

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

SENATE 902
P. S. R. No. _____

AS

Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON THE NEED TO CURB THE
INCREASING NUMBER OF ILLEGAL REMITTANCE AGENTS BY IMPOSING
STRICTER PENALTIES AND PROVIDING INCENTIVES TO LEGITIMATE
REMITTANCE CHANNELS

WHEREAS, the Constitution, Article 2, Section 20 provides: "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments";

WHEREAS, based on the 14 November 2012 article in *Inquirer.net*, a coalition of bankers in Asia has called on central banks in the region to slap tougher penalties on illegal remittance agents, citing the consumer risks associated with an expanding black market for money transfers;

WHEREAS, according to the Asian Bankers Association (ABA), remittances passing through informal channels were 30 to 40 percent more than those facilitated by banks and other legitimate remittance centers;

WHEREAS, in the case of the Philippines, which is reportedly the fourth biggest recipient of remittances in the world with more than 10 million Filipinos working overseas, about \$20 billion in remittances were reportedly facilitated by banks and duly registered remittance centers last year but industry players suspected that a lot of foreign exchange were sent to the Philippines through *unregistered remittance agents*;

WHEREAS, it was reported that remittance facilitation is a good source of income for businesses because of the huge amount of money being sent by overseas Filipinos;

WHEREAS, the report also alleged that the significant amount of money being sent through illegal channels was partly blamed on the gap in costs since banks charge more than unregistered remittance centers in facilitating money transfer;

WHEREAS, according to Chair Dilshan Rodrigo, the illegal channels are much bigger than the *legal channels* for money transmission and regulators are called to strengthen mechanisms against informal channels in order to make it difficult for illegal money transfers to take place;

WHEREAS, the problem with informal remittance channels was the risk they pose to customers; since they are not registered, their operations escape the eye of regulators;

WHEREAS, Rodrigo further alleged that the Bangko Sentral ng Pilipinas and its counterparts in other Asian countries should come up with policies imposing strict penalties against unregistered remittance agents and providing incentives to legitimate remittance channels;

WHEREAS, consumers would significantly benefit from an improved regulatory environment since beneficiaries of remittances would be less exposed to the risk of fraud;

WHEREAS, more remittance beneficiaries would be encouraged to invest in financial products offered by the banks if they were getting their money through these financial institutions;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper Senate Committee to conduct an inquiry, in aid of legislation, on need to curb the increasing number of illegal remittance agents by imposing stricter penalties and providing incentives to legitimate remittance channels.

Adopted,

Miriam Defensor Santiago
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