


JUL -7 1979

SENATE

Senate Bill No. 648

RECEIVED BY 

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INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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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 has 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 that 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 rights, welfare and interests.

These notwithstanding, however, the collective potentials of Filipino overseas workers have yet to be fully harnessed and utilized. While laudable, the programs of the government have been focused mainly in the areas providing welfare protection to Filipino overseas workers and encouraging them to continually remit their foreign exchange earnings through the grant of certain incentives. In the area of investment, the government has only the establishment of the Overseas Workers Investment Fund to offer for the overseas workers to venture upon.

To say the least, this bill seeks to further enhance the investment potentials 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 necessary financial assistance that will tremendously sustain the viability of the proposed Bank.

As previously mentioned, there are reportedly about 1.5 million Filipino overseas workers in more than 120 countries. The Middle East accounts for half a million of them. Western Europe has about 400,000 Filipino workers and the Asia Pacific region is host to more than 600,000, including some 300,000, mostly

refugees, in Sabah. With their huge number, a minimum investment of One Thousand Pesos (P1 ,000.00) from each of them with easy terms of payment will certainly generate a substantial amount of capitalization. This capital infusion, to say the least, would be a great boost to the country's sorry economic plight.

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. This augers well for our so-called modern day heroes which will surely give them the added aspiration to work even harder in the foreign countries they now consider as the places of their "bread and honey". But more importantly, it is a fitting recognition of their contribution in the long and arduous task at nation building.

In this light, the passage of this bill is fervently prayed.




**JINGGOY EJERCITO ESTRADA**  
Senator

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INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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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 1. Overseas Workers Bank.** - There is hereby created a bank to be known as "*Philippine Overseas Workers Bank*", herein 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 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 re-applying for overseas employment to defray the payment of placement fees and other expenses thereof;

c. To enter into agreements or contract 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 operations;

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 and 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 a 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 employees or workers outside the Philippines under valid employment contracts involving rendering of services in a foreign country, such as skilled and unskilled laborers, office, factory or household workers, or professional employees, which shall include seamen and/or workers on board vessels plying international waters, name hires, and other similar workers.

**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 fifty one percent (51%) share of the total shares provided herein, or one billion one hundred million (1,100,000,000) 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, in behalf of the overseas contract workers, fully subscribe total common shares of the Bank. The amount necessary for the government's subscription shall be advanced from the Overseas Workers Welfare Administration (OWWA); Provided, That the National Government shall, within the period of three (3) years, return to OWWA the amount hereinbefore required; Provided further, That the OWWA shall hold and represent the shares corresponding to the amount it has advanced until it has been fully reimbursed the sale of the stocks subscribed by the National Government in favor of the overseas contract workers.

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

Unless otherwise provided in this Act, loans and other credit accommodation granted by the Bank shall be subject to the single 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 337, as amended.

**SEC 7. Board of Directors; Composition; Tenure; Diems.** -Within the first three (3) years from the organization of the Bank, its affairs and business shall be directed, its properties managed and preserved, and its corporate powers and functions exercised, unless otherwise provided in this Act, by a Board of Directors consisting eleven (11 ) members, composed of the Secretary of Labor and Employment as Ex-Officio Chairman, and the respective Chairpersons of the Committee on Labor of the Senate and the House of Representatives, the Administrators of the Philippine Overseas Employment Administration (POEA) and the Overseas Workers Welfare Administration (OWA), as Ex-Officio Members. The remaining six (6) members shall be selected

from the officers and members of the different overseas workers' associations and be appointed by the President of the Republic of the Philippines; Provided, That at least one (1) member shall be an ordinary overseas worker and at least one (1) member each shall come from Visayas and Mindanao. Thereafter, the Members of the Board of Directors shall be elected in accordance with the succeeding Section.

**SEC. 8. Election and Qualifications of Members of the Board of Directors.** - Annually on the first Tuesday of 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 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 cumulative 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, or business management; *Provided*, That no director, officer or employee of any other bank shall be eligible as members 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 of per diems for every single month shall not exceed the sum of Six Thousand Pesos (P6,000.00).

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

**SEC. 9. Powers of the Board of Directors.** - The Board of Directors shall have the following duties, powers and authority:

- a) formulate policies necessary to carry out, effectively the provisions of this Act;
- b) to adopt, amend or change the by-laws as well as such rules and regulations 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 conditions to govern the granting of loans and credits consistent with the provisions of this Act;
- d) to adopt 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 of fraud;
- f) 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;

- g) to determine the procedure and requirements for the acquisition of properties necessary for the business of the Bank;
- h) to dispose of properties of the Bank, whether used in the conduct of its business or acquired as a result of its banking operations and negotiations;
- i) to provide for the appointment and removal, as well as fix reasonable compensation, of its personnel in accordance with existing laws;
- j) 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 determine; and
- k) to perform such other functions as may be necessary to achieve the objectives 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 ten (10) years of previous experience in banking, has a reputed proficiency, 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, execute and administer the policies, measures, orders and resolutions 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 on officers and subordinates, 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 with the rank of at least Vice- President;
- d) to appoint, promote or remove employees and officers below the rank of Vice-president;
- e) to transfer or re-assign officers or personnel of the Bank in the interest of service;
- f) to report periodically to the Board of Directors the operations of the Bank; and to delegate any of his powers, duties or functions to any officials 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 of staff, officers and employees of the Bank and upon recommendation of the President of the Bank, fix their remuneration and other emoluments in accordance with existing laws.

No officer or employee of the Bank subject to Civil Service shall be dismissed or suspended except as provided 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 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 from 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 any given matter pending before the Board, 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 third person, government official, bureau or office, any information relative to details on individual accounts or specific banking transactions; Provided, That in respect to deposit 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 may be allowed by law.

**SEC 17. *Borrowing 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 employee, and/or their relatives within the second degree of consanguinity or affinity, is a director, officer, or controlling shareholder, 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 obligator for money borrowed from the Bank or loaned by it; Provided, That this prohibition on directors, officers and employees shall not be included in the form of fringe benefits granted in accordance with the rules and regulations as may be 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 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 or by way of foreclosure or other means, shall be sold or otherwise disposed of in accordance with the policies and guidelines by the Board of Directors within three (3) years after the date of their acquisition.

**SEC 19. Right of Redemption of Foreclosed Property and Possession During the Redemption Period.** -Within one (1) year from the registration of the foreclosure or sale of 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 Bank outstanding and due as of 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 property with no obligation to account for the same compensation being considered 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 contrary notwithstanding, the Bank shall act as official government depository with authority to maintain government, particularly with respect to fund 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 of equipment, machinery and other items be 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 effectivity of this Act.

**SEC. 23. Articles of Incorporation and Charter.** - This Act, upon its effectivity, 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 effectivity 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 stockholders representing a majority of all the subscribed capital stock and entitled to vote, whether paid or unpaid, within one (1) month after the effectivity of this Act. The said By-Laws shall be subject to certifications by the Monetary Board pursuant to provisions of 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 violators 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 fine and imprisonment upon the discretion of the court.

**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 application to such person, association or circumstances shall not be affected thereby.



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

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

*Approved,*