

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City



THIRTEENTH CONGRESS

First Regular Session

House Bill No. 723

Introduced by REP. JUDY J. SYJUCO

EXPLANATORY NOTE

The increasing rate of globalization in the twenty-first century brought about by revolutionary technological advances has witnessed the transformation of relationships among countries and peoples. Physical distance between nations has been significantly reduced, and people have acquired greater access to goods, services, capital, and information. These conditions have allowed an increasing number of people to live and work in countries other than their own. According to a United Nations (UN) report in 1998, 120 million or about 2.3% of the world's population live in countries other than that of their birth.

Based on a UN study in 1998, the Philippines ranked fifth (5th) among countries with the highest rates of emigration. As of December 2000, the Philippine government estimated that there were about 7.38 million Filipinos working and living abroad, or about 10% in relation to the total Philippine population. Of this number, 2.99 million are overseas Filipino workers, 2.55 million are permanent residents, and 1.84 million are irregular migrants.

The creation of an Overseas Filipino Workers Bank (OFW Bank) is hereby proposed to promote and advance the financial welfare of our Overseas Filipino Workers' (OFWs). As the State recognizes the OFWs as the major force in the labor front today, it shall likewise provide the proper venue to address their financial needs, among others.

It has become apparent that the movement not only of goods and basic services to our people should be safeguarded by the State, but more so of its people. As the patterns of migrant labor continue to become more complex and amalgamated, globalization and borderless economies will further blur geographical boundaries and facilitate the movement of labor between countries.

As hundreds of thousands of Filipino men and women work with sweat and blood in foreign lands to assure a better life for their families back home, the creation of an OFW Bank will be a gift to our modern-day heroes. It will finally give them the venue to enhance their investment potentials while addressing their various financial needs and concerns.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read "Judy J. Syjuc".

JUDY J. SYJUCO

HOUSE OF REPRESENTATIVES

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AN ACT

CREATING THE OVERSEAS FILIPINO WORKERS BANK, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

SECTION 1. *Creation.* – There is hereby created a bank to be known as the Overseas Filipino Workers Bank, which shall be commonly called the OFW Bank and hereinafter called the “Bank.”

SECTION 2. *Terms of Existence.* – The legal existence of the Bank shall be for a period of fifty years counting from the date of approval hereof.

SECTION 3. *Supervisory and Regulatory Powers of the Bangko Sentral ng Pilipinas.* – The Bank shall be subject to such rules and regulations as the Bangko Sentral ng Pilipinas may from time to time promulgate.

The Philippine Deposits Insurance Corporation (PDIC) shall cover all deposits of the Bank.

SECTION 4. *Principal Place of Businesses, Branches and Remittance Centers.* – The Bank’s principal domicile and place of business shall be in Metro Manila. Branches or agencies may be established in the provinces and cities as well as abroad to effectively and efficiently address the banking needs of the overseas workers, their families, and the banking public in general.

Likewise, it shall also establish branches in strategic locations all over the country, to service the remittance requirements of the migrant workers.

SECTION 5. *Purposes.* – The purposes in establishing an OFW Bank are:

1. To encourage OFWs to remit their foreign earnings through the banking system;
2. To assist the OFWS in providing efficient service in the remittances of their earnings from their foreign work stations to their beneficiaries in the Philippines;

3. To encourage savings among the OFWS and their families and at the same time extend credit facilities to them;
4. To enable the country derive the maximum benefits from the foreign income of OFWs;
5. To promote and provide OFWs a well-organized and professionalized system of banking in order to secure and protect their earnings abroad.

SECTION 6. Powers and Functions. – The Bank shall be a corporate body and shall have the following powers in general:

1. To grant loans and other financial assistance particularly to OFWs and their family members for the development of small-scale and medium-scale commercial enterprises;
2. To grant loans and other financial assistance to OFWs applying or re-applying for overseas employment to defray the payment of placement fees and other expenses thereof;
3. To receive deposits and accept property, real or personal, as collateral or security;
4. To acquire and own real and personal property and to sell, mortgage or otherwise dispose of the same;
5. To prescribe, repeal and alter its own by-laws, to determine its operating policies, and to issue such rules and regulations as may be necessary to achieve the main purpose for the creation of the Bank;
6. To adopt, alter and use a corporate seal; to sue and be sued, make contracts, to exercise the general powers of a corporation as provided in Batas Pambansa Blg. 68, otherwise known as the *Corporation Code of the Philippines*, and the powers of the bank of its category under the *General Banking Law*. Likewise, the Bank can borrow money from both local and foreign sources. Such loans shall be subject to approval by the President of the Philippines and shall be fully guaranteed by the Government of the Philippines;
7. Upon recommendation of the Board of Investments, to hold, own, purchase, acquire, sell or otherwise invest or reinvest in stocks, bonds or other securities capable of giving the Bank a reasonably assured income sufficient to support its financing activities and gives its private stockholders a fair return on their holdings; *Provided, however*, That pending the organization of the Board of Investments, the Bank may exercise the powers herein provided without the recommendation of the Board of Investments: *Provided, further*, That in case of dissolution of the OFW Bank all unsold public lands transferred to it which may be allocated to the Government of the Philippines in the course of liquidation of the business of the Bank shall revert to the National Treasury; and
8. To provide, free of charge, investment counseling and technical services to OFWs and their families. For this purpose, the OFW Bank may contract the services of private consultants.

SECTION 7. *Issuance of Bonds.* – The OFW Bank shall, upon recommendation by the Board of Trustees and approval of the Monetary Board of the Central Bank, issue bonds, debentures and other evidences of indebtedness at such terms, rates and conditions as the Bank may determine up to an aggregate amount not exceeding, at any one time, five times its unimpaired capital and surplus. Such bonds and other obligations shall be secured by the assets of the Bank and shall be fully tax exempt both as principal and income. Said income shall be paid to the bondholder every six (6) months from the date of issue. These bonds and other obligations shall be fully negotiable and unconditionally guaranteed by the Government of the Republic of the Philippines and shall be redeemable at the option of the Bank at or prior to maturity, which in no case shall exceed twenty-five years. These negotiable instruments of indebtedness shall be mortgageable in accordance with established banking procedures and practices to government institutions not to holders of such bonds to make use of them in investments in productive enterprises. They shall also be accepted as payments for reparation equipment and materials. They shall also be accepted as payments for reparation equipment and materials.

The Board of Trustees shall have the power to prescribe rules and regulations for the registration of the bonds issued by the Bank at the request of the holders thereof.

SECTION 8. *Special Guaranty Fund.* – In the event that the Bank shall be unable to pay the bonds, debentures, and other obligations issued by it, a fixed the amount thereof shall be paid from a special guaranty fund to be set up by the Government, to guarantee the obligation of the OFW Bank, and established in accordance with this Section, and thereupon, to the extent of the amounts so paid, the Government of the Republic of the Philippines shall succeed to all the rights pf the holders of such bonds, debentures or other obligations: *Provided, however,* That for the next four years after the establishment of the Bank, the payment to the special guaranty fund should not exceed One Billion Pesos (P100,000,000,000.00) per year, after which period, the Government shall pay into the guaranty fund the sum of Five Hundred Million Pesos (P500,000,000.00) each year until the cumulative total of such guaranty fund is no less than twenty percent (20%) of the outstanding net obligation of the OFW Bank at the end of any single calendar year.

The guaranty fund shall be administered by the Central Bank of the Philippines in the manner most consistent with its charter. For the purpose of such fund, there shall be appropriated annually the sum of One Hundred Million Pesos (P100, 000,000.00) in the National Treasury.

SECTION 9. *Receiving Payments and Time Deposits.* – The Bank, under the supervision of the Monetary Board and subject to the provisions of the General Banking Act, shall receive savings and time deposits from OFWs and their families, and for this purpose, establish, and maintain branches and offices in such areas where facilities for such a service do not exist or cannot be adequately provided by other deposit institutions. The Monetary Board shall supervise and authorize the Bank to receive savings and time deposits from the public in areas where facilities for such a service do not exist or cannot be adequately provided by other deposit institutions.

SECTION 10. *Capital.* – The authorized capital stock of the Bank shall be One Billion Five Hundred Million Pesos (P1, 500,000,000.00). This amount shall be divided into ten million shares (10,000) at One Hundred Fifty Pesos (P150.00) par value per share; *Provided,* the amount of One Billion Pesos (P1, 000,000,000.00) representing one billion five million shares shall be subscribed and fully paid by the government. *Provided,* further, that the remaining amount of Five Hundred Million Pesos (500,000,000.00) capital shall be made available for subscription to the OFWs and their beneficiaries.

SECTION 11. *Board of Directors.* – A Board of directors, consisting of a Chairman, shall govern the Bank and nine (9) members, four (4) of which, including the Chairman, shall be appointed by the President of the Republic of the Philippines and the remaining five (5) shall be elected by the stockholders at each annual meeting.

The Board of Directors shall exercise such powers, which shall be so granted to them by the stockholders in accordance with the applicable laws and government regulations. The Board of Directors shall adopt such rules to effectively carry out the objectives and purposes of this Act. However, only natural-born Filipino citizens may be qualified to become director of the Board.

SECTION 12. *Officers of the Bank.* – The affairs of the Bank shall be managed by a President, an Executive Vice President who shall be appointed by the President of the Republic of the Philippines. Similarly, a set of officers shall be appointed by the Board of Directors, *Provided*, they qualify under the existing rules and regulations of the Bangko Sentral ng Pilipinas and other applicable laws.

The specific duties and responsibilities of each officer shall be so defined in the By-Laws. Only natural-born Filipino citizens may be qualified to be officers of the Bank.

SECTION 13. *By-Laws.* – The board of directors shall adopt the By-laws, which shall govern the functional and administrative operation of the Bank within thirty (30) days from the approval of this Act.

SECTION 14. *Separability Clause.* – If any provision, or part of this Act or the application thereof to any person, association or circumstances is held invalid, the other pertinent provision or part of this Act and their application to such person, association or circumstances shall not be affected thereby.

SECTION 15. *Repealing Clause.* – All other laws, decrees, executive orders, proclamations, rules and regulation or parts thereof inconsistent with any of the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 16. *Effectivity.* – This Act shall take effect within fifteen (15) days from its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,