

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 3690



Introduced by **Rep. FERDINAND ALEXANDER A. MARCOS**
1st District, Ilocos Norte

EXPLANATORY NOTE

The 1987 Philippine Constitution affirms that “labor is a primary social economic force” and mandates the State to “protect the rights of workers and promote their welfare” (Article II, Section 18). It further directs the State to “afford full protection to labor, local and overseas, organized and unorganized” (Article XIII, Section 3), and to promote “a more equitable distribution of opportunities, income, and wealth” in pursuit of social justice (Article XII, Section 1). This proposed legislation seeks to give effect to those constitutional mandates by protecting the remittances of Overseas Filipino Workers (OFWs), who, by their sacrifices abroad, continue to sustain thousands, if not millions, of Filipino households and contribute to the national economy.

Recent data from the Bangko Sentral ng Pilipinas (BSP) reinforce the economic significance of OFW remittances. In April 2025, cash remittances rose by 4 percent, reaching USD2.66 billion, compared to USD2.56 billion in April 2024. This marked the fastest monthly growth since December 2022. From January to April 2025, total cash remittances amounted to USD11.11 billion, reflecting a 3 percent increase from the USD10.78 billion posted in the same period of 2024.

Personal remittances, which include cash transfers through banks and informal channels, as well as in-kind contributions, also climbed to USD2.97 billion in April 2025, up 4.1 percent from USD2.86 billion a year prior. Cumulative personal remittances reached USD12.37 billion in the first four months of 2025, likewise posting a 3 percent increase year-on-year.

These robust inflows highlight both the resilience and loyalty of Filipino migrant workers. As NEDA Secretary Arsenio M. Balisacan earlier emphasized, “The 2.6% year-on-year increase in Filipino remittances in February 2025—closely following January’s 2.9% growth—underscores not only the resilience of overseas Filipinos amid global challenges, but also their deep sense of responsibility, adaptability, and enduring commitment to support their families back home.” Further, according to economic analysts, factors and exchange rate dynamics, particularly the relative strength of the Philippine peso, are prompting OFWs to remit larger amounts to maintain the same real value for their families back home.

Despite this positive trend, OFW remittances remain exposed to structural risks and exploitative practices. Excessive transaction fees, undisclosed exchange margins, and financial fraud continue to erode the real value of remittances. These systemic challenges compromise both the economic security of OFWs and the welfare of their dependents in the Philippines.

This proposed measure, to be known as the “*Overseas Filipino Workers (OFWs) Remittance Protection Act*,” seeks to address these gaps and institutionalize a protective legal framework with the following key features:

- Mandatory Fifty Percent (50%) Discount on Remittance Fees for transactions to immediate family members, coupled with a tax deduction incentive for financial intermediaries;
- Transparency Requirements, including the conspicuous posting of the peso-equivalent exchange rate in all remittance service establishments to ensure full disclosure and fair value;
- Prohibition against unilateral fee increases without prior consultation with the Department of Finance (DOF), Bangko Sentral ng Pilipinas (BSP), and Department of Migrant Workers (DMW);
- Criminal and administrative sanctions against institutions and responsible officers who engage in misappropriation, overcharging, non-disclosure, and other prohibited acts; and
- Institutionalization of Free Financial Education Programs, to be delivered before departure and after arrival, targeting both OFWs and their families and covering topics such as consumer protection, debt avoidance, investment strategies, and credit transactions.

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


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

Be it enacted by the Senate and the 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.*"

SEC. 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 their hard-earned money they remit home against usurious interest rates and exorbitant fees charged by financial institutions that deplete the value of their remittances. The State will also provide OFWs and their families with 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.

SEC. 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. This term is 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.
- (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.

SEC. 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.

SEC. 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. These financial intermediaries may claim the granted discounts as a tax deduction, based on the cost of services rendered to OFWs. This deduction will be treated as an ordinary and necessary expense and is deductible from the intermediary's gross income under the category of itemized deductions. The Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, will issue the pertinent revenue regulation for this purpose.

SEC. 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 must post the Philippine peso equivalent rate of the foreign currencies being transacted in a conspicuous place within the establishment's premises. The Philippine peso equivalent of the remitted amount shall be the same amount that the beneficiary of the remittance receives.

SEC. 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).

SEC. 8. Prohibited Acts. - The following acts are also prohibited:

- (a) Misappropriation or conversion of foreign exchange remittances received in trust, on commission, or for administration, or under any other obligation involving the duty to make a delivery or return of the remittance, to the prejudice of the OFW or beneficiary. This includes denying receipt of such a remittance.
- (b) Taking of foreign exchange remittances without the consent of the OFW or beneficiary.
- (c) Imposition of remittance fees that are in excess of those prescribed in Section 5 of this Act.
- (d) Failure to post the Philippine Peso rate of the foreign currency being transacted in a conspicuous place of the establishment.
- (e) Failure to consult with the DOF, BSP, and the DMW before raising remittance fees.

SEC. 9. Penalties. - Any person found guilty of the acts described in Section 8 shall be punished with 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). Additionally, institutions supervised by the BSP

that violate Section 8 will be subject to fines, penalties, and sanctions as outlined in Republic Act No. 7653, or "The New Central Bank Act," Republic Act No. 8791, or "The General Banking Law of 2000," and other relevant banking regulations. If a corporation or partnership commits the violation, the liability will be imposed on the president, managing director or partner, general manager, or other responsible officers.

SEC. 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, will ensure a mandatory, free-of-charge financial education program is provided to OFWs and their families. These agencies will likewise educate the OFWs and their families on the following financial subjects, issues, and 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 for 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.

As such, all OFWs must undergo mandatory and continuously updated financial education seminars, which will be an integral part of the Pre-Departure Orientation Seminar (PDOS) for departing OFWs. Post-Arrival Training Seminars (PATS) on financial education will also be required for OFWs within a reasonable time after their arrival in their destination country on their first employment contract, or for those who transfer to another workplace without returning to the Philippines. Overseas Filipino Seafarers have the option to attend these seminars at their point-of-hire or within a reasonable time after returning to the Philippines. Families of OFWs across the Philippines will receive financial education through online seminars and other effective methods.

The DMW, in coordination with OWWA, DOF, BSP, the Department of the Interior and Local Government and all barangays under it, and accredited PDOS providers, will primarily conduct the PDOS and PATS. This includes embassies or consulates in the countries of destination, wherever available. The DMW will regularly coordinate with the Department of Information and Communications Technology and social media companies to disallow posts and messages that are intended to confuse, mislead, defraud, or victimize OFWs and their families, including online scams and pyramiding schemes. As the lead agency, the DMW is tasked with formulating training modules, conducting training programs, apprising OFWs of financial opportunities and pitfalls, ensuring access to online financial and economic advisors, and disseminating activities that promote financial education.

SEC. 11. Liability under the Revised Penal Code and Other Laws. - Prosecution under this Act will not prejudice any liability for a violation of the Revised Penal Code or other laws.

SEC. 12. Implementing Agency. - The DMW, in consultation with various stakeholders including the BSP, DOF, OWWA, Department of Foreign Affairs, and representatives from the banking and recruitment industries, will issue the necessary

rules and regulations for this Act's effective implementation within ninety (90) days after its approval.

SEC. 13. Repealing Clause. - All laws, decrees, executive orders, issuances, rules, and regulations that are inconsistent with this Act's provisions are repealed, amended, or modified accordingly.

SEC. 14. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, it will not affect the other provisions.

SEC. 15. Effectivity. - This Act will take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general.

Approved,