

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 9149



Introduced by Representative JOEY SARTE SALCEDA

EXPLANATORY NOTE

Sometime ago, the Bangko Sentral ng Pilipinas (BSP) revealed that the financial literacy level of the average Filipino remains alarmingly low—a problem that begins with poor childhood education that persists until their adult years. The BSP said that Filipino adults could correctly answer only three out of seven financial literacy-related questions covering basic numeracy, computing compounding interest, fundamentals of inflation and investment diversification. A study conducted by the World Bank shows that Filipinos dismally poor scores in a financial literacy test, registering a low of 2%. In a related study, the BSP's 2017 Financial Inclusion Survey showed that the 15.8 million account owners represent 22.6% of the total adult population. This means that Filipinos lack the sophistication to properly manage their resources; lacking specific knowledge to make informed financial decisions concerning one's finances, credit and debt which are integral parts of our daily lives.

Adequate financial literacy enables a person to navigate better the financial landscape and avoid its pitfalls. He or she knows how to spend resources in a judicious manner, to save, when and where to invest and when to contract debt and how to manage it in order to avoid financial trouble. Financial literacy is critical to a person's future as this ability enables him to save adequate income for his retirement, avoid onerous and unmanageable debts that might result in bankruptcy, defaults and foreclosures. According to BSP, the best way to nurture sound financial culture and behavior among future adults is to start practical financial management lessons at a young age.

Lack of financial sophistication is the primary reason why so many are victimized by investment scams, like Ponzi schemes and a plethora of online scams in the internet. These exploitative individuals prey on vulnerable sectors like the Overseas Filipino Workers (OFWs) who eke out a living away in distant places, far away from their families. Because of ignorance, lack of diligence, rash judgment or simply gullibility, many OFWs rush headlong to entrust their hard earned money to dubious investments which promise them huge, often unrealistic returns, in a short period of time only to realize in the end that their money has gone down the drain. Many of these unscrupulous investment scams target the 10 million OFWs scattered all over the globe. Because of the victims' lack of financial literacy many, after years of working overseas, still return home empty-handed and unable to provide for their families' needs, forcing them to leave yet again and spend more years away from home.

CRAZY POOR PINOYS

Top 10 Real Life Statistics
Why Majority of Pinoys are Poor

1 **74.7%** belongs to the **LOWER CLASS** families earning below P328,000/year.

2 **Only 25%** are **Financially Literate**.

3 **89%** of Filipino youth - rely so much on their parents **financial knowledge**. This is a tragic story because of #2.

4 **<5%** of Filipino families **saves regularly** and has a family budget. Philippines has the lowest number of people who saves regularly.

5 **84%** of Filipinos are not **financially prepared** for medical costs in case they are diagnosed with **critical illnesses**.

6 **Below 3%** Insurance Penetration Rate, a risk mitigation system that can help alleviate poverty in sudden death of a breadwinner.

7 **<1%** of the total population of the Philippines invests in the stock market.

8 **P3,600 per month** Average SSS Pension of a senior citizen.

9 **8 out of 10 OFWS** have no savings.

10 **P90 Billion** Estimated amount Scammed Money in the Philippines in the last 10 years.

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PINOYS

SOURCES:
1. World Bank
2. Deviant and Poor's Survey 2013
3. Asia Study for the youth
4. Chinnai Invest Asia
5. Pinoy
6. Insurance Asia News
7. PSE
8. SSS
9. Social Enterprise Dev Partnership
10. SFC

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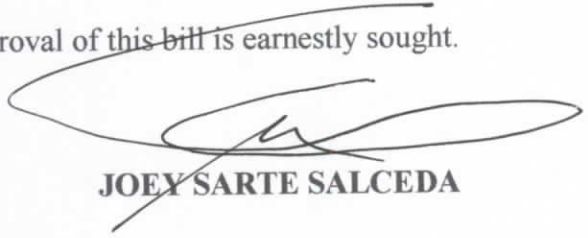
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Again, sob stories abound of OFWs, who after working for years abroad, find themselves in utter penury in the end because they did not save enough money for the rainy days or that their families spent their remittances with reckless extravagance and wastefulness as if the money would spring eternal.

Education on sound financial management remains a key component to negate the ill, if not disastrous, effects of financial illiteracy and equip Filipinos, more particularly OFWs, with the know-how to make sound financial choices to secure their own and their families' future. The way to go is by educating OFWs on how to manage their resources judiciously and for optimum effect to ensure a bright future for their families.

The proposed bill makes it mandatory for OFWs to undergo a financial literacy training program as a pre-departure and post-arrival seminar in order to promote financial responsibility among OFWs and their dependents. This way, the State, through effective financial education that promotes sound financial practices and management, gives flesh to its primary duty to afford full protection to labor in general and OFWs in particular.

It is for these foregoing premises that the approval of this bill is earnestly sought.



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**AN ACT ENHANCING THE FINANCIAL LITERACY OF
OVERSEAS FILIPINO WORKERS (OFWS), AND FOR OTHER PURPOSES**

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

SECTION 1. *Short Title.* – This Act shall be known as the “OFWs Financial Literacy Enhancement Act of 2019.”

SEC. 2. *Declaration of Policy.* –

- a.) The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all (Article XIII Section 3 of the 1987 Constitution).
- b.) Mindful of the above constitutional injunction as well as acknowledging the significant contribution of Overseas Filipino Workers (OFWs), land-based or sea-based, to the national economy through their foreign exchange remittances, the State shall take appropriate measures to ensure that the financial and economic well-being of the OFWs and their dependents are fully protected during and after their stint overseas.
- c.) The State recognizes that the ultimate protection of the OFWs’ financial and economic condition is to enhance their financial literacy through education and appropriate trainings designed to provide them the necessary skills and learning to make sound decisions in all matters concerning their assets and liabilities including their resources, investments, debts, credits, and other financial transactions.

SEC. 3. *Mandatory Financial Literacy Training-Seminar.* All OFWs shall undergo mandatory financial literacy training seminars which shall become an integral part of the Pre-Departure Orientation Seminar (PDOS). Post-Arrival Training Seminars (PATs) on financial literacy shall likewise be required of OFWs within reasonable time upon their arrival in a country of destination on their first employment contract or those who transfer from one place of work to another without stopping by the Philippines.

SEC. 4. *Participating Agencies.* The PDOS and PATS shall be primarily conducted by the Department of Finance (DOF), as the lead agency, and Overseas Workers Welfare Administration (OWWA) with its accredited PDOS providers across the country, including the embassies or consulates, whichever may be available, if done in the country of destination.

As lead agency, it is tasked to formulate training modules on financial literacy; initiate and conduct training programs on financial management and responsibility, apprise OFWs on financial opportunities and pitfalls among others; ensure the accessibility of qualified online financial and economic advisers and/or counsellors; and, disseminate knowledge-expanding activities that promote financial literacy among OFWs and their dependents.

SEC. 5. *Free Financial Literacy Training Programs.* Training programs undertaken under this Act shall be free of charge.

The DOF with the OWWA shall educate the OFWs on the budgets and actual expenditures of government institutions, provide credit information on micro- and small-scale enterprises to prospective lenders, and prioritize the liens on real estate and movable collaterals used to secure loans. Financial literacy should include education on financial products (like stocks, bonds, insurance and mutual funds) available in the market.

SEC. 6. *Penal Provisions.* Any person or corporation who shall defraud an OFW by any of the means mentioned in Art. 315 of the Revised Penal Code shall be considered as qualified estafa and would carry a penalty as provided therein.

SEC. 7. *Implementing Rules and Regulations.* – Within ninety (90) days from the approval of this Act, the Secretary of the DOF, in consultation with the Secretary of the Department of Labor and Employment (DOLE) and the Administrator of OWWA, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 8. *Repealing Clause.* – All laws, decrees, executive orders and proclamations, rules and regulations or parts thereof inconsistent with this Act, are hereby amended or modified accordingly.

SEC. 9. *Separability Clause.* – If any provision of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 12. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,