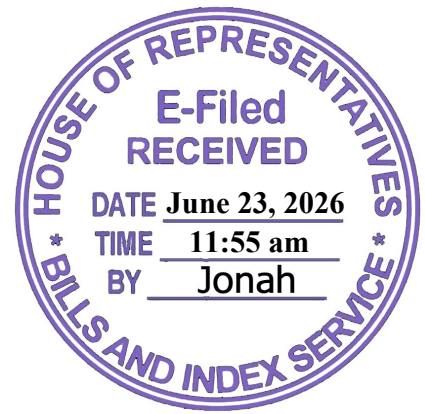


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9928**



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to establish the charter of the Overseas Filipino Bank (OFB) as a government financial institution mandated to provide accessible, secure, and responsive banking services to overseas Filipinos and their families. It also seeks to promote financial inclusion and support their economic welfare and reintegration.

Overseas Filipinos continue to play a vital role in sustaining the Philippine economy through remittances, investments, and other intangible contributions to national development. Despite their significant contributions, many overseas Filipinos still have limited access to affordable banking services, credit facilities, and investment products suited to their circumstances. The absence of a dedicated financial institution limits the government's capacity to deliver targeted financial programs and responsive banking services to our overseas Filipinos.

This measure provides for the capitalization, governance, and operational framework of the and authorizes the Bank to develop financial products and services, facilitate affordable remittance transactions, expand access to credit and investment opportunities, and support programs on reintegration, financial literacy, and welfare assistance. The bill likewise ensures the prudent, transparent, and accountable operations of the OFB in accordance with existing banking laws and regulations of the Bangko Sentral ng Pilipinas.

The establishment of the Overseas Filipino Bank affirms the State's commitment to protect the financial interests of overseas Filipinos, reduce the cost of financial transactions, expand economic opportunities, and promote our modern day heroes' long-term economic security.

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


HON. ERIC G. YAP

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TWENTIETH CONGRESS
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House Bill No. **9928**

Introduced by **Representative ERIC G. YAP**

AN ACT
PROVIDING FOR THE CHARTER OF THE OVERSEAS FILIPINO BANK,
PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

Section 1. This Act shall be known as the “*Overseas Filipino Bank (OFB) Act*”.

SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the State to recognize the invaluable contributions of Overseas Filipinos to the nation's economic growth and social development. In pursuit of this, the government shall ensure their financial well-being by promoting accessible, cost-effective, fast, and secure remittance systems for both senders and recipients.

The State shall also enhance credit facilities and financial assistance programs to support enterprise development and personal needs of Overseas Filipinos and their families. Furthermore, the government shall strengthen its presence in the remittance market to foster competitiveness and drive down remittance costs for the benefit of Overseas Filipinos and their beneficiaries.

SEC. 3. *Name, Place, and Primary Functions of the Bank.* — There is hereby created the Overseas Filipino Bank (OFB) and it shall maintain its principal office in the Philippines. As a government financial institution dedicated to addressing the financial needs of the Overseas Filipinos, the OFB shall:

a. Create a digital bank dedicated to Overseas Filipinos and their families, subject to Republic Act (RA) No. 11232, otherwise known as the “*Revised Corporation Code of the Philippines*”, and RA No. 8791, otherwise known as “*The General Banking Law of 2000*”, and other relevant laws;

b. Ensure and develop financial services and instruments for the Overseas Filipinos, including migrant workers, both land-based and sea-based, Returning Overseas Filipinos (ROFs), dual citizens, emigrants, immigrants, students studying abroad, and OFW families and dependents;

c. Provide reintegration support, financial literacy, and welfare/crisis assistance bank; and

d. Ensure that the cost of its services and facilities, including remittances, are kept at the bare minimum.

SEC. 4. *Powers in General.* — The OFB, upon its organization, shall be a corporate body and shall have the power to:

a. Prescribe and adopt by-laws and operating policies;

b. Adopt, alter and use a corporate seal;

c. Make contracts;

d. Sue and be sued;

e. Borrow money;

f. Own real or personal property and introduce improvements thereon, and to sell, mortgage or otherwise dispose of the same;

g. Employ officers and personnel, preferably from the OFs sector, as may be necessary to carry overseas Filipinos banking business;

h. Establish physical touchpoints in the Philippines as may be necessary to carry on its overseas Filipinos banking business;

i. Exercise the powers granted under this Charter, including incidental powers as may be necessary to carry on its business, subject to existing laws, rules, and guidelines as may be established by the Bangko Sentral ng Pilipinas (BSP); and

j. Exercise the general powers mentioned in RA No. 11232, otherwise known as the "*Revised Corporation Code of the Philippines*", and RA No. 8791, otherwise known as "*The General Banking Law of 2000*", and other relevant laws in so far as they are not inconsistent or incompatible with the provisions of this Act.

SEC. 5. *Authorized Capital Stock.* — The authorized capital stock of the OFB shall be One billion pesos (Php 1,000,000,000.00) divided into ten million (10,000,000) par value shares of One hundred pesos (Php 100,000.00) each. All shares are nominative and indivisible. The Board of Directors and stockholders are hereby authorized to increase the authorized capital stock and provide the classification and features of shares, subject to pertinent laws and the rules and regulations of the BSP and Securities and Exchange Commission (SEC).

The subscription to and ownership of such shares, including the transfer thereof to third parties, shall be governed by pertinent laws, rules, and regulations; Provided, That at least fifty percent (50%) of the authorized capital stock shall be subscribed by the Government of the Republic of the Philippines, while the remaining fifty percent (50%) shall be made available for subscription exclusively to Overseas Filipinos and their families and dependents.

Upon recommendation of the Department of Finance and the BSP, the initial and subsequent paid-in capital shall be sourced from appropriations in the General Appropriations Act.

SEC. 6. *Utilization of Income for the Benefit of Overseas Filipinos.* — Fifty percent (50%) of the income generated by the OFB shall be utilized exclusively to fund programs, projects, and services aimed at enhancing the welfare and development of Overseas Filipinos including Overseas Filipino Workers (OFWs), Returning Overseas Filipinos (ROFs), dual citizens, emigrants, immigrants, students studying abroad, and OFW families and dependents and their families.

The income shall be dedicated to the following programs, but not be limited to:

- a. Reintegration Support – Programs for livelihood, entrepreneurship, and financial assistance for returning Overseas Filipinos;
- b. Education and Welfare Assistance – Scholarships, skills training, and emergency aid for dependents and families of Overseas Filipinos;
- c. Financial Literacy and Empowerment – Initiatives that promote responsible financial management and investment opportunities for beneficiaries; and
- d. Crisis and Legal Support – Aid for Overseas Filipinos in distress, including repatriation, legal representation, and counseling.

SEC. 7. *Loans, Investments, and Liabilities.* — The OFB is hereby authorized to:

- a. Grant loans, advances, or other credit accommodations for the establishment, rehabilitation, expansion, or development of any agricultural, commercial or industrial enterprise, or personal service, including public utilities, in accordance with RA No. 8791, otherwise known as “*The General Banking Law of 2000*”, the BSP rules and regulations, and under such terms as may be prescribed by the Board of Directors and that preference be given to applicants enumerated under Section 7 hereof, subject to pertinent BSP rules and regulations;
- b. Invest in stocks and other investment instruments subject to RA No. 8791, otherwise known as “*The General Banking Law of 2000*”, and the BSP rules and regulations; and

c. Issue bond and other certificates of indebtedness subject to RA No. 8791, otherwise known as "*The General Banking Law of 2000*", and the BSP rules and regulations.

SEC. 8. *The Board of Directors, Composition, Tenure, and Per Diems.* — The governing body of the OFB shall be the Board of Directors, hereinafter referred to as the Board, which shall direct the affairs and businesses of the OFB and shall manage, control, and preserve its properties, unless otherwise provided in this Act.

The Board shall consist of nine (9) members to be appointed by the President of the Philippines, as follows:

- a. The Chairperson of the Board;
- b. The President of the OFB, who shall serve as Vice Chairperson;
- c. The Secretary of Finance, as ex officio member;
- d. The Secretary of Migrant Workers, as ex officio member;
- e. The Chairperson of the Commission on Filipino Overseas, as ex officio member; and
- f. Four (4) independent directors, consisting of:
 - i. One (1) representative from the private banking sector;
 - ii. One (1) representative from land-based overseas OFWs;
 - iii. One (1) representative from sea-based OFWs; and
 - iv. One (1) representative from overseas Filipinos.

The Chairperson of the Board and the President of the OFB shall be appointed separately and shall not be held by the same person.

The Chairperson, President, and appointive members of the Board shall serve for a term of three (3) years, unless sooner removed for cause or until their successors shall have been appointed and qualified.

No person shall be appointed regular director of the OFB unless they are a natural-born citizen of the Philippines, not less than thirty-five (35) years of age, of good moral character and has attained proficiency, expertise and recognized competence in one or more of the following: banking, finance, economics, law, foreign affairs, business management or government administration.

Except for the Chairperson and the President, no officer or employee of the Bank may be appointed as a member of the Board; nor shall any director, officer or employee of any other bank be eligible as a member of the same.

The Board, shall upon a majority vote of all its members, elect its chairperson, vice chairperson, and secretary, at such time and place as shall be provided for in its by-laws.

The members of the Board, except for those serving ex officio, shall receive a per diem or allowance for every meeting of the board actually attended by them, the amount of which shall be within the acceptable banking industry rates and shall be set in accordance with the pertinent provisions of RA No. 11232, otherwise known as the "*Revised Cooperation Code of the Philippines*", and other relevant laws.

SEC. 9. *Powers and Functions of the Board of Directors.* — The Board shall:

- a. Formulate policies necessary to carry out effectively the provisions of this Act and adopt such by-laws, rules, and regulations for the effective operation of the OFB in conformity with this Act and other existing laws;
- b. Determine the organization of the OFB by creating the necessary departments or offices essential for its efficient operation;
- c. Subject to prior approval of the Monetary Board, establish physical touchpoints in other countries; and
- d. Create committees as may be deemed necessary and proper in the conduct of the business of the corporations with composition, powers and duties as it may prescribe, subject to BSP rules and regulations, and act on all matters affecting the general policies of the OFB.

SEC. 10. *Chairperson and Chief Executive Officer.* — The Chairperson shall serve as the Chief Executive Officer of the OFB and shall execute, carry out, and administer the policies, measures, orders, and resolutions approved by the Board. The Chairperson shall direct and supervise the operations and administration of the OFB and shall exercise such other powers and perform such other duties as may be provided by law or assigned by the Board.

For this purpose, the Chairperson shall have the following powers and duties:

- a. To sign and execute, upon proper authorization by the Board, all contracts, agreements, and obligations entered into by the Bank pursuant to this Act;
- b. To sign all notes, securities, certificates, and other major documents of the Bank, upon proper authorization of the Board;

c. To exercise control and supervision over the decisions and actions of subordinate officers and employees of the Bank, and to exercise such other powers that may be granted by the Board;

d. To submit monthly reports to the Board on the operations and performance of the Bank, and to recommend policies for its efficient, effective, and economical operation;

e. To submit an annual report to the President of the Philippines on the operations and financial condition of the Bank; and

f. To recommend to the Board the appointment, promotion, or removal of all officers of the bank, with the rank of at least Vice-President or its equivalent.

SEC. 11. *Vice Chairperson and Chief Operating Officer.* — The Vice Chairperson shall be the Chief Operating Officer of the Bank and shall assume and exercise such specific duties and responsibilities as may be delegated by the Chairman.

SEC. 12. *Legal Counsel.* — The OFB shall have its own legal department, the chief of which shall be appointed by the Board of Directors.

SEC. 13. *Bank Auditor Reports.* — The OFB shall have its own auditing department, the head of which shall be appointed by the Board of Directors preferably from among recognized veterans or their heirs of good standing who are certified public accountants and with actual experience in the work of a comptroller or auditor. The auditor shall not suffer any diminution in salary during the auditor's term of office, and may not be removed except for cause.

SEC. 14. *Conduct of Business.* — The OFB shall be subject to the prudential requirements set out by the BSP, including those relating to corporate governance, information technology and cybersecurity, outsourcing, consumer protection, and anti-money laundering and combating the financing of terrorism (AML/CFT), in accordance with existing laws, rules, and regulations.

SEC. 15. *Authority to Receive Deposit of Government Funds as an Official Government Depository.* — Subject to BSP rules, the Secretary of Finance, the National Treasurer, and their authorized representatives, all city and municipal treasurers as well as official custodians of public funds, or those belonging to government-owned or controlled corporations are hereby authorized to make and actually maintain deposits of any government or corporate fund with the OFB, which is hereby declared to be an official government depository.

SEC. 16. *Penalty.* — Any director, officer, or employee of the OFB who violates, or permits any of the officers, employees or agents of said Bank or any other person to violate, any provision of this Act shall be punished with a fine not less than One hundred fifty thousand pesos (Php 150,000.00) but not more than Two million pesos

(Php 2,000,000.00), or by imprisonment of not less than two (2) years but not more than ten (10) years, or both, at the discretion of the court.

SEC. 17. *Appropriations.* – The amount necessary for the initial paid-in capital and implementation of this Act shall be charged against available appropriations. Thereafter, such sums as may be necessary shall be included in the annual General Appropriations Act.

SEC. 18. *Separability Clause.* – If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 19. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 20. *Effectivity.* – This Act shall take effect fifteen days (15) after its publication in the Official Gazette or in a national newspaper of general circulation.

Approved,