

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

'04 JUN 30 P4:11

RECEIVED BY: Alu

SENATE  
326  
S. No. \_\_\_\_\_

---

Introduced by Senator S. R. Osmeña III

---

**EXPLANATORY NOTE**

Finding an escape from poverty at home through their jobs in other countries, Filipino overseas workers have been hailed as the latter day Filipino heroes. Their remittances, estimated at P12.7 billion as of May 2003 have on several occasions shored up the country's foreign exchange reserves, at the time when such was badly needed. As of 2002, overseas Filipino workers are estimated at close to 891,908 as excluding those who have earned immigrant status in their host countries.

This bill provides for the establishment of a banking institution for Filipino Overseas Workers, to be known as the Philippine Overseas workers as a sector. The bank shall, for services catering to the needs of overseas workers as a sector. The bank shall, for instance be the depository of overseas workers fund, and shall give preference to loans for agricultural and small and medium scale commercial and industrial enterprises, particularly for overseas workers, their spouses or compulsory of the stocks.

The P 2 billion capitalization of the bank, shall be subscribed by the National Government in favor of overseas contract workers, to be advanced by the Overseas Workers Welfare Administration (OWWA) and to be reimbursed from sale of stocks.

The establishment of this bank will widen the opportunities available to overseas workers in the local economy, encourage greater savings and investments on their part, as a source of growth for the domestic economy.

In view of the foregoing, early passage of this bill is earnestly requested.



**SERGIO OSMEÑA III**  
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

'04 JUN 30 P4:11

RECEIVED BY: Adel

S E N A T E

S. No. 326

---

Introduced by Senator S. R. Osmeña III

---

AN ACT  
CREATING THE PHILIPPINE OVERSEAS WORKERS BANK, AND FOR OTHER  
PURPOSES

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

1 SECTION 1. **Overseas Workers Bank.** – There is hereby created a  
2 Bank to be known as the “Philippine Overseas Workers Bank,” hereinafter  
3 referred to as the “Bank”.

4 SEC. 2. **Place of Business: Branches; Agencies and other Offices.** –  
5 The Bank's principal office and place of business shall be in Metro Manila. It  
6 may open and maintain other branches, agencies and other offices at such  
7 places in the Philippines or abroad as its Board of Directors may deem  
8 advisable, with prior approval of the Monetary Board of the *Bangko Sentral ng*  
9 *Pilipinas*.

10 SEC. 3. **Corporate Powers and Functions.** – The Bank shall be a  
11 corporate body and shall have the following powers and purposes:

12 a) To grant loans and other financial assistance preferably to Filipino  
13 overseas workers, their spouses, or compulsory heirs, for the  
14 development of agriculture and small and medium scale commercial  
15 and industrial enterprises;

- 1           b) To grant loans and other financial assistance to Filipino workers  
2           applying or re-applying for overseas employment to defray the  
3           payment of placement fees and other expenses thereof;
- 4           c) To enter into agreements or contracts for such services and aid, as  
5           may be needed for the proper, efficient and stable administration of  
6           the Bank;
- 7           d) To accept and administer trust and to carry on a general trust  
8           business;
- 9           e) To acquire property, real or personal, which may be necessary or  
10          expedient for the proper conduct of its operations;
- 11          f) To acquire, receive, or hold, by way of purchase or otherwise, public  
12          or private property for the purpose of undertaking housing projects  
13          preferably for the benefit of Filipino overseas workers, their spouses  
14          or compulsory heirs;
- 15          g) To receive deposits and accept property, real or personal, as  
16          collateral or security; and
- 17          h) To adopt, amend or change its by-laws; to adopt, after and use a seal;  
18          to sue or be sued; and to exercise the general powers of a corporation  
19          as provided in Batas Pambansa Bilang 68, otherwise known as the  
20          “Corporation code of the Philippines,” and the powers of the bank of  
21          its category under the General Banking Act.

22           **SEC. 4. *Determination of Overseas Workers.*** – For purposes of this  
23   Act, the overseas workers referred to herein shall include any person or persons  
24   who have served or are serving as employees or workers outside the  
25   Philippines under valid employment contracts involving the rendering of services  
26   in a foreign country, such as skilled and unskilled laborers, office factory or  
27   household workers or professional employees, and which shall include seamen  
28   and employees or workers on board vessels plying international waters, name  
29   hires, and other similar workers.

1           **SEC. 5. Authorized Capital Stock.** – The capital stock of the Bank shall  
2 be Two billion pesos (P2,000,000,000.00) divided into two million (2,000,000)  
3 shares with a par value of One thousand pesos (P1,000.00) per share. Fifty one  
4 percent (51%) of the total shares provided herein, or one billion one hundred  
5 million (1,100,000,000) shall be common shares, while the remaining forty nine  
6 percent (49%) or nine hundred million (900,000,000) shares shall be preferred.

7           The Government of the Republic of the Philippines shall, on behalf of the  
8 overseas contract workers, fully subscribe to the total common shares of the  
9 bank. The amount necessary for the government's subscription shall be  
10 advanced by the Overseas Worker Welfare Administration (OWWA): *Provided,*  
11 *further,* That the OWWA shall hold and represent the shares corresponding to  
12 the amount it has advanced until it shall have been fully reimbursed from the  
13 sale of the stocks subscribed by the National Government in favor of overseas  
14 contract workers.

15           **SEC. 6. Authorized Loans and Investments.** – In the exercise of its  
16 lending authority, the Bank shall give preference and priority to loans for  
17 agricultural and small and medium scale commercial and industrial enterprises,  
18 particularly for overseas workers, their spouses or compulsory heirs.

19           Unless otherwise provided in this Act, loans and other credit  
20 accommodations granted by the Bank shall be subject to the appropriate  
21 applicable loan limits to any single borrower as provided under Republic Act No.  
22 337, as amended, otherwise known as the General Banking Act.

23           The authority of the Bank to invest in equities of allied undertakings,  
24 financial or non-financial, as well as non-allied undertakings, shall be governed  
25 by the provisions of Republic Act No. 337, as amended.

26           **SEC. 7. Board of Directors: Composition: Tenure: Per Diems.** –  
27 Within the first three (3) years from the organization of the Bank, its affairs and  
28 business shall be directed, and its properties managed and preserved, and its  
29 corporate powers exercised, unless otherwise provided in this Act, by a Board of

1 Directors consisting of eleven (11) members. The Secretary of Labor and  
2 Employment shall be the *ex-officio* Chairman, and the respective Chairmen of  
3 the Senate and House of Representatives Committees on Labor and  
4 Employment, the Administrators of the Philippine Overseas Employment  
5 Administration (POEA) and the Overseas Workers Welfare Administration  
6 (OWWA) as *ex-officio* Members.

7 The remaining six (6) members shall be selected from the officers and  
8 members of the different overseas workers associations and be appointed by  
9 the President of the Republic of the Philippines: *Provided*, That at least one (1)  
10 member of the Board shall be an ordinary overseas worker: *Provided, further*,  
11 That at least one (1) member each shall come from Visayas and Mindanao.

12 Thereafter, the Members of the Board of Directors shall be elected in  
13 accordance with the succeeding Section.

14 **SEC. 8. *Election of Members of the Board of Directors and Manner***  
15 ***of Voting.*** – On the first Tuesday in March of every year after the transition  
16 period of three (3) years mentioned in this Act, the stockholders shall meet to  
17 elect the members of the Board of Directors for the current year. Each  
18 stockholder or proxy will be entitled to as many votes as he may have shares of  
19 stock registered in his name and held by him one (1) week prior to the date of  
20 the election. In the election of the members of the Board, stockholder shall have  
21 the right of cumulative voting as recognized by law.

22 **SEC. 9. *Qualification of the Board of Directors.*** – No person shall be  
23 elected director of the Bank unless he is a natural-born citizen of the Philippines,  
24 not less than thirty five (35) years of age, of good moral character and has  
25 attained proficiency, expertise and recognized competence in one (1) or more of  
26 the following fields: overseas employment promotions and recruitment, banking,  
27 finance, economics, law or business management: *Provided*, That no director,  
28 officer or employee of any other bank shall be eligible as member of the Board

1 of Directors: *Provided, further,* That no less than six (6) of the members thereof  
2 are overseas workers.

3 Unless otherwise set by the Board, members of the Board shall receive a  
4 *per diem* allowance of One thousand pesos (P1,000.00) for every meeting of the  
5 Board actually attended by them: *Provided, finally,* That the total amount of per  
6 diems for every single month shall not exceed the sum of Six thousand pesos  
7 (P6,000.00).

8 The Board of Directors shall, by a majority of all its members, elect its  
9 Chairman, Vice-Chairman and other officers. Pending the election of its  
10 Chairman, the President of the Bank shall preside over the meetings of the  
11 Board of Directors.

12 SEC. 10. ***Powers of the Board of Directors.*** – The Board of Directors  
13 shall have the following duties, powers and authority:

- 14 a) To formulate policies necessary to carry out effectively the provisions  
15 of this Act;
- 16 b) To adopt, amend or change the by-laws as well as such rules and  
17 regulations as may be necessary for the effective operation of the  
18 Bank, in conformity with this Act and existing laws.
- 19 c) To prescribe such terms and conditions to govern the granting of loan  
20 credits, consistent with provisions of this Act.
- 21 d) To adopt an annual budget for the effective operation and  
22 administration of the Bank;
- 23 e) To create, establish and operate a “Self-Insurance System” in order to  
24 offset possible damage or loss of cash-in-transit that the Bank may  
25 suffer which may arise, among others, from irregular transfers ad  
26 similar instruments, or losses arising from other form of frauds;
- 27 f) To compromise or release, in whole or in part, any claim, liability or  
28 demand for or against the Bank, regardless of the amount involved,

1 under such terms and conditions as it may impose to protect the  
2 interest of the Bank;

3 g) To determine the procedure and requirements for the acquisition of  
4 properties necessary for the business of the Bank;

5 h) To dispose of the properties of the Bank, whether used in the conduct  
6 of its business or acquired as a result of its banking operations, by  
7 public bidding or private negotiations;

8 i) To provide for the appointment and removal, as well as fix reasonable  
9 compensation, for its personnel in accordance with existing laws;

10 j) To create and establish a Provident Fund for the benefit of its officers  
11 or employees under such terms and conditions as the Board of  
12 Directors may fix; and

13 k) To perform such other functions as may be necessary to achieve the  
14 objective of this Act.

15 The Board shall meet as frequently as necessary and the presence of  
16 five (5) members shall constitute a quorum.

17 SEC. 11. **President of the Bank.** -- The Chief Executive of the Bank  
18 shall be the President who shall be elected by the Board of Directors from  
19 among themselves. No person shall be elected President of the Bank unless he  
20 is at least forty (40) years of age, of good moral character and reputation, with at  
21 least ten (10) years previous experience in banking, of reputed proficiency,  
22 expertise and recognized competence in banking or financial management and  
23 preferably must have had experience as an overseas worker.

24 The President of the Bank shall have the following functions:

25 a) Execute and administer the policies, measures, orders and  
26 resolutions approved by the Board of Directors, and direct and  
27 supervise the operations and administration of the Bank;

28 b) Execute all contracts and enter into all authorized transactions in  
29 behalf of the Bank;

- 1 c) Exercise, as Chief Executive Officer, the power of supervision and  
2 control over decisions or actions of subordinate officers;
- 3 d) Recommend to the Board the appointment, promotion or removal of  
4 all officers of the Bank with the rank of at least Vice-President;
- 5 e) Appoint, promote or remove employees and officers below the rank of  
6 Vice-President;
- 7 f) Transfer, assign or reassign officers and personnel of the Bank in the  
8 interest of the service;
- 9 g) Report periodically to the Board of Directors on the operations of the  
10 Bank; and
- 11 h) Delegate any of his powers, duties or functions to any official of the  
12 Bank, with the approval of the Board of Directors.

13 **SEC. 12. *Other Officers and Employees.*** – The Board of Directors shall  
14 provide for an organization and staff of officers and employees of the Bank and  
15 upon recommendation by the President of the Bank, fix their remuneration and  
16 other emoluments in accordance with existing laws.

17 No officer or employee of the Bank subject to Civil Service Law shall be  
18 dismissed or suspended except as provided by law.

19 **SEC. 13. *Legal Matters and Cases.*** – The Bank shall have its own Legal  
20 Department, the head of which shall be appointed by the Board of Directors  
21 upon the recommendation of the President.

22 The Bank may, subject to court approval, deputize any member of its  
23 legal staff to act as Special Sheriff in the enforcement of court *writs* and  
24 processes in cases involving the Bank.

25 **SEC. 14. *Bank Auditor.*** – The Commission on Audit shall be *ex-officio*  
26 and/or of the Bank and shall designate a representative to the Bank.

27 **SEC. 15. *Examination of the Bank.*** – The Bank shall be subject to  
28 supervision and examination by the appropriate department of the *Bangko*  
29 *Sentral ng Pilipinas.*



1           SEC. 16. ***Inhibition from Board Meeting of Member with Personal***  
2 ***Interests.*** – Whenever any member attending a meeting of the Board of  
3 Directors has a personal interest, directly or indirectly, in any given matter  
4 pending before the Board, said member shall not participate in the discussion or  
5 resolution of the matter and must retire from the meeting during the deliberation  
6 thereon.

7           SEC. 17. ***Prohibition on Officers and Employees of the Bank.*** –  
8 Except as required by law, or upon order of a court of competent jurisdiction, or  
9 express order of the President of the Philippines, or written permission of the  
10 client, no officer or employee of the Bank shall reveal to, not allow to be  
11 examined, inquired or looked into by any third person, government official,  
12 bureau of office, any information relative to details on individual accounts or  
13 specific banking transactions: *Provided*, That in respect to deposits of whatever  
14 nature, the provisions of any existing law shall apply.

15           This provision shall not apply to the exchange of confidential credit  
16 information among government financial institutions or among banks, in  
17 accordance with established banking practices or as maybe allowed by law.

18           SEC. 18. ***Borrowings of Directors, Officers, and Employees.*** – No  
19 director, officer or employee of the Bank or any corporation, partnership or  
20 company wherein any member of the Board of Directors, officer or employee,  
21 and/or their respective relatives within the second degree of consanguinity or  
22 affinity, is a director, officer or controlling shareholder, shall either directly or  
23 indirectly, for himself or as representative or agent of others, borrow any of the  
24 deposits of funds from the Bank, not shall he become a guarantor, endorser or  
25 surety for loans from the Bank to others, or in any manner be an obligor for  
26 money borrowed from the Bank or loaned by it: *Provided*, That this prohibition of  
27 loans to directors, officers and employees shall not include loans in the form of  
28 fringe benefits granted in accordance with rules and regulations as may  
29 prescribed by the Monetary Board of the *Bangko Sentral ng Pilipinas*.

1           The Bank shall not grant, directly or indirectly, any loan, or credit  
2 accommodation to the head or to any officer or personnel directly exercising  
3 supervisory or regulatory authority over the activities of the Bank such as those  
4 of the Bangko Sentral ng Pilipinas or Commission on Audit.

5           **SEC. 19. *Disposal of Real Estate and Other Properties.*** – Real and  
6 other properties acquired by the Bank in the collection of debts, receivables or  
7 investment by way of foreclosure or other means shall be sold or otherwise  
8 disposed of in accordance with the policies and guidelines adopted by the Board  
9 of Directors within three (3) years after date of their acquisition: *Provided*, That  
10 these policies and guidelines are in consonance with those issued by the  
11 *Bangko Sentral ng Pilipinas*.

12           **SEC. 20. *Right of Redemption of Foreclosed Property and***  
13 ***Possession During the Redemption Period.*** – Within one (1) year from the  
14 registration of the foreclosure sale of real property, the mortgagor shall have the  
15 right to redeem the property by paying the principal, interest, charges,  
16 commissions and all claims of whatever nature of the Bank outstanding and due  
17 as of the date of the sale including all the costs and other expenses incurred by  
18 reason of the foreclosure sale and custody of the property, as well as charges  
19 and accrued interest.

20           The Bank may take possession of the foreclosed property during the  
21 redemption period. When the Bank takes possession during such period, it shall  
22 be entitled to the fruits of the property, the same being considered  
23 compensation for the interest that would otherwise accrue on the account.  
24 Neither shall the Bank be obliged to post a bond for the purpose of such  
25 possession.

26           **SEC. 21. *Depository of Overseas Workers Funds.*** – The provisions of  
27 the existing laws to the contrary notwithstanding, the Bank shall act as official  
28 government depository with authority to maintain deposits of the government,  
29 particularly with respect to funds intended for or due to overseas workers,

1 subject to rules and regulations as the Monetary Board of the *Bangko Sentral ng*  
2 *Pilipinas* may prescribe.

3 SEC. 22. **Term.** – The legal existence of the Bank under this Act shall be  
4 for a period of fifty (50) years, from and after the date of the effectivity of this  
5 Act.

6 SEC. 23. **Articles of Incorporations of Charter.** – This Act upon its  
7 effectivity, shall not for all legal intents and purposes, be the statutory articles of  
8 incorporation or charter of the Philippine Overseas Workers Bank. Pursuant  
9 thereto, the Bank shall be deemed registered and duly authorized to do  
10 business and operate as a commercial Bank as of the date of effectivity of this  
11 Act.

12 SEC. 24. **By-Laws.** – The By-Laws of the Bank for its organizational,  
13 functional, and operational government and procedures shall be adopted by the  
14 affirmative vote of the stockholders representing a majority of all the subscribed  
15 capital stock and entitled to vote, whether paid or unpaid, within one (1) month  
16 after the effectivity of this Act. The said by-laws shall be subject to certifications  
17 by the Monetary Board pursuant to the provisions of Republic Act No. 337, as  
18 amended.

19 SEC. 25. **Separability Clause.** – If any provision of this Act is declared  
20 unconstitutional or invalid, such parts or portions not affected thereby shall  
21 remain in full force and effect.

22 SEC. 26. **Repealing Clause.** – All other laws, decrees, executive order,  
23 proclamations, rules and regulations or parts thereof inconsistent with any of the  
24 provisions of this Act are hereby repealed or modified accordingly.

25 SEC. 27. **Effectivity.** -- This Act shall take effect fifteen (15) days after its  
26 publication in the *Official Gazette* or in at least two (2) newspapers of general  
27 circulation.

28 Approved,