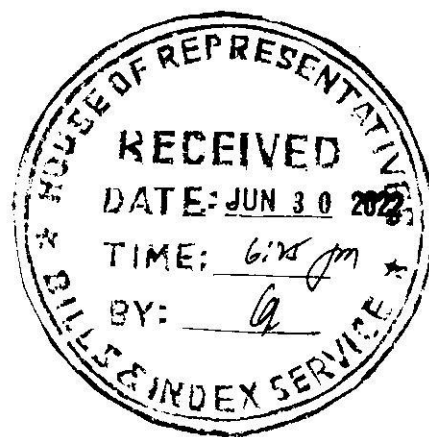


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 496



Introduced by Representative Stella Luz A. Quimbo

**AN ACT GRANTING EMPLOYEES IN THE PRIVATE SECTOR THE RIGHT TO
DESIGNATE THE BANK ACCOUNT TO WHICH THEIR WAGES OR
COMPENSATION MAY BE DEPOSITED AND AMENDING THE LABOR CODE OF
THE PHILIPPINES FOR THE PURPOSE**

EXPLANATORY NOTE

Section 18, Article II of the 1987 Constitution provides that the State shall protect the rights of workers and promote their welfare, while Section 19, Article XII of the 1987 Constitution mandates the State to prohibit combinations in restraint of trade and unfair competition.

When employers in the private sector choose to which bank they will deposit their employees' wages, there is an unintended consequence on competition, and on employee welfare. In such case, employees' own choices are stifled, as they are forced to open accounts in their employers' chosen banks in order to receive their hard-earned money. In effect, certain banks gain an undue competitive advantage and secure more clients than others, simply because a singular entity – that is, the employer – handpicked them.

Employees ought to be granted the freedom to choose which banks they will conduct financial transactions with, including collecting their compensation. In deciding which bank to open an account with, factors such as the attractiveness of financial products, interest rates, and the geographical location of such banks are taken into consideration. As banks would compete to attract consumers, they would be incentivized to offer better goods and services.

However, this choice is bypassed when employers make this decision for all their employees, to the detriment of the employees and of the economy. In such cases, employees in the private sector are constrained to open and maintain accounts in banks designated by their employers and to which their compensation will be deposited, despite potentially less favorable terms or poorer services. Not infrequently, the location of a designated bank is far from the place of residence of the employee, such that the employee is deprived of the convenience of withdrawing money from nearer banks, or else must maintain several bank accounts, which imply unnecessary additional costs. Further, unlike a few years ago, inter-banking activity has dramatically become easier because of online banking.

This measure proposes to grant employees in the private sector the right to designate their bank of choice, to which their wages or compensation can be deposited conveniently withdrawn, in the interest of promoting market competition and employee warfare.

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



STELLA LUZ A. QUIMBO, PhD
Representative
Second District, Marikina City

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

1 SECTION 1. *Title.* – This Act shall be known as the “Bank Account Portability for
2 Workers Act.”

3 SECTION 2. *Amendment to the Labor Code of the Philippines.* – A second sentence
4 shall be added to the first paragraph of Article 102, Chapter III, Title I, Book Three, of
5 Presidential Decree No. 442 as amended and renumbered, otherwise known as the
6 Labor Code of the Philippines, so that the entire first paragraph shall read as follows:

7 “ART. 102. Forms of Payment. – No employer shall pay the wages of an
8 employees by means of promissory notes, vouchers, coupons, tokens, tickets,
9 chits, or any object other than legal tender, even when expressly requested by
10 the employee. An employee shall have the right to designate the bank account
11 to which their wages shall be deposited, based on a list of at least five (5) bank
12 options to be given by the employer: Provided, that if none of the bank options
13 presented by the employer is feasible to the employee, the employer may pay
14 the employee's wages by issuing a company cheque, sending cash
15 electronically, or by disbursing cash to the employee.

16 Payment of wages by check or money order shall be allowed when such
17 manner of payment is customary on the date of effectivity of this Code, or is
18 necessary because of special circumstances as specified in appropriate
19 regulations to be issued by the Secretary of Labor and employment or as
20 stipulated in a collective bargaining agreement.”

21 SECTION 3. *Implementing Rules.* – The Department of Labor and Employment shall,
22 within ninety (90) days from the effectivity of this Act, promulgate such rules and
23 regulations as may be necessary for the effective implementation of this Act.

1 SECTION 4. *Repealing Clause.* – All laws, decrees, executive orders, rules and
2 regulations or parts thereof, which are inconsistent with this Act, are hereby repealed,
3 amended or modified accordingly.

4 SECTION 5. *Effectivity.* – This Act shall take effect fifteen (15) days following its
5 publication in the Official Gazette or in two (2) newspapers of general circulation.

6 *Approved,*