

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



'19 JAN 21 P 6 :30

RECEIVED

SENATE

S. B. No. 2162

Introduced by Senator Aquilino "Koko" Pimentel III

AN ACT
PROTECTING THE REMITTANCES OR MONEY TRANSFERS
OF OVERSEAS FILIPINO WORKERS (OFWs) BY REQUIRING
THE DISCLOSURE OF FINANCE CHARGES AND OTHER
FEES IN CONNECTION WITH MONEY TRANSFER,
COMPELLING STRICT ADHERENCE TO THE TERMS AND
CONDITIONS OF THEIR TRANSFER, PENALIZING
VIOLATIONS THEREOF, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

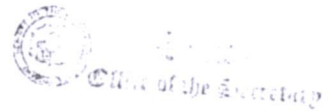
Remittances or money transfers from Overseas Filipino Workers (OFWs) undeniably play a vital role in the Philippine economy. These account for at least ten percent (10%) of the country's gross domestic product. The remittances are especially important to the recipients, usually families and relatives of OFWs, helping them achieve an improved standard of living and a higher quality of life.

Over the years, there have been complaints that remittance agents or money transfer companies utilize unfair and deceptive trade practices, such as using rates notably lower than the foreign currency exchange rates of Philippine banks, in effect concealing the real rate to most recipients. Hence, there is a need to mandate full disclosure and impose anti-price gouging rules to prevent these acts. This bill imposes strict

limitations in the rates that remittance agents and companies may use in money transfer transactions.

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


AQUILINO "KOKO" PIMENTEL III



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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
2 "*Remittance Act.*"

3
4 **SEC. 2.** *Declaration of Policy.* - It is hereby declared the policy of
5 the State to protect its citizens from deceptive, unfair, and
6 unconscionable acts of remittance agents and money transfer companies.
7 Toward this end, they shall be required to render full disclosure of the
8 terms and costs of the money transfer service being offered by them and
9 to strictly adhere to the terms and conditions of the said transfer or
10 remittance.

11

1 **SEC. 3. *Definition of Terms.*** - For purposes of this Act, the
2 following terms shall mean:

3
4 (a) *Exchange Rate* - the price of a unit of foreign currency in terms
5 of the domestic currency;

6
7 (b) *Money Transfer* – moving money electronically or physically
8 for a specified account or person;

9
10 (c) *Remittance* – the funds that an expatriate sends to the
11 expatriate's country of origin via wire, mail, or online transfer;

12
13 (d) *Remittance Agents and Companies* – persons or entities that
14 offer to remit, transfer, or transmit money on behalf of any person to
15 another person and/or entity. These shall include money or cash
16 couriers, money transfer agents, remittance companies, and the like; and

17
18 (e) *Price Gouging* – charging unconscionably high prices or fees
19 that are excessive relative to what the free market offers.

20
21 **SEC. 4. *Strict Adherence.*** – All remittance agents and companies
22 shall strictly adhere to the following:

23
24 (a) *Registration.* – Remittance agents and companies providing the
25 transfer mechanism shall be duly registered, licensed, and must have
26 met all the requirements issued by the Bangko Sentral ng Pilipinas
27 (BSP), Securities and Exchange Commission (SEC), Department of
28 Trade and Industry (DTI), and the Bureau of Internal Revenue (BIR).

29
30 (b) *Exchange Rates and Fees.* -

31
32 (1) All remittance agents and companies shall follow the
33 exact real time exchange rate at the beginning of the business day
34 as posted in the Reference Exchange Rate Bulletin of the BSP.

1 (2) For senders from the Philippines, a flat rate transaction
2 fee shall be imposed in accordance with rules and regulations to be
3 issued by the BSP.
4

5 (c) *Disclosure.* – In addition to standard paperwork, remittance
6 agents and companies shall be required to include a waiver form for
7 each transaction which shall contain the following information in clear
8 and concise words:
9

10 (1) The specific exchange rate provided for that currency;
11

12 (2) Any and all additional fees being deducted from the original
13 remittance;
14

15 (3) A signed acknowledgment that the recipient consents to the
16 exchange from the original currency to Philippine Peso thereby
17 forfeiting a percentage equivalent to the flat rate fee for the
18 remittance service;
19

20 (4) Notice to senders and recipients that senders are generally not
21 permitted to require that the money transfer be made in the original
22 currency, except in specific countries where senders are given the
23 option of specifying the money to be received in original currency
24 form without any additional exchange fees being charged to the
25 sender; and
26

27 (5) The list of countries, as determined by the BSP, which give the
28 option to require that money transferred be paid out to the recipient
29 in the original currency sent.
30

31 (d) *Valid Identification* – Senders and recipients must each
32 provide at least one (1) form of valid and legally acceptable
33 identification.
34

35 (e) *Request for Original Currency* – Remittance agents and
36 companies receiving remittances from countries which give the option to
37 specify that original currency be paid out to recipient shall, in addition to

1 the conditions enumerated above, be required to adhere to the
2 contractual commitment entered into by the remittance agent and the
3 sender.

4
5 In cases where only Philippine currency is available and thus paid
6 out to recipients in direct contradiction of the sender's specified currency
7 or the currency of the originating country, remittance agents companies
8 shall be required to obtain an additional waiver from the recipient that
9 the recipient is waiving the right to receive the specified currency.

10
11 **SEC. 5. Punishable Acts.** – The following acts committed by the
12 remittance agents and companies, and/or all of its employees, shall be
13 punishable under this Act:

14
15 (a) Failure to comply with the provisions of this Act;

16
17 (b) Price gouging of currency exchange rates; and

18
19 (c) Substituting Philippine Peso for the specified original currency
20 without the express or written consent of the recipient.

21
22 **SEC. 6. Penalties.** – Any person or, in case of partnership or
23 corporation, the managing partner, president, or any responsible
24 corporate officer, committing any of the unlawful acts or omissions
25 provided under this Act shall be punished with imprisonment of not less
26 than six (6) years but not more than ten (10) years and a fine of not less
27 than Two Hundred Thousand Pesos (P200,000.00) but not more than
28 One Million Pesos (P 1,000,000.00).

29
30 **SEC. 7. Restitution.** – In addition to the penalties provided herein,
31 any person found guilty of violating this Act shall be required to make
32 restitution payments upon determination by the BSP or other governing
33 judicial authority that a remittance agent has willfully acted to avoid
34 compliance and/or charged rates in excess of the prescribed standards in
35 this Act. All recipients shall consequently reserve and retain their right
36 to collect the excessive amount proven to have been charged to them.

1 **SEC. 8. *Enforcement and Monitoring.*** – Aside from the BSP's
2 Manual of Regulations for Non-Bank Financial Institutions, the money
3 transfer industry shall be under the supervision of the BSP and shall be
4 bound by the requirements, rules, and regulations prescribed by the BSP.
5 The BSP shall likewise periodically monitor compliance by remittance
6 agents and companies with the provisions of this Act.

7
8 **SEC. 9. *Rules and Regulations.*** – The BSP shall prescribe the
9 necessary rules and regulations to effectively implement the provisions
10 of this Act within ninety (90) days from the effectivity of this Act.

11
12 **SEC. 10. *Separability Clause.*** – In case any provision of this Act
13 or any part thereof is declared unconstitutional, the other provisions not
14 so declared or affected remain in force and effect.

15
16 **SEC. 11. *Repealing Clause.*** – All laws, presidential decrees,
17 proclamations, executive orders, rules and regulations, or parts thereof,
18 inconsistent with the provisions of this Act are hereby repealed or
19 amended accordingly.

20
21 **SEC. 12. *Effectivity.*** This Act shall take effect fifteen (15) days
22 after its complete publication in at least two (2) newspapers of general
23 circulation.

Approved,