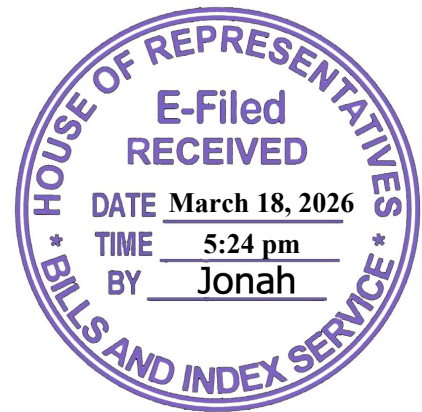


Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8693



Introduced by Hon. Kenneth T. Gatchalian

EXPLANATORY NOTE

Overseas Filipino Workers (OFWs) remain among the country's strongest economic pillars, with personal remittances reaching USD 36.14 billion in 2024, accounting for a significant share of the Philippines' gross domestic product and serving as a lifeline for millions of Filipino households.¹ Despite this substantial contribution, many OFWs continue to face high remittance fees, non-transparent exchange rate practices, and exposure to abusive or exploitative financial schemes that reduce the value of their hard-earned income.

This bill seeks to establish a comprehensive framework for the protection of OFW remittances by regulating fees imposed by financial institutions, ensuring transparency in exchange rates, penalizing fraudulent and abusive practices, and strengthening financial literacy among OFWs and their families. It also promotes greater accountability among service providers and reinforces the role of government agencies in safeguarding remittance flows.

By securing the integrity and maximizing the value of remittances, this measure aims to protect the financial welfare of OFWs and sustain their critical contribution to national economic stability.

¹ <https://business.inquirer.net/579770/ph-remittances-rose-3-5-in-jan-despite-seasonal-pullback>

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



KENNETH T. GATCHALIAN

Republic of the Philippines
House of Representatives
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TWENTIETH CONGRESS
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HOUSE BILL NO. 8693

Introduced by Hon. Kenneth T. Gatchalian

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

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

3 **SEC. 2.** *Declaration of Policy.* – The Constitution affirms that labor is the
4 primary socioeconomic force and mandates the State to protect the rights of the
5 workers and promote their welfare.

6 Recognizing the significant contribution of OFWs to the national economy
7 through foreign exchange remittances, the State shall adopt measures to protect the
8 hard-earned money they remit home against usurious interest rates and exorbitant
9 fees charged by financial institutions that deplete the value of their remittances and
10 provide them and their families adequate education and training on financial
11 literacy, such as financial planning and management of finances or savings, to help
12 ensure a source of livelihood even after their overseas employment.

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

1 (a) *Overseas Filipino Worker* refers to a person who is to be engaged, is
2 engaged or has been engaged in a remunerated activity in a state of which
3 the person is not a citizen or on board a vessel navigating the foreign seas
4 other than a government ship used for military or non-commercial
5 purposes or on an installation located offshore or on the high seas; to be
6 used interchangeably with migrant worker;

7 (b) *Remittance* refers to the foreign exchange earnings sent home by OFWs
8 or their employers or agents through formal channels; and

9 (c) *Remittance Fee* refers to the service fee or charge imposed by bank and
10 non-bank financial intermediaries for sending money of OFWs through
11 formal channels.

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

15 **SEC. 5.** *Discount on Remittance Fees and Tax Deduction Granted to*
16 *Establishments.* – Fees imposed by banks and non-bank financial intermediaries on
17 OFW remittances to immediate family members shall be subject to a fifty percent
18 (50%) discount.

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

26 **SEC. 6.** *Requirement of Posting of the Peso Equivalent of the Currency to*
27 *be Exchanged.* – All bank and non-bank financial intermediaries offering remittance
28 services to OFWs shall be required to post in a conspicuous place within the

1 establishment's premises the Philippine peso equivalent rate of the foreign
2 currencies being transacted. The Philippine peso equivalent of the amount as
3 remitted shall be the same amount that shall be received by the beneficiary of the
4 remittance.

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

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

- 11 (a) Misappropriation or conversion, to the prejudice of the OFW or
12 beneficiary, of foreign exchange remittances received in trust, or on
13 commission, or for administration, or under any other obligation
14 involving the duty to make delivery of, or to return the same, or by
15 denying having received such foreign exchange remittance;
- 16 (b) Taking of foreign exchange remittances without the consent of the OFW
17 or beneficiary;
- 18 (c) Imposition of remittance fees in excess of those prescribed under Section
19 5 of this Act;
- 20 (d) Failure to post in a conspicuous place of the establishment the Philippine
21 Peso rate of the foreign currency being transacted; and
- 22 (e) Failure to conduct consultation with the DOF, BSP, and the DMW before
23 raising remittance fees.

24 **SEC. 9. *Penalties.*** – Any person who is found guilty of any of the acts
25 described in Section 8 hereof shall be punished by an imprisonment of six (6)
26 months and one (1) day to six (6) years and a fine of Fifty thousand pesos (PHP
27 50,000.00) but not exceeding Seven hundred fifty thousand pesos (PHP
28 750,000.00).

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

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

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

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

23 As such, all OFWs shall undergo mandatory and continuously updated
24 financial education (literacy training) seminars which shall become an integral part
25 of the Pre-Departure Orientation Seminar (PDOS) of departing OFWs. Moreover,
26 Post-Arrival Training Seminars (PATs) on financial education or literacy shall
27 likewise be required of OFWs within a reasonable time upon their arrival in their
28 respective countries of destination on their first employment contract, or those who

1 transfer from one place of work to another without stopping by the Philippines.
2 Overseas Filipino Seafarers shall have the option of attending these continuously
3 updated financial education (literacy training) seminars at their respective points-of-
4 hire, or within a reasonable time, after their return to the Philippines.

5 Families of OFWs throughout the Philippines shall likewise be equipped with
6 financial education and knowledge through online seminars and other feasible and
7 effective means.

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

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

18 As the lead agency, the DMW is tasked to formulate training modules on
19 financial education or literacy; initiate and conduct training programs on financial
20 management and responsibility; apprise OFWs on financial opportunities and
21 pitfalls, among others; ensure the accessibility of qualified online financial and
22 economic advisors and/or counselors; and disseminate knowledge-expanding
23 activities that promote financial education (literacy) among OFWs and their
24 dependents.

25 **SEC. 11. *Repealing Clause.*** – All laws, decrees, executive orders, issuances,
26 rules and regulations which may be inconsistent with any of the provisions of this
27 Act are hereby deemed repealed, amended or modified accordingly.

1 **SEC. 12. *Separability Clause.*** – If any provision or part of this Act is held
2 unconstitutional or invalid, such holding shall not affect other provisions not
3 affected thereby.

4 **SEC. 13. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
5 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,