Bank shall not be a proper security for a loan, debt, or

obligation of any kind, and no such claim of any person, firm, or corporation holding a deposit book of the Postal Savings Bank shall be recognized as a valid claim against a depositor's account.

(c) Deposits in the Postal Savings Bank which bear interest in accordance with the provisions of section ten of this Act shall not be liable to attachment for debt: Provided, That amounts to the credit of any depositor in excess of the limit upon which interest is payable shall be attachable the same as deposits in other banking institutions.

SEC. 18. (a) The investment of the funds of the Postal Savings Bank shall lie in charge of a board to be known as the postal savings bank investment board, which shall be composed of the Secretary of Commerce and Police, the Secretary of Finance and Justice, the Director of Posts, the Insular Treasurer, and a business man to be appointed by the Governor-General, who shall serve without compensation. It shall be the duty of the postal savings bank investment board to invest the funds of the Postal Savings Bank as hereinafter provided, taking sufficient and proper security for investments made, and to perform such other duties as the proper investment and administration of the funds of the Postal Savings Bank shall require.

(b) The funds received upon deposit by the Postal Savings Bank shall be invested in any or all of the following ways, and in no others, in such amounts and under such regulations as the postal savings bank investment board shall determine:

- Investment in bonds or other evidences of indebtedness of the United States.
- Investment in bonds or other evidences of indebtedness of the Insular Government of the Philippine Islands, of the city of Manila, and of any municipality in the Philippine Islands issued in pursuance of section sixty-six of the Act of Congress approved July first, nineteen hundred and two. as amended by section three of the Act of Congress approved February sixth, nineteen hundred and five: Provided, however, That not exceeding ten per centum of the total deposits shall be invested in bonds of municipalities of the Philippine Islands outside of the city of Manila.
- Interest-bearing deposits, under proper security, in any bank situated in the United States or in the Philippine Islands having an unimpaired, paid-up capital equivalent to one million five hundred thousand pesos or over of Philippine currency.
- The stocks or shares of banks doing business in the Philippine Islands having a paid-up capital of one million live hundred thousand pesos or over: Provided, however, That not exceeding ten per centum of the total deposits shall be invested in such stocks or shares.

SEC. 19. All expenses properly chargeable to the administration of the Postal Savings Bank shall be paid from the profits arising from the investment of the postal savings bank funds: Provided, That if the profits arising from said investments are not sufficient during any year, together with the reserve fund accrued as hereinafter provided, to pay the interest upon the deposits and the expenses of administration, there shall be appropriated out of the general funds of the Insular Treasury, not otherwise appropriated at that time, sufficient funds to cover the deficit so created.

SEC. 20. Should the earnings of any fiscal year exceed the amount necessary for the payment of interest and the expenses of administration, the surplus shall be set aside as a special fund to be known as the postal savings bank reserve fund and as such shall be invested " and permitted to accumulate until it shall equal five per centum of the interest-bearing deposits of the Postal Savings Bank. This fund shall be a trust fund and shall be used for no other purpose than to meet deficits in those years in which the earnings of the Postal Savings Bank shall not be sufficient to pay interest and to meet current expenses. Any net earnings of the Postal Savings Bank in addition to the amount necessary to establish and maintain the aforementioned reserve fund shall be utilized by the postal

savings bank investment board for the purpose of increasing the rate of interest payable on deposits in the Postal Savings Bank.

SEC. 21. The public good requiring the speedy enactment of this bill, the passage of the same is hereby expedited in accordance with section two of "An Act prescribing the order of procedure by the Commission in the enactment of laws," passed September twenty-sixth, nineteen hundred.

SEC. 22. This Act shall take effect on its passage.

Enacted, May 24, 1906.

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