

THIRTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

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SENATE

RECEIVED BY: AtleS. No. 639

INTRODUCED BY HON. MANUEL B. VILLAR, JR.

EXPLANATORY NOTE

Undeniably, the contribution of Filipino overseas workers in the country's thrust for economic recovery has proven to be both vital and indispensable. Since the 1970s, labor export had been regarded by the national government as a means to address the nation's twin problems of unemployment and chronic balance of payment deficits. In fact, not only have jobs in the country been made available to those who remained a part of the domestic labor force, but more importantly, the remittances of Filipino overseas workers have become the country's single biggest source of foreign exchange.

Hailed as modern day heroes, Filipino overseas workers have been considered as one of the major forces in the labor front today. Considering their number, which is estimated at close to 1.5 million, excluding workers who have acquired immigrant status in their host countries, they have greatly influenced government policies geared towards promoting and protecting their welfare and interests.

In the area of investment, the government has only the establishment of the Overseas Workers Investment Fund to offer for the overseas workers to invest their funds with.

This bill seeks to further enhance the investment potential of overseas workers while at the same time aims to address their various financial needs and concerns. It provides for the establishment of a banking institution for Filipino overseas workers, to be known as the Philippine Overseas Workers Bank, to augment their income-generation capabilities as investors thereof. Added to this, it enjoins the government to provide the necessary financial assistance that will tremendously sustain the validity of the proposed bank.

It is about time that the overseas workers be provided with a bank that they can call their own; effectively run and managed by people within their ranks, and which is expected to be operated for their greater good and benefit.

To help our overseas Filipino workers, the passage of this bill is urged.



MANUEL B. VILLAR, JR.

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OFFICE OF THE SECRETARY

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S. No. 639

INTRODUCED BY HON. MANUEL B. VILLAR, JR.

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

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

SECTION I. Overseas Workers Bank.--There is hereby created a Bank to be known as the
"Philippine Overseas Workers Bank," hereinafter referred to as the "Bank."

SEC. 2. Place of Business: Branches, Agencies and other offices.--The Bank's principal
office and place of business shall be in the National Capital Region, also known as Metro
Manila. It may open and maintain other branches, agencies, and other offices at such places in the
Philippines or abroad as its Board of Directors may deem advisable, with prior approval of the
Monetary Board of the Bangko Sentral ng Pilipinas.

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

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

b. To grant loans and other financial assistance to Filipino workers applying or reapplying
for overseas employment to defray the payment of placement fees and other expenses thereof:

c. To enter into agreements or contracts for such services and aid, as may be needed for the proper, efficient and stable administration of the Bank;

d. To accept and administer trust and to carry on a general trust business:

e. To acquire property, real or personal, which may be necessary or expedient for the proper conduct of its operation;

f. To acquire, receive, or hold by way of purchase or otherwise, public or private property for the purpose of undertaking housing projects preferably for the benefit of Filipino overseas workers, their spouses or compulsory heirs;

g. To receive deposits and accept property, real or personal, as collateral or security; and

h. To adopt, amend or change its by-laws; to adopt, alter and use a seal; to sue or be sued; and to exercise the general powers of a corporation as provided in Batas Pambansa Blg. 68, otherwise known as the "Corporation Code of the Philippines," and the powers of the bank of its category under the General Banking Act.

SEC. 4. Determination of Overseas Workers.--For purposes of this Act, the overseas workers referred to herein shall include any person or persons who have served or serving as an employee or worker outside the Philippines under a valid employment contract, which shall include seamen and employees or workers on board vessels plying international waters, name hires, and other workers whose contracts of employment involve the rendering of services in a foreign country, whether as laborers, office workers or professional employees.

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

The Government of the Republic of the Philippines shall, on behalf of the overseas contract workers, fully subscribe to the total common shares of the bank. The amount necessary for the government's subscription shall be advanced by the Overseas Welfare Administration (OWWA): Provided That, the National Government shall, within a period of three (3) years, return to OWWA the amount herein before mentioned: Provided further, that OWWA shall hold and represent the shares corresponding to the amount it has advanced until it shall have been fully reimbursed from the sale of the stocks subscribed by the national government in favor of overseas contract workers.

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

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

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

SEC. 7. Board of Directors; Con Composition; Tenure and Per Diem--Within the first three (3) years from the organization of the bank, the affairs and business of the bank shall be directed and its properties managed and preserved and its corporate powers exercised, unless otherwise provided in this Act, by a Board of Directors consisting of eleven (11) members, composed of the Secretary of Labor and Employment as ex-officio Chairman, the Chairman of the Senate and House of Representatives Committee on Labor and Employment, the Administrators of the Philippine Overseas Employment Administration (POEA) and Overseas Workers Welfare Administration (OWWA) as ex-officio members, and the remaining members

shall be selected from the officers of the different overseas workers associations and be appointed by the President of the Philippines: Provided, That, at least one-(1) member shall be ordinary overseas worker: Provided further, That one (1) member each shall come from Visayas and Mindanao.

Thereafter, the members of the Board of Directors shall be elected annually by the stockholders in the manner prescribed by the Corporation Code: Provided, That no director, officer or employee of any other bank shall be eligible as member of the Board of Directors: Provided further, That no less than six (6) of the members thereof are overseas workers. Unless otherwise set by the Board, members of the Board shall receive a per diem allowance of One Thousand Pesos (P1,000.00) for every meeting of the Board actually attended by them: Provided, finally, That the total amount per diems for single month shall not exceed the sum of Six Thousand Pesos (P6,000.00).

The Board of Directors shall, upon a majority of all its members, elect its Chairman, Vice-Chairman and other officers. Pending the election of the Chairman, the President of the Bank shall preside over the Board of Directors.

SEC. 8. Election and Qualifications Of Members of the Board of Directors. -- Annually on the first Tuesday in March after the transition period of three (3) years mentioned in this Act, the stockholders shall meet to elect the members of the Board of Directors for the current year. Each stockholder or proxy will be entitled to as many votes as he may have shares of stock registered in his name and held by him one (1) week prior to the date of the election multiplied by the number of directors to be elected. In the election of the members of the Board, stockholders shall have the right of commutative voting as recognized by law.

No person shall be elected director of the Bank unless he is 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 (1) or more of the following overseas

employment promotions and recruitment, banking, finance, economics, law and/or business management.

SEC. 9. Power of the Board of Directors -- The Board of Directors shall have, among others, the following duties, powers and authority:

- a) To formulate policies necessary to carry out effectively the provision of this Act;
- b) To adopt, amend or change the by laws as well as such rules and regulation as may be necessary for the effective operation of the Bank, in conformity with this Act and existing laws;
- c) To prescribe such terms and condition to govern the granting of loans credits, consistent with the provision of this Act;
- d) To adopt an annual budget for the effective operation and administration of the Bank;
- e) To create, establish and operate a "Self-Insurance System" in order to offset possible damage or loss of cash-in-transit that the Bank may suffer which may arise, among others, from irregular transfers and similar instruments, or losses arising from other forms and frauds;
- f) To create and establish a Provident Fund for the benefit of its -officers or employees under such terms and conditions as the Board of Directors may fix;
- g) To compromise or release, in whole or in part, any claim, liability or demand for or against the Bank; regardless of the amount involved, under such terms and conditions as it may impose to protect the interest of the Bank;
- h) To provide for the appointment and removal, as will fix reasonable compensation, for its personnel in accordance with existing laws;
- i) To determine the procedure and requirements for the acquisition of properties necessary for the business of the bank;

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

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

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

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

The President of the Bank shall, among other powers and duties, executive and administer the policies, measure, orders and resolution approved by the Board of Directors, and direct and supervise the operations and administration of the Bank. Particularly, he shall have the power and duty:

a) To execute all contracts and to enter into all authorized transactions in behalf of the Bank;

b) To exercise, as Chief Executive Officer, the power of supervision and control over decisions or actions of subordinate officers and all other powers that may be granted by the Board;

c) To recommend to the Board the appointment, promotion or removal of all officers of the Bank, including those with the rank of at least Vice-President or its equivalent;

d) To appoint;- promote-or remove employees and officer below the rank of Vice-President;

- e) To transfer, assign or reassign officers and personnel of the Bank in the interest of the services;
- f) To report periodically to the Board of Directors on the operations of the Bank; and,
- g) To delegate any of his powers, duties or functions to any official of the Bank, with the approval of the Board of Directors.

SEC. 11. Other Officers and Employees. -- The Board of Directors shall provide for an organization and staff of officers and employees of the Bank and upon recommendation of the President of the Bank, fix their remuneration and other emoluments.

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

SEC. 12. Legal Matters and Cases. -- The Bank shall have its own Legal Department, the head of which shall be appointed by the Board of Directors of the Bank upon the recommendation of the President of the Bank.

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

SEC. 13. Bank Auditor -- The Commission on Audit shall be ex-officio auditor of the Bank and shall designate a representative to the Bank.

SEC. 14. Examination of the Bank -- The Bank shall be subject to supervision and examination by the appropriate department of the Bangko Sentral ng Pilipinas.

SEC. 15. Inhibition front Board Meeting of Member with personal Interest. Whenever any member attending a meeting of the Board of Directors has a personal interest directly or indirectly, in the discussion or resolution of any given matter. said member shall not participate in the discussion or resolution of the matter and must retire from the meeting during the deliberation thereon.

SEC. 16. Prohibition on Officers and Employees of the Bank. -- Except as required by law, or upon order of a court of competent jurisdiction, or express order of the President of the Philippines, or written permission of the client, no officer or employee of the Bank shall reveal to, nor allow to be examined, inquired or looked into by any information relative to details on individual accounts or specific banking transactions: Provided, That in respect to deposits of whatever nature, the provisions of any existing laws shall apply.

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

SEC. 17. Borrowings of Directors, Officers and Employees. -- No director, officer or employee of the Bank or any corporation, partnership or company wherein any member of the Board of Directors, officer or employees, and/or their respective relatives within the second degree of consanguinity or affinity, is a director, officer or controlling share holder. shall either directly or indirectly, for himself or as representative or agent of others, borrow any of the deposits of funds from the Bank, nor shall he become a guarantor, endorser or surety for loans from the Bank to others, or in any manner be an obligor for money borrowed from the Bank or loaned by it: Provided, That this prohibition or loans to directors, officers and employees shall not include loans in the form of fringe benefits granted in accordance with rules and regulations as maybe prescribed by the Monetary Board of the Bangko Sentral ng Pilipinas.

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

SEC. 18. Disposal of Real Estate and Other Properties. -- Real and other properties acquired by the bank in the collection of debts, receivables by way of foreclosure or other means shall be sold or otherwise disposed of in accordance with the policies and guidelines adopted by the Board of Directors within (3) years after date of their acquisition.

SEC. 19. Right of Redemption of Foreclosed Property and Possession During Redemption Period. -- Within one (1) year from the registration of the foreclosure sale or real property, the mortgagor shall have the right to redeem the property by paying the principal, interest, charges, commissions and all claims of whatever nature of the Bank outstanding and dues to the date of the sale including all the cost and other expenses incurred by reason of the foreclosure sale and custody of the property, as well as charges and accrued interests.

The bank may take possession of the foreclosed property during the redemption period. When the bank takes possession during such period, it shall be entitled to the fruits of the property, as well as charges and accrued interests.

The bank may take possession of the foreclosed property during the redemption period. When the bank takes possession during such period, it shall be entitled to the fruits of the property with no obligation to account for them, the same being considered compensation for the interest that would otherwise accrue on the account. Neither the Bank be obliged to post a bond for the purpose of such possession.

SEC. 20. Depository of Overseas Workers Funds. -- The provisions of the existing laws to the country notwithstanding, the bank shall act as official government depository with authority to maintain deposits of the government, particularly with respect to funds intended for or due to overseas workers, subject to rules and regulations as the Monetary Board of the Bangko Sentral ng Pilipinas may prescribe.

SEC. 21. Tax and Duty Exemptions. -- The bank shall be exempted from the payment of all kinds of taxes and duties imposed by the Government, or any subdivision, agency or instrumentality thereof, on any of its income, real or personal property acquisitions, or importation or equipment, machinery and other items as maybe needed in its operations, within a period of five (5) years from the date of the establishment of the Bank.

SEC. 22. Term -- The legal existence of the bank under this Act shall be for a period of fifty (50) years, from and after the date of the approval of this Act.

SEC. 23. Articles of Incorporation of Charter. - This Act, upon its approval, shall be deemed and accepted for all legal intents and purposes as the statutory articles of incorporation or charter of the Philippine Overseas Workers Bank. Pursuant thereto, the bank shall be deemed registered and duly authorized to do business and operate as a commercial Bank as of the date of approval of this Act.

SEC. 24. By-laws. -- The by-laws of the Bank for its organizational, functional, and operational government and procedures shall be adopted by the affirmative vote of the stock holders representing a majority of all the subscribed capital stock and title to vote, whether paid or unpaid, within one (1) month after the approval of this Act. The said by-laws shall be subject to certifications by the Monetary Board pursuant to the provisions of the Republic Act No. 337, as amended.

SEC. 25. Penalties. -- Any director, officer, or employee of the Bank who violates or knowingly permits the violation and any person aiding or abetting any violations of any of the provisions of this Act, shall be punished by a fine not to exceed Ten thousand pesos (P10,000.00) or by imprisonment of not more than five (5) years or both such fine and imprisonment.

SEC. 26. Separability Clause. -- If any provision, or part of this Act or the application thereof to any person, association or circumstances is held invalid, the other pertinent provision or part of this act and their application to such person, association or circumstances shall not be affected thereby.

SEC. 27. Repealing Clause. -- All other laws, decrees, Acts, executive orders, proclamations, rules and regulation or parts thereof inconsistent with any of the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 28. Effectivity. --This Act shall take effect within fifteen (15) days from its publication in the Official Gazette or in a newspaper of general circulation.

Approved.