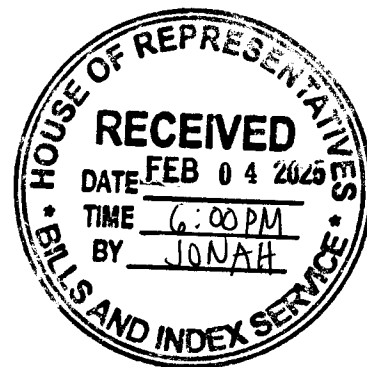


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Third Regular Session

House Bill No. **11424**



Introduced by Representative Ron P. Salo

EXPLANATORY NOTE

Overseas Filipinos play a crucial role in the economic development of the Philippines through their significant remittances, which sustain millions of Filipino families and contribute to the country's financial stability. Despite their contributions, many Overseas Filipinos face challenges in accessing efficient, secure, and affordable banking services. It is imperative for the government to establish financial institutions that specifically cater to their needs, ensuring seamless banking transactions and financial empowerment.

In 2020, the Land Bank of the Philippines (LBP) launched the OFBank as the country's first digital-only, branchless government bank, enabling global access to banking transactions. The OFBank Citizen's Charter envisioned it as the leading OFW-centric digital bank by 2024, offering stronger financial capabilities and secure services, in line with the Philippine Development Plan 2017-2022's focus on financial inclusion and efficient delivery of microfinance and micro-insurance. However, despite the advancements made by the OFBank, there remain gaps in fully meeting the diverse financial needs of Overseas Filipinos.

This proposed measure, entitled the "Overseas Filipino Bank Act," provides a revised Charter for the Overseas Filipino Bank (OFBank), solidifying its status as a dedicated government financial institution that will address the banking and financial needs of Overseas Filipinos and their families. The Act aims to institutionalize a digital bank designed to facilitate cost-effective remittances, accessible credit facilities, and enhanced financial services, consistent with the State's policy of recognizing the invaluable contributions of Overseas Filipinos to national development.

The bill aims to serve the financial needs of Overseas Filipinos, including Overseas Filipino Workers (OFWs), Returning Overseas Filipinos (ROFs), dual citizens, emigrants, immigrants, students studying abroad, and OFW families and dependents. It mandates accessible and low-cost remittance services, credit and financial assistance programs, and competitive banking products tailored for the Overseas Filipinos' needs. The bill sets an authorized capital stock of ten billion pesos, with at least 50% of its subscription reserved for Overseas Filipinos and their families, and the remainder reserved for the government. The OFBank is empowered to provide loans, savings, investments, insurance, and foreign exchange services, while its income shall fund welfare, reintegration and related programs for Overseas Filipinos.

Governed by a nine-member Board of Directors, including representatives from the government, Overseas Filipinos, and the private sector, the OFBank will operate under Bangko Sentral ng Pilipinas (BSP) regulations, ensuring transparency, security, and global accessibility.

Furthermore, this measure of providing for a revised charter seeks to solidify OFBank's status as an independent financial entity. This ensures its long-term sustainability, autonomy in financial operations, and ability to offer a wider range of financial products tailored for Overseas Filipinos. By institutionalizing the OFBank through legislation, the government safeguards its ability to maintain an efficient and financially stable institution that can cater to the unique needs of its clientele.

This proposed legislation is a timely and necessary measure to institutionalize financial inclusion for Overseas Filipinos, strengthen the remittance market, promote digital banking solutions, and ensure that the economic contributions of Overseas Filipinos are reinvested for their welfare and development.

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


RON P. SALO
KABAYAN Party List

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House Bill No. **11424**

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**AN ACT PROVIDING FOR THE REVISED CHARTER OF THE OVERSEAS
FILIPINO BANK, PROVIDING FUNDS THEREFOR, AND FOR OTHER
PURPOSES**

Section 1. Short Title. — This Act shall be known as the “Overseas Filipino Bank Act.”

Sec. 2. Declaration of Policy. — It is hereby declared the policy of the State to recognize the invaluable contributions of Overseas Filipinos to the nation’s economic growth and social development. In pursuit of this, the government shall ensure their financial well-being by promoting accessible, cost-effective, fast, and secure remittance systems for both senders and recipients. The State shall also enhance credit facilities and financial assistance programs to support enterprise development and personal needs of Overseas Filipinos and their families. Furthermore, the government shall strengthen its presence in the remittance market to foster competitiveness and drive down remittance costs for the benefit of Overseas Filipinos and their beneficiaries.

Sec. 3. Name, Place of Business, and Physical Touchpoints. — There is hereby created the Overseas Filipino Bank, a digital bank that offers products and services that are processed end-to-end through a digital platform and/or electronic channels. It shall hereinafter be referred to as the OFBank.

It shall maintain a principal/head office in the Philippines to serve as the main point of contact for stakeholders, including the Bangko Sentral and other regulators, and shall house the offices of management and support operations. As a digital bank, it may offer financial products and services through cash agents and other qualified service providers, subject to existing laws, rules, and guidelines by the Bangko Sentral ng Pilipinas (BSP) and in foreign countries it will operate. The OFBank may establish physical touchpoints in any part of the Philippines or abroad upon approval of its Board of Directors.

Sec. 4. Primary Functions of the Bank. — As a government financial institution dedicated to addressing the financial needs of the Overseas Filipinos, the OFBank shall:

- a. Develop financial services and instruments for the Overseas Filipinos, including migrant workers, both land-based and sea-based, Returning

Overseas Filipinos (ROFs), dual citizens, emigrants, immigrants, students studying abroad, and OFW families and dependents.

- b. Ensure that all Overseas Filipinos have access to the financial services and instruments of the bank.
- c. Ensure that the cost of its services and facilities, including remittances, are kept at the bare minimum.

Sec. 5. Powers in General. — The OFBank, upon its organization, shall be a corporate body and shall have the power:

- a. To prescribe, repeal, and alter its own by-laws and its operating policies, and to issue such rules and regulations as may be necessary to achieve the main purpose for the creation of the OFBank;
- b. To adopt, alter and use a corporate seal;
- c. To make contracts;
- d. To sue and be sued;
- e. To borrow money;
- f. To own real or personal property and introduce improvements thereon, and to sell, mortgage or otherwise dispose of the same;
- g. To employ officers and personnel, preferably from the OFs sector, as may be necessary to carry overseas Filipinos banking business;
- h. To establish physical touchpoints in the Philippines as may be necessary to carry on its overseas Filipinos banking business;
- i. To perform any or all of the following banking services:
 - i. Grant loans, whether secured or unsecured;
 - ii. Accept savings and time deposits, including basic deposit accounts as defined in the Manual of Regulations for Banks (MORB);
 - iii. Accept foreign currency deposits, as defined under Republic Act No. 6426, as amended;
 - iv. Invest in readily marketable bonds and other debt securities, commercial papers and accounts receivable, drafts, bills of exchange, acceptances or notes arising out of commercial transactions;
 - v. Act as correspondent for other financial institutions;
 - vi. Act as collection agent for non-government entities;
 - vii. Issue electronic money products subject to the guidelines provided under the MORB;
 - viii. Issue credit cards;
 - ix. Buy and sell foreign exchange; and
 - x. Present, market, sell and service microinsurance products subject to the guidelines provided under the MORB.
- j. To exercise the powers granted under this Charter, including incidental powers as may be necessary to carry on its business, subject to existing laws, rules, and guidelines as may be established by the BSP.
- k. To exercise the general powers mentioned in Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines and Republic Act No. 8791, otherwise known as the General Banking Law of 2000, in so far as they are not inconsistent or incompatible with the provisions of this Act.

The OFBank may offer savings accounts only for safekeeping or custody with no participation in profit and losses except unless otherwise authorized by the account holders to be invested.

Sec. 6. Authorized Capital Stock. — The authorized capital stock of the OFBank shall be Ten billion pesos (P10,000,000,000) divided into one hundred million par value shares of One hundred pesos each. All shares are nominative and indivisible. The Board of Directors and stockholders are hereby authorized to increase the authorized capital stock and provide the classification and features of shares, subject to pertinent laws and the rules and regulations of the BSP and Securities and Exchange Commission (SEC).

The subscription to and ownership of such shares, including the transfer thereof to third parties, shall be governed by pertinent laws, rules, and regulations; Provided, That at least fifty percent (50%) of the authorized capital stock shall be subscribed by the Government of the Republic of the Philippines, while the remaining fifty percent (50%) shall be made available for subscription exclusively to Overseas Filipinos and their families and dependents.

Sec. 7. Utilization of Income for the Benefit of Overseas Filipinos. — The income generated by the OFBank shall be utilized exclusively to fund programs, projects, and services aimed at enhancing the welfare and development of Overseas Filipinos including Overseas Filipino Workers (OFWs), Returning Overseas Filipinos (ROFs), dual citizens, emigrants, immigrants, students studying abroad, and OFW families and dependents and their families.

The income shall be dedicated to the following programs, but not be limited to:

1. Reintegration Support - Programs for livelihood, entrepreneurship, and financial assistance for returning Overseas Filipinos.
2. Education and Welfare Assistance - Scholarships, skills training, and emergency aid for dependents and families of Overseas Filipinos.
3. Financial Literacy and Empowerment - Initiatives that promote responsible financial management and investment opportunities for beneficiaries.
4. Crisis and Legal Support - Aid for Overseas Filipinos in distress, including repatriation, legal representation, and counseling.

5. Other programs consistent with this provision as approved by the Board of Directors.

Sec. 8. Loans, Investments, and Liabilities. – The OFBank is hereby authorized:

- a. To grant loans, advances, or other credit accommodations for the establishment, rehabilitation, expansion, or development of any agricultural, commercial or industrial enterprise, or personal service, including public utilities, in accordance with Republic No. 8791, the BSP rules and regulations, and under such terms as may be prescribed by the Board of Directors and that preference be given to applicants enumerated under Section 7 hereof, subject to pertinent BSP rules and regulations;
- b. To invest in stocks and other investment instruments subject to Republic Act No. 8791, and the BSP rules and regulations;

- c. To issue bond and other certificates of indebtedness subject to Republic Act No. 8791, and the BSP rules and regulations.

Sec. 9. The Board of Directors, Composition, Tenure, and Per Diems. — The Board of Directors, hereinafter referred to as the Board, shall consist of nine (9) members to be appointed by the President of the Philippines. The term of office of the Chairperson, President, and the members of the Board shall be for a period of one year or until such time as their successors are appointed. The Board shall direct the affairs and business of the OFBank shall manage, control, and preserve its properties, unless otherwise provided in this Act.

The Chairperson of the Board, and the President of the OFBank, who shall serve as Vice Chairperson, shall be appointed by the President of the Philippines. The position of Chairperson of the Board and President of the OFBank shall not be held by the same person. In case of incapacity or absence of both the Chairperson and the Vice-Chairman, the Board of Directors shall designate a temporary Chairperson from among its members.

The Secretary of Finance, Secretary of Migrant Workers, and the Secretary of the Commission on Filipinos Overseas shall serve as *ex officio* members of the Board. As such, they may designate their respective alternates who shall be the officials next-in-rank to them and whose acts shall be considered the acts of their principals.

No person shall be appointed regular director of the OFBank unless he/she is a natural-born citizen of the Philippines, not less than thirty-five (35) years of age, of good moral character and has attained proficiency, expertise and recognized competence in one or more of the following: banking, finance, economics, law, foreign affairs, business management or government administration.

Four (4) of the members of the Board shall be independent directors composed of one (1) representative from the private sector, one (1) representative from land-based OFWs, one (1) representative from sea-based OFWs, and one (1) representative from overseas Filipinos.

Except for the Chairperson and the President, no officer or employee of the Bank may be appointed as a member of the Board of Directors; nor shall any director, officer or employee of any other bank be eligible as a member of the same.

The Board, shall upon a majority vote of all its members, elect its chairperson, vice-chairperson, and secretary, at such time and place as shall be provided for in its by-laws.

The members of the Board, except for those serving *ex officio*, shall receive a per diem or allowance for every meeting of the board actually attended by them, the amount of which shall be within the acceptable banking industry rates and shall be set in accordance with the pertinent provisions of Republic Act No. 11232.

Sec. 10. Powers and Functions of the Board of Directors. — The Board of Directors shall:

- a. Formulate policies necessary to carry out effectively the provisions of this Act and adopt such by-laws, rules and regulations for the effective operation of the OFBank in conformity with this Act and other existing laws;
- b. Determine the organization of the OFBank by creating the necessary departments or offices essential for its efficient operation;
- c. Subject to prior approval of the Monetary Board, establish physical touchpoints in other countries; and
- d. Create an executive committee and such other committees as may be deemed necessary and proper in the conduct of the business of the corporations, with composition, powers and duties as it may prescribe, subject to BSP rules and regulations, and act on all matters affecting the general policies of the OFBank.

Sec. 11. Chairperson and Chief Executive Officer. — The Chairperson shall be the Chief Executive Officer of the OFBank, which shall have the direction and control of its business affairs and properties in all matters which are not explicitly stated to be done by the Board or other offices of the bank in this Charter or by the By-Laws of the bank. For this purpose, the Chairperson shall, among other powers and duties, execute, carry out, and administer the policies, measures, orders, and resolutions approved by the Board; direct and supervise the operation and administration of the Bank; and exercise such other powers and perform such other functions or duties as may be directed or assigned to him/her by law or by the Board from time to time.

Particularly, the Chairperson shall have the power and duty:

- a. To sign and execute all contracts concluded by the Bank and enter into all necessary obligations required or permitted by this Act, upon proper authorization by the Board; and sign all notes, securities, certificates, and other major documents of the bank;
- b. To exercise, as Chief Executive Officer of the Bank, the powers of control and supervision over decisions and actions of subordinate officers and all other powers that may be granted by the Board;
- c. To report monthly to the Board on the operations of the Bank and propose policies for the efficient, effective and economical operation of the Bank;
- d. To submit an annual report to the President of the Philippines on the result of the operations of the bank;
- e. To recommend to the Board the appointment, promotion, or removal of all officers of the bank, with the rank of at least vice-president or its equivalent;
- f. As required by circumstances, to delegate any of his powers, duties or functions to any officer or director of the bank, with the approval of the Board.

Sec. 12. Vice Chairperson and Chief Operating Officer. — The Vice Chairperson shall be the Chief Operating Officer of the Bank and shall assume and exercise such specific duties and responsibilities as may be delegated to him by the Chairman.

Sec. 13. Legal Counsel. — The OFBank shall have its own legal department, the chief of members of which shall be appointed by the Board of Directors. The Board

may engage the professional services of private external legal counsel whenever deemed necessary.

Sec. 14. Bank Auditor Reports. — The OFBank shall have its own auditing department, the head of which shall be appointed by the Board of Directors preferably from among recognized veterans or their heirs of good standing who are certified public accountants and with actual experience in the work of a comptroller or auditor. The auditor shall not suffer any diminution in salary during the auditor's term of office, and may not be removed except for cause.

Sec. 15. Conduct of Business. — The OFBank shall be subject to the prudential requirements set out by the BSP including corporate governance and risk management, particularly on information technology and cyber security, outsourcing, consumer protection and anti-money laundering (AML) and combating the financing of terrorism (CFT), as provided under existing regulations.

Sec. 16. Authority to Receive Deposit of Government Funds as an Official Government Depository. — The Secretary of Finance, the National Treasurer, and their authorized representatives, all city and municipal treasurers as well as official custodians of public funds, or those belonging to government-owned or controlled corporations are hereby authorized, if they so desire, to make and actually maintain deposits of any government or corporate fund with the OFBank, which is hereby declared to be an official government depository.

Sec. 17. Appropriations. — The amount necessary for the implementation of this Act shall be provided in the annual General Appropriations Act.

Sec. 18. Separability Clause. — If any provision or part hereof is held invalid or unconstitutional, the remaining provisions not affected thereby shall remain valid and subsisting.

Sec. 19. Repealing Clause. — Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

Sec. 20. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any two (2) newspapers of general circulation in the Philippines.

Approved,