

NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Third Regular Session

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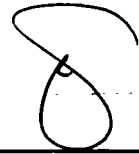
Office of the Secretary

25 JAN 22 P2:47

SENATE

S. No. 2937

Referred to



Introduced by Senator Robinhood Padilla

AN ACT
PROVIDING FOR THE REVISED CHARTER OF THE OVERSEAS FILIPINO
BANK, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Overseas-based Filipinos (OFWs), whom we proudly call as our “bagong bayani”, contribute foreign exchange income, currency stability, employment, and overall economic growth through their remittances.

In recognition of their growing financial needs, Executive Order No. 44, series of 2017 was passed, directing the Land Bank of the Philippines (LBP) to acquire the Philippine Postal Savings Bank, Inc. and convert it into the Overseas Filipino Bank (OFBank). The LBP was likewise directed to strengthen the capital base of OFBank and implement a reorganization plan for the same.

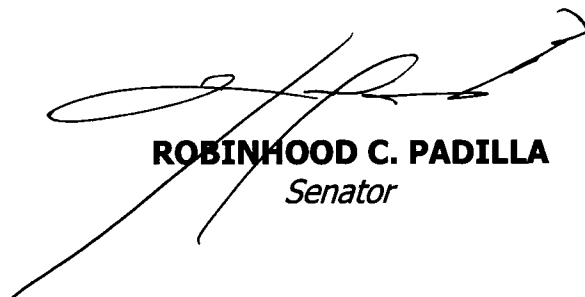
The creation of OFBank as a policy bank dedicated to provide financial products and services tailored to the requirements of overseas Filipinos, and focused on delivering quality and efficient foreign remittance services is pursuant to the Philippine Development Plan 2017-2022, which envisions a sound macroeconomic policy through strengthened effectiveness of financial inclusion initiatives, particularly those focusing on the efficient delivery of microfinance and micro-insurance products and services.

In 2020, LBP virtually launched the OFBank as a digital-only, first branchless Philippine government bank that allows clients to complete banking transactions anytime and anywhere across the globe. Under the OFBank Citizen’s Charter, it was

envisioned to be the country's leading OFW-centric Branchless Digital Bank committed to provide competitive and innovative products and services through convenient, reliable and secure banking platforms by 2024.

However, on April 25, 2024, citing financial challenges in the bank's operations, the proposal to merge OFBank with LBP was revived and reportedly affirmed by the Department of Finance (DOF). The implications of this proposal must be thoroughly reviewed by relevant agencies, including but not limited to the DOF, Government Commission for Government-Owned or -Controlled Corporations (GCG), Bangko Sentral ng Pilipinas (BSP), Department of Migrant Workers (DMW), and Overseas Workers Welfare Administration (OWWA).

It is essential to maintain an independent entity to ensure the efficient delivery of services to Overseas Filipinos across different parts of the globe. As such, the passage of this measure is earnestly sought.



ROBINHOOD C. PADILLA
Senator

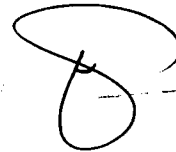
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AN ACT
PROVIDING FOR THE REVISED CHARTER OF THE OVERSEAS FILIPINO
BANK, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

1 Section 1. *Short Title.* — This Act shall be known as the "Overseas Filipino Bank
2 Act."

3 Sec. 2. *Declaration of Policy.* — The primary purpose of the OFBank shall be to
4 deliver its commitment to the overseas Filipino workers (OFWs) and their beneficiaries
5 by providing effective remittance methods that are accessible, cost-effective, fast and
6 safe for both senders and recipients, offering enhanced credit facilities and financial
7 assistance for OFWs and their families intended to support enterprises development
8 as well as personal needs, and helping strengthen the government's presence in the
9 remittance market and eventually influence lower costs of bank remittance.

10 Sec. 3. *Name, Place of Business, and Physical Touchpoints.* — There is hereby
11 created the Overseas Filipino Bank, a digital bank that offers products and services
12 that are processed end-to-end through a digital platform and/or electronic channels
13 and shall hereinafter be called the OFBank.

14 It shall maintain a principal/head office in the Philippines to serve as the main
15 point of contact for stakeholders in an area determined by it to be optimally accessible
16 to the latter, and conducive for housing management offices and support operations.

1 As a digital bank, it may offer financial products and services through cash agents and
2 other qualified service providers subject to existing laws, rules, and guidelines by the
3 Bangko Sentral ng Pilipinas (BSP). While operating as a digital bank, whenever
4 deemed necessary by the Board of Directors, the OFBank may establish branches or
5 agencies in other provinces or cities.

6 Sec. 4. *Powers in General.* — The OFBank, upon its organization, shall be a
7 body corporate and shall have the power:

- 8 a. To prescribe, repeal, and alter its own by-laws and its operating policies,
9 and to issue such rules and regulations as may be necessary to achieve
10 the main purpose for the creation of the OFBank;
- 11 b. To adopt, alter and use a corporate seal;
- 12 c. To make contracts, to sue and be sued;
- 13 d. To borrow money; to own real or personal property and introduce
14 improvements thereon, and to sell, mortgage or otherwise dispose of
15 the same;
- 16 e. To employ such officers and personnel, preferably from the OFWs
17 sector, as may be necessary to carry overseas Filipinos banking
18 business;
- 19 f. To establish such physical touchpoints in the Philippines as may be
20 necessary to carry on its overseas Filipinos banking business;
- 21 g. To perform any or all of the following banking services:
 - 22 i. Open current or checking accounts;
 - 23 ii. Open savings accounts for safekeeping or custody with no
24 participation in profit and losses except unless otherwise
25 authorized by the account holders to be invested;
 - 26 iii. Grant loans, whether secured or unsecured;
 - 27 iv. Accept savings and time deposits, including basic deposit
28 accounts as defined in the Manual of Regulations for Banks
29 (MORB);
 - 30 v. Accept foreign currency deposits, as defined under Republic Act
31 No. 6426, as amended;

- vi. Invest in readily marketable bonds and other debt securities, commercial papers and accounts receivable, drafts, bills of exchange, acceptances or notes arising out of commercial transactions;
 - vii. Act as correspondent for other financial institutions;
 - viii. Act as collection agent for non-government entities;
 - ix. Issue electronic money products subject to the guidelines provided under the MORB;
 - x. Issue credit cards;
 - xi. Buy and sell foreign exchange; and
 - xii. Present, market, sell and service microinsurance products subject to the guidelines provided under the MORB.
- h. To exercise the powers granted under this Charter and such incidental powers as may be necessary to carry on its business subject to existing laws, rules, and guidelines as may be established by the BSP.

Sec. 5. Authorized Capital Stock. — The authorized capital stock of the OFBank shall be One billion pesos (P1,000,000,000) divided into ten million par value shares of One hundred pesos each. All shares are nominative and indivisible. The Board of Directors and stockholders are hereby authorized to increase the authorized capital stock and provide the classification and features of shares, subject to pertinent laws and the rules and regulations of the BSP and Securities and Exchange Commission (SEC).

The subscription to and ownership of such shares, including the transfer thereof to third parties, shall be governed by pertinent laws, rules and regulations; *Provided* That in the determination of the classification and features of shares by the Board of Directors, a class of shares must be made available for subscription to OFWs.

Sec. 6. The Board of Directors, Composition, Tenure, and Per Diems. — The affairs and business of the OFBank shall be directed and its property managed, controlled and preserved, unless otherwise provided in this Act, by a Board of Directors

1 consisting of nine (9) members to be appointed by the President of the Philippines.
2 The term of office of the Chairperson, President, and the members of the Board of
3 Directors shall be for a period of one year or until such time as their successors are
4 appointed.

5 The Chairperson of the Board, and the President of the OFBank, who shall serve
6 as Vice Chairperson, shall be appointed by the President of the Philippines. The
7 position of Chairperson of the Board and President of the OFBank shall not be held by
8 the same person. In case of incapacity or absence of both the Chairperson and the
9 Vice-Chairman, the Board of Directors shall designate a temporary Chairperson from
10 among its members.

11 The Secretary of Finance, Secretary of Migrant Workers, and the Secretary of
12 the Commission on Filipinos Overseas shall serve as *ex officio* members of the Board.
13 As such, they may designate their respective alternates who shall be the officials next-
14 in-rank to them and whose acts shall be considered the acts of their principals.

15 No person shall be appointed regular director of the OFBank unless he/she is a
16 natural-born citizen of the Philippines, not less than thirty-five (35) years of age, of
17 good moral character and has attained proficiency, expertise and recognized
18 competence in one or more of the following: banking, finance, economics, law, foreign
19 affairs, business management or government administration.

20 Four (4) of the members of the Board shall be independent directors composed
21 of one (1) representative from the private sector, one (1) representative from land-
22 based OFWs, one (1) representative from sea-based OFWs, and one (1)
23 representative from overseas Filipinos.

24 Except for the Chairperson and the President, no officer or employee of the
25 Bank may be appointed as a member of the Board of Directors; nor shall any director,
26 officer or employee of any other bank be eligible as a member of the same.

1 The members of the Board of Directors, except for those serving *ex officio*,
2 shall receive a per diem or allowance for every meeting of the board actually attended
3 by them, the amount of which shall be within the acceptable banking industry rates
4 and shall be set in accordance with the pertinent provisions of Republic Act No. 11232.

5 *Sec. 7. Powers and Functions of the Board of Directors.* — The Board of
6 Directors shall:

- 7 a. Formulate policies necessary to carry out effectively the provisions of
8 this Act and adopt such by-laws, rules and regulations for the effective
9 operation of the OFBank in conformity with this Act and other existing
10 laws;
- 11 b. Determine the organization of the OFBank by creating the necessary
12 departments or offices as are essential for its efficient operation;
- 13 c. Subject to prior approval of the Monetary Board, establish physical
14 touchpoints in other countries; and
- 15 d. Create an executive committee and such other committees as may it
16 may deem necessary and proper in the conduct of the business of the
17 corporations, with composition, powers and duties as it may prescribe,
18 subject to BSP rules and regulations, and act on all matters affecting
19 general policies of the OFBank.

20 *Sec. 8. Chairperson and Chief Executive Officer.* — The Chairperson shall be
21 the Chief Executive Officer of the Bank and, as such, shall, on behalf of the Board,
22 have the direction and control of the business affairs and properties of the bank in all
23 matters which are not by this Charter or by the By-Laws of the bank specifically
24 reserved to be done by the Board or other officers of the bank. For this purpose, the
25 Chairperson shall, among other powers and duties, execute, carry out, and administer
26 the policies, measures, orders, and resolutions approved by the Board; direct and
27 supervise the operation and administration of the Bank; and exercise such other
28 powers and perform such other functions or duties as may be directed or assigned to
29 him/her by law or by the Board from time to time.

1 Particularly, the Chairperson shall have the power and duty:

2 a. To sign and execute all contracts concluded by the Bank and enter
3 into all necessary obligations required or permitted by this Act, upon proper
4 authorization by the Board; and sign all notes, securities, certificates, and other
5 major documents of the bank;

6 b. To exercise, as Chief Executive Officer of the Bank, the powers of
7 control and supervision over decisions and actions of subordinate officers and
8 all other powers that may be granted by the Board;

9 c. To report to the Board the main facts concerning the operations of
10 the Bank and to recommend changes in policies which he may deem advisable;

11 d. To submit an annual report to the President of the Philippines on the
12 result of the operations of the bank;

13 e. To recommend to the Board the appointment, promotion, or removal
14 of all officers of the bank, with the rank of at least vice-president or its
15 equivalent;

16 f. As required by circumstances, to delegate any of his powers, duties or
17 functions to any officer or director of the bank, with the approval of the Board.

18 *Sec. 9. Vice Chairperson and Chief Operating Officer.* — The Vice Chairperson
19 shall be the Chief Operating Officer of the Bank and shall assume and exercise such
20 specific duties and responsibilities as may be delegated to him by the Chairman.

21 *Sec. 10. Conduct of Business.* — The OFBank shall be subject to the prudential
22 requirements set out by the BSP including corporate governance and risk
23 management, particularly on information technology and cyber security, outsourcing,
24 consumer protection and anti-money laundering (AML) and combating the financing
25 of terrorism (CFT), as provided under existing regulations.

26 *Sec. 11. Authority to Receive Deposit of Government Funds as an Official*
27 *Government Depository.* — The Secretary of Finance, the National Treasurer, and their
28 authorized representatives, all city and municipal treasurers as well as official
29 custodians of public funds, or those belonging to government-owned or controlled

corporations are hereby authorized, if they so desire, to make and actually maintain deposits of any government or corporate fund with the OFBank, which is hereby declared to be an official government depository.

Sec. 12. *Appropriations.* — The amount necessary for the implementation of this Act shall be provided in the annual General Appropriations Act.

Sec. 13. *Separability Clause.* — If any provision or part hereof is held invalid or unconstitutional, the remaining provisions not affected thereby shall remain valid and subsisting.

Sec. 14. *Repealing Clause.* — Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

Sec. 15. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any two (2) newspapers of general circulation in the Philippines.

Approved,