

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5077



Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

EXPLANATORY NOTE

Overseas Filipino Workers (OFWs) remain at the forefront of the Philippine economy, sending home US\$38.3 billion in remittances in 2024, or about 9 percent of GDP, according to the Bangko Sentral ng Pilipinas (BSP). These remittances sustain millions of families and contribute to national economic stability.

However, OFWs and their families often suffer from excessive fees, hidden charges, unclear exchange rates, and even fraudulent practices. While existing laws, such as the Migrant Workers and Overseas Filipinos Act (R.A. 8042, as amended by R.A. 10022) and the New Central Bank Act (R.A. 7653), provide general protection, there is no comprehensive law specifically addressing remittance-related abuses.

This bill seeks to:

1. Mandate **discounts on remittance fees** and provide tax incentives for compliant institutions;
2. Require **transparency in exchange rates** and prohibit arbitrary increases in remittance fees;
3. Penalize **fraudulent or abusive practices** by remittance providers; and
4. Institutionalize **free financial literacy programs** for OFWs and their families.

In the Senate, **Senate Bill No. 181** (Sen. Camille Villar) and **Senate Bill No. 1074** (Sen. Jinggoy Ejercito Estrada) have been filed with similar objectives, underscoring the urgency and importance of passing a harmonized law that protects the hard-earned money of our modern-day heroes.

By safeguarding remittances, this measure affirms the State's constitutional duty to protect labor and ensures that every peso earned abroad is maximized for the welfare of OFWs, their families, and the nation as a whole.

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


ERIC L. OLIVAREZ

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**AN ACT PROVIDING PROTECTION TO THE REMITTANCES OF
OVERSEAS FILIPINO WORKERS (OFWs), PROVIDING PENALTIES
FOR VIOLATIONS THEREOF, 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 "Overseas Filipino Workers (OFWs) Remittance Protection Act".

Sec.2. Declaration of Policy. - The Constitution affirms that labor is a 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 their remittances, the State shall adopt measures to protect their hard-earned money, monitor or regulate institutions that deplete the value of their remittances and provide them and their families with adequate education and training on financial literacy, such as financial planning and management employment.

Sec.3. Definition of Terms. - As used in this Act:

- a) Overseas Filipino Worker (OFW) 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 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.

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.

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.

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 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.

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, 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.

Sec. 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 (P50,000.00) but not exceeding Seven Hundred Fifty Thousand Pesos (P750,000.00).

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 where 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.

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, shall ensure that a mandatory financial education program shall be extended to OFWs and their families

Agencies shall likewise educate the OFWs and their families on the following financial subjects, issues or programs:

- a) Consumer Protection, Protection on Mortgaged or Collateralized Properties,
- b) Avoidance of Exorbitant Interests on Loans or Debts, and Credit Information on Micro- and Small-Scale Enterprises to prospective lenders shall be provided to OFWs and their families.
- c) 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.

Sec. 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.

Sec. 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.

Sec. 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.

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

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

Approved,