



SENATE

'19 DEC -9 A9 :09

P. S. RES. NO 234

RECEIVED BY: \_\_\_\_\_

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Introduced by Senator JOEL VILLANUEVA

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**RESOLUTION**

**DIRECTING THE COMMITTEE ON LABOR, EMPLOYMENT AND HUMAN RESOURCES DEVELOPMENT, AND COMMITTEE ON BANKS, FINANCIAL INTERMEDIARIES, AND CURRENCIES, AND OTHER APPROPRIATE SENATE COMMITTEES TO INQUIRE AND REVIEW, IN AID OF LEGISLATION, THE EXTENSION OF CREDIT TO OVERSEAS FILIPINOS AND OVERSEAS FILIPINO WORKERS, INCLUDING THE OPERATIONS OF THE OVERSEAS FILIPINO BANK**

**WHEREAS**, Section 35(c) of Republic Act No. 10801, otherwise known as the Overseas Workers Welfare Administration (OWWA) Act, mandates OWWA to provide low-interest loans to member-Overseas Filipino Workers;

**WHEREAS**, Executive Order No. 44, series of 2017, acknowledges the need to establish a bank dedicated to provide financial products and services tailored to the requirements of Overseas Filipinos (OFs) and focused on delivering quality and efficient foreign remittance services. Correspondingly, Section 1 of Executive Order No. 44 directs the acquisition of the Philippines Postal Savings Bank (PPSB) by the Land Bank of the Philippines (LBP) and its conversion into an Overseas Filipino Bank, subject to the approval and/or clearance of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), Philippine Deposit Insurance Corporation (PDIC) and the Philippine Competition Commission (PCC);

**WHEREAS**, The Overseas Filipino Bank is envisaged to be a fully "*Digital Bank*" servicing Overseas Filipino Workers through various electronic banking channels such as mobile phones, Automated Teller Machines (ATMs), and the internet, thereby removing the need for the establishment of physical branches and delivery of over-the-counter services.<sup>1</sup> However, it appears that the Overseas Filipino

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<sup>1</sup> "Vision and Mission." Overseas Filipino Bank. Available at <https://www.overseasfilipinobank.gov.ph/vision-mission/> (date last accessed: October 27, 2019).

Bank is still not operational, allegedly due to, among others, the need to clarify some issues regarding the Bank's mandate;<sup>2</sup>

**WHEREAS**, There has also been some issues with regard the financial standing of PPSB. According to the Commission on Audits' (COA) Annual Audit Report as of December 31, 2017, the Philippine Postal Savings Bank (PPSB) failed to collect loans and receivables from its borrowers worth Php2.373 Billion. The COA also reported that PPSB's past due loans worth Php2.246 Billion, which was inherited by the Overseas Filipino Bank, remain uncollected;

**WHEREAS**, The OWWA Charter and Executive Order No. 44, series of 2017 envision to make credit more accessible and affordable to our hardworking OFWs and OFs;

**WHEREAS**, Any delay or inefficiency in the implementation of the objectives of these laws, including, but not limited, to establishing credit institutions with questionable financial standing, will translate to heavier burdens to the intended beneficiaries, especially considering that a considerable number of OFWs and OFs remain to have difficulties in accessing credit that is vital for the payment of their recruitment fees, placement fees and deployment fees among others;<sup>3</sup>

**WHEREAS**, Given the impact of having an available, reliable and affordable credit facility for OFWs and OFs, there is a need to inquire and review the delivery of credit assistance to them, identify the issues related to their implementation, and find possible solutions to address these issues;

**RESOLVE BY THE SENATE**, To direct the Committees on Labor, Employment, and Human Resources Development, and Banks, Financial Intermediaries, and Currencies, and other appropriate committees of the Senate to inquire and review, in aid of legislation, the extension of credit to OFs and OFWs, including the operations of the Overseas Filipino Bank.

Adopted,

  
SENATOR JOEL VILLANUEVA

<sup>2</sup> 2019, May 8. "DOF ordered to work faster for Overseas Filipino Bank." Available at <https://businessmirror.com.ph/2019/05/08/dof-ordered-to-work-faster-for-overseas-filipino-bank/> (date last accessed: October 27, 2019).

<sup>3</sup> 2017, October 20. "The OFW Debt Trap: Less Money, More Problems". Available at <https://www.rappler.com/newsbreak/in-depth/185211-migrant-life-qatar-ofw-debt-trap> (date last accessed: October 25, 2019).