



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. **2975**



Introduced by Representatives Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, Andrew Julian K. Romualdez and Jude A. Acidre

AN ACT
PROVIDING FOR PROTECTION OF THE REMITTANCES OF
OVERSEAS FILIPINO WORKERS

EXPLANATORY NOTE

Section 18 of Article II of the 1987 Constitution affirms that labor is a primary social economic force and guarantees that the rights of workers are protected and their welfare promoted. In addition, Section 3 of Article XIII of the same Constitution ensures full protection to labor, both local and overseas. Following these Constitutional mandates of the State, it is imperative that overseas Filipino workers (OFWs), or migrant workers, and their hard-earned money be protected.

OFWs remain a cornerstone of the Philippine economy, not only through their labor abroad but, more significantly through the remittances they send home. According to the Philippine Statistics Authority (PSA), an estimated 2.16 million OFWs were deployed between April and September 2023, a 9.8% increase from the previous year. During the same period, total remittances—comprising cash sent, cash brought home, and in-kind transfers—amounted to ₱238.63 billion, reflecting the enduring economic contribution of OFWs.¹

The Bangko Sentral ng Pilipinas (BSP) defines remittances as the money or goods that OFWs send back to their families in the Philippines from abroad. It is typically sent through various financial institutions, such as banks, money

¹ <https://psa.gov.ph/statistics/survey/labor-and-employment/survey-overseas-filipinos>

transfer agencies, and remittance companies (e.g., Western Union, MoneyGram, Palawan Express, etc.).² The PSA reported that among the modes of remittances, banks had the highest share at 62.2%, amounting to ₱116.47 billion of the total cash remittances sent by the OFWs. This was followed by money transfer services at 36.5%, accounting for ₱68.30 billion of all cash remittances.

Remittances not only stimulate consumption and investment activities but also contribute to national development and provide macroeconomic benefits to the Philippine economy. On one hand, remittances directly support households by supplementing their budgets and enabling increased spending on basic needs, durable goods, and investments.³ On the other hand, remittances augment foreign currency reserves, alleviate pressure on the exchange rate, sustain the balance of payments, and reduce the need for foreign borrowing. Unlike foreign borrowing and investments, remittances do not create future obligations. They also support capital market development, enabling recipients to accumulate productive assets and invest in financial instruments, while enhancing human capital. Remittances can also alleviate government financial burdens for social welfare programs.⁴

However, OFWs continue to face significant challenges in sending money home due to remittance fees, non-transparent service charges, and risks of fraud. The sending process often involves a fee that can vary depending on the amount, transfer method, and service provider. Further, many OFWs and their families lack adequate financial literacy, limiting the productive use of remittances for long-term financial security.

Considering these issues, this proposed bill seeks to safeguard the hard-earned money OFWs remit home against usurious interest rates and exorbitant fees charged by financial institutions that deplete the value of their remittances. It also seeks to provide OFWs and their families adequate education and training on financial literacy. In turn, it will also harness their contributions for sustainable national development.

Patterned after the approved Third Reading version of the measure filed during the 19th Congress, this bill proposes the following:

- **Discounts.** Subjects the fees imposed by banks and non-bank financial intermediaries on OFW remittances to immediate family members to a fifty percent (50%) discount (Sec. 4).
- **Free Mandatory Financial Education.** Mandates that the OFWs and their families be provided with a mandatory and continuous financial

² https://www.bsp.gov.ph/Consumer%20Corner/OF%20Portal_FAQs.pdf

³ <https://pidswebs.pids.gov.ph/CDN/document/pidsdps2317.pdf>

⁴ <https://www.bsp.gov.ph/Sites/researchsite/Publications/BSP-Discussion-Papers/DP202418.pdf>

program that is free-of-charge to be conducted either at their respective points-of-hire or after their return to the Philippines.

- **Empowered NGAs and NGOs.** The DMW, OWWA, DOF, BSP, DICT, DFA, Bankers Association of the Philippines, Association of Bank Remittance Officers, Inc., Philippine Association of Foreign Exchange Dealers, Money Changers and Remittance Agents, Inc., representatives from the placement or recruitment industry, non-government organizations advocating the rights and welfare of OFWs are assigned expanded responsibilities for the effective implementation of this Act.
- **Entitlements of Financial Intermediaries.** Incentivizes financial intermediaries by entitling them to claim the discounts granted as tax deduction based on the cost of services rendered to OFWs to be treated as ordinary and necessary expense deductible from the gross income of the intermediary falling under the category of itemized deductions.
- **Prohibited Acts and Corresponding Penalties.** Criminalizes certain acts in violation of the proposed measure and penalizes violators with imprisonment or fine. Financial institutions found guilty of violations may also be subject to penalties under applicable banking laws, including the New Central Bank Act (R.A. No. 7653) and the General Banking Law of 2000 (R.A. No. 8791)

In view of the foregoing, the passage of this measure is urgently requested.


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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 “Overseas Filipino Workers (OFWs) Remittance Protection Act.”

SECTION 2. *Declaration of Policy.* – The Constitution affirms that labor is the primary social economic force and mandates the State to protect the rights of the workers and promote their welfare.

Recognizing the significant contribution of OFWs to the national economy through foreign exchange remittances, the State shall adopt measures to protect the hard-earned money they remit home against usurious interest rates and exorbitant fees charged by financial institutions that deplete the value of their remittances and provide them and their families adequate education and training on financial literacy, such as financial planning and management of finances or

savings, to help ensure a source of livelihood even after their overseas employment.

SECTION 3. *Definition of Terms.* – As used in this Act:

- (a) *Overseas Filipino Worker* refers to a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a state of which the person is not a citizen or on board a vessel navigating the foreign seas other than a government ship used for military or non-commercial purposes or on an installation located offshore or on the high seas; to be used interchangeably with migrant worker;
- (b) *Remittance* refers to the foreign exchange earnings sent home by OFWs or their employers or agents through formal channels; and,
- (c) *Remittance fee* refers to the service fee or charge imposed by bank and non-bank financial intermediaries for sending money of OFWs through formal channels.

SECTION 4. *Applicability of this Act.* – The provisions of this Act shall be applicable to all OFW remittances, whether voluntary or mandated by law, orders, issuances, or rules and regulations.

SECTION 5. *Discount on Remittance Fees and Tax Deduction Granted to Establishments.* – Fees imposed by banks and non-bank financial intermediaries on OFW remittances to immediate family members shall be subject to a fifty percent (50%) discount.

Bank and non-bank financial intermediaries providing discounts on remittance fees may claim the discounts granted as tax deduction based on the cost of services rendered to OFWs to be treated as ordinary and necessary expense deductible from the gross income of the intermediary falling under the category of itemized deductions: *Provided*, That the Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, issue the pertinent revenue regulation for the purpose.

SECTION 6. *Requirement of Posting of the Peso Equivalent of the Currency to be Exchanged.* – All bank and non-bank financial intermediaries offering remittance services to OFWs shall be required to post in a conspicuous place within the establishment’s premises the Philippine peso equivalent rate of the foreign currencies being transacted. The Philippine peso equivalent of the amount as remitted shall be the same amount that shall be received by the beneficiary of the remittance.

SECTION 7. *Prohibition from Raising Remittance Fees.* – All banks and non-bank financial intermediaries offering remittance services to OFWs are prohibited from raising their current remittance fees without prior consultation with the Department of Finance (DOF), Bangko Sentral ng Pilipinas (BSP), and the Department of Migrant Workers (DMW).

SECTION 8. *Prohibited Acts.* – The following acts are also prohibited:

- (a) Misappropriation or conversion, to the prejudice of the OFW or beneficiary, of foreign exchange remittances received in trust, or on commission, or for administration, or under any other obligation

involving the duty to make delivery of, or to return the same, or by denying having received such foreign exchange remittance;

(b) Taking of foreign exchange remittances without the consent of the OFW or beneficiary;

(c) Imposition of remittance fees in excess of those prescribed under Section 5 of this Act;

(d) Failure to post in a conspicuous place of the establishment the Philippine Peso rate of the foreign currency being transacted; and

(e) Failure to conduct consultation with the DOF, BSP, and the DMW before raising remittance fees.

SECTION 9. *Penalties.* – Any person who is found guilty of any of the acts described in Section 8 hereof shall be punished by an imprisonment of six (6) months and one (1) day to six (6) years and a fine of Fifty thousand pesos (Php 50,000.00) but not exceeding Seven hundred fifty thousand pesos (Php 750,000.00).

Aside from the criminal liability provided in the preceding paragraph, institutions governed and supervised by the BSP found to have violated the provisions of Section 8 of this Act shall be subjected to the necessary fines, penalties, and sanctions as provided under Republic Act No. 7653, or “The New Central Bank Act”, Republic Act No. 8791, or “The General Banking Law of 2000”, and other pertinent banking regulations.

In case the violation is committed by a corporation or partnership, the liability shall be imposed on the president, managing director or partner, general manager, or other responsible officers of the corporation or partnership.

SECTION 10. *Free Mandatory Financial Education for OFWs and their Families.* – The DMW as the lead agency, in coordination with the Overseas Workers Welfare Administration (OWWA), the DOF, and the BSP, shall ensure that a mandatory financial education program – which shall be served free-of-charge – shall be provided to OFWs and their families. These agencies shall likewise educate the OFWs and their families on the following financial subjects, issues or programs: Consumer Protection, Protection on Mortgaged or Collateralized Properties, Avoidance of Exorbitant Interests on Loans or Debts, and Credit Information on Micro- and Small-Scale Enterprises to prospective lenders.

Financial education shall also include information on Obligations and Contracts, Credit Transactions, Interests, Pledges, Mortgages, Guarantees, and knowledge on Financial Products, such as stocks, bonds, insurance, and mutual funds, which are available in the market.

As such, all OFWs shall undergo mandatory and continuously updated financial education (literacy training) seminars which shall become an integral part of the Pre-Departure Orientation Seminar (PDOS) of departing OFWs. Moreover, Post-Arrival Training Seminars (PATs) on financial education or literacy shall likewise be required of OFWs within a reasonable time upon their arrival in their respective countries of destination on their first employment contract, or those who transfer from one place of work to another without stopping by the Philippines. Overseas Filipino Seafarers shall have the option of attending these continuously updated financial education (literacy training)

seminars at their respective points-of-hire, or within a reasonable time, after their return to the Philippines.

Families of OFWs throughout the Philippines shall likewise be equipped with financial education and knowledge through on-line seminars and other feasible and effective means.

The PDOS and PATS shall be primarily conducted by the DMW, in coordination with the OWWA, the DOF, the BSP, the Department of the Interior and Local Government and all the barangays under it, and the accredited PDOS providers across the country, including the embassies or consulates, whichever may be available, in the countries of destination.

The DMW shall regularly coordinate with the Department of Information and Communications Technology and social media companies to disallow posts and messages that are meant to confuse, mislead, victimize, defraud or entice OFWs and their families to engage in gambling and other similar activities, including on-line scams, pyramiding schemes, and the like.

As the lead agency, the DMW is tasked to formulate training modules on financial education or 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 on-line financial and economic advisors and/or counselors; and disseminate knowledge-expanding activities that promote financial education (literacy) among OFWs and their dependents.

SECTION 11. *Liability under the Revised Penal Code and Other Laws.*

– Prosecution under this Act shall be without prejudice to any liability for violation of any provision of the Revised Penal Code or other laws.

SECTION 12. *Implementing Agency.* – The DMW shall, in consultation with the BSP, DOF, OWWA, Department of Foreign Affairs, Bankers Association of the Philippines, Association of Bank Remittance Officers, Inc., Philippine Association of Foreign Exchange Dealers, Money Changers and Remittance Agents, Inc., representatives from the placement or recruitment industry, non-government organizations advocating the rights and welfare of OFWs, and other stakeholders, issue the necessary rules and regulations for the effective implementation of this Act, within ninety (90) days after the approval of this Act.

SECTION 13. *Repealing Clause.* – All laws, decrees, executive orders, issuances, rules and regulations which may be inconsistent with any of the provisions of this Act are hereby deemed repealed, amended or modified accordingly.

SECTION 14. *Separability Clause.* – If any provision of this Act is held unconstitutional or invalid, such holding shall not affect other provisions not affected thereby.

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

Approved,