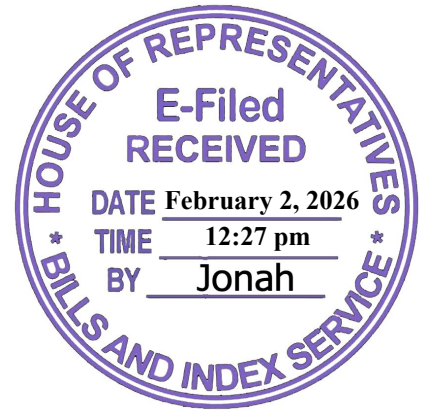




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 7525



Introduced by Representative Lordan G. Suan

AN ACT
PROVIDING PROTECTION TO THE REMITTANCES OF
OVERSEAS FILIPINO WORKERS (OFWs), PROVIDING
PENALTIES FOR VIOLATIONS THEREOF, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

The remittance of overseas Filipinos, which includes overseas contract workers and Filipino immigrants, residents, and non-immigrants abroad, has been the lifeblood of the Philippine economy. It is a significant contributor to the Gross National Income (GNI) of the country, a steady source of our Foreign Exchange Reserves, and a major source of income for Filipino households.

Personal remittances from overseas Filipinos reached US\$36.14 billion in 2022, a 3.6% increase over remittance flows in 2021. It contributed 8.4% of the country's GNI. Personal remittances have already reached US\$14.46 billion in the first five months of 2023, a 3.1% rise over the same period in 2022. This increase was due to increasing remittances sent by land-based workers with one-year contracts or longer, as well as sea-based and land-based workers with contracts of less than one year (BSP, 2023). According to the Philippine Statistics Authority, there are 1.83 million overseas Filipino workers, the majority of whom are women, and four out of every ten of them work in elementary occupations (PSA, 2022).

The personal sacrifice of the Overseas Filipino Workers for this country and their families should be recognized and honored by the State by protecting their

hard-earned remittances.

This bill seeks that the remittance of OFWs be lowered to its minimum or at a discounted rate to lessen the burden some fees charged by banks and money transfer service providers. It also aims to provide a special exchange rate for their currency exchange to maximize the value of the money received by their families. These efforts will result in increased spending on education, health, goods, and services.

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


LORDAN G. SUAR



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

1 **SECTION 1. Short Title.** – This Act shall be known as the “OFW
2 Remittance Protection Act.”

3
4 **SEC. 2. Declaration of Policy.** – The State shall ensure the protection of
5 the rights of the Overseas Filipino Workers (OFW) and ensure their welfare
6 and that of their families through adequate safeguards on their remittances
7 pursuant to Article II, Section 18 of the 1987 Constitution, which states, “The
8 State affirms labor as a primary social economic force. It shall protect the rights
9 of workers and promote their welfare.”

10
11 **SEC. 3. Definition of Terms.** – For this Act, the following terms are
12 defined as follows:

- 13 (a) Exchange Rate – refers to the unit price of a foreign currency relative to
14 the domestic currency.
15 (b) Money Transfer Service Provider – refers to a non-bank financial
16 intermediary engaged in the transfer of funds by OFWs, their employer,
17 or their representative to the OFW’s country of origin.
18 (c) Overseas Filipino Worker – refers to a Filipino who is engaged in a

1 remunerated activity in a country in which he or she is not an immigrant,
2 citizen, or permanent resident, whether in a land-based or sea-based
3 working arrangement.

4 (d) Remittance – refers to the transfer of funds made by OFWs, their
5 employer, or their representative to the OFW’s country of origin through
6 a bank or money transfer service provider.

7 (e) Remittance Fee – refers to the amount charged for the services rendered
8 by the bank or money transfer service provider for the transfer of funds.
9

10 **SEC. 4. Special Remittance Fee.** – The Bangko Sentral ng Pilipinas
11 (BSP) shall set a special remittance fee imposed by a bank or money transfer
12 service provider for the remittance made by the OFWs, their employer, or their
13 representative, which shall be as minimal as possible or may be discounted.
14 The BSP shall offer a financial incentive to the bank or money transfer service
15 provider for the minimal or discounted remittance rate offered to the OFWs.

16 Provided, that the special remittance fee shall not be raised by the bank or
17 money transfer service provider without prior notice and approval of the
18 BSP.
19

20 **SEC. 5. Special Exchange Rate.** – The BSP shall set a special exchange
21 rate exclusively for OFW remittances to maximize the value of money sent to
22 their families. It shall be at the discretion of the BSP to set the schedule of the
23 special exchange rate depending on inflation, interest rates, balance of trade,
24 debt rating, and the country’s economic performance.
25

26 The special exchange rate shall apply to all remittances and money exchange
27 transactions of the OFW or his or her representative at all banks, money transfer
28 service providers, and money exchange establishments.
29

30 Provided, that the BSP shall set the limit of the amount to be exchanged using
31 the special exchange rate. The exchange rate of the amount beyond the limit set
32 by the BSP shall follow the real-time exchange rate posted in the daily
33 Reference Exchange Rate Bulletin (RERB) of the BSP.
34

35 Provided, further, that the BSP may temporarily suspend the application of the
36 special exchange rate during an economic crisis, recession, political instability,
37 pandemic, or market distortion that may be found prejudicial to the economic
38 stability of the country.
39

40 **SEC. 6. OFW Special Exchange Rate Card** – The OFW special

1 exchange rate Identification card shall be issued by the Department of Migrant
2 Workers (DMW) to an eligible OFW and a representative of his or her choice. It
3 shall be presented by the bearer to avail of the special exchange rate at banks,
4 money transfer service providers, or money exchange establishments.

5
6
7 **SEC. 7. Financial Incentive.** – The BSP shall offer a financial incentive
8 to the bank, money transfer service provider, or money exchange establishment
9 for the special remittance rate and the special exchange rate offered to the
10 OFWs.

11
12 **SEC. 8. Remittance or Money Exchange Receipt.** – The bank, money
13 transfer service provider, or money exchange establishment that engages in
14 OFW remittance services or money exchange transactions shall provide a
15 receipt that contains the following information:

- 16 (a) The exchange rate for the transacted foreign currency amount;
17 (b) The real-time exchange rate for the foreign currency amount that
18 exceeds the limit for the special exchange rate; and
19 (c) The remittance fee for the service rendered in the transfer of funds.

20
21
22 **SEC. 9. Request for Original Currency.** – Banks and money transfer
23 service providers receiving remittances that specify that the original currency be
24 paid out shall comply with the contractual agreement entered into between them
25 and the sender. Provided, that when there is non-availability of the foreign
26 currency stipulated, the bank or service provider may ask for a waiver from the
27 recipient of his or her right to receive the specified foreign currency. In the
28 absence of a waiver or written consent, the recipient shall exercise his or her
29 right to demand compliance with the contractual agreement.

30
31 **SEC. 10. Punishable Acts.** – The following acts committed by the bank,
32 money transfer service provider, or money exchange establishment and/or its
33 employees shall be punishable under this Act:

- 34 (a) Failure to comply with the prescribed special remittance fee set by the
35 BSP;
36 (b) Failure to comply with the prescribed special exchange rate set by the
37 BSP;
38 (c) Failure to comply with the prescribed real-time exchange rate for the
39 foreign currency amount that exceeds the limit for the special exchange
40 rate; and
41 (d) Substituting Philippine Peso currency for the specified foreign currency
42 stipulated in the contractual agreement without the written consent of

1 the recipient.

2
3 **SEC. 11. Penalties.** – Any person, or in the case of a partnership or
4 corporation, the managing partner or the president, found to have committed
5 any unlawful acts or omissions provided for under this Act shall be punished with
6 imprisonment of not less than six (6) years but not more than ten (10) years and
7 a fine of not less than Two Hundred Thousand Pesos (Php200,000.00) but not
8 more than One Million Pesos (Php1,000,000.00).

9
10 **SEC. 12. Monitoring.** – The BSP shall regularly monitor the compliance
11 of banks, money transfer service providers, and money exchange establishments
12 with the provisions of this Act.

13
14 **SEC. 13. Implementing Rules and Regulations** –Within sixty (60) days
15 from the promulgation of this Act, the BSP and the DMW shall formulate the
16 necessary rules and regulations for its effective implementation.

17
18 **SEC. 14. Separability Clause.** – If any provision of this Act is declared
19 invalid or unconstitutional, the provisions not hereby affected shall remain in
20 full force and effect.

21
22 **SEC. 15. Repealing Clause.** – All laws, decrees, orders, rules, and
23 regulations, or parts thereof, inconsistent with or contrary to the provisions of
24 this Act are repealed, amended, or modified accordingly.

25
26 **SEC. 16. Effectivity.** – This Act shall take effect fifteen (15) days from
27 the date of its publication in the Official Gazette or two (2) newspapers of
28 general circulation, or a website provided for by law.

Approved,