Philippines: Building a Remittance Channel Before Trying to Mandate One

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MacroLens Research | Case study for Sri Lanka | Draft, 7 October 2026

Abstract

This case study examines how the Philippines kept overseas workers' money flowing through formal channels, and asks what Sri Lanka can use. It describes the 1982 mandatory-remittance order, the later move to registering and supervising remittance agents (2005) and non-bank networks (2019, 2024), and the 2022 push toward digital payments. It reports official data: Philippine bank-recorded cash remittances rose from US$32.539 billion in 2022 to a preliminary US$35.634 billion in 2025, about 9.5 percent overall, while Sri Lanka's fell from US$5.49 billion (2021) to US$3.79 billion (2022) and recovered to US$6.58 billion (2024). We find the Philippine record shows stability and scale, but the primary sources do not isolate which policy caused it. Sri Lanka can take the supervised-agent model and digital rails; it should not copy compulsion, and the exchange-rate incentive explanation for its 2022 break remains a hypothesis, not a causal result of this study.

Topic choice note: the brief allowed remittances or BPO/IT exports. This case uses remittances because Sri Lanka's 2022 to 2024 swing is the sharper, better-documented local question. BPO/IT is not covered.

Opening hook

In December 1982, President Marcos ordered that no Filipino contract worker could renew a passport without proof that 50 to 70 percent of basic pay had gone home through the Philippine banking system. The order's own preamble admitted why: earlier rules had "not been fully effective" in keeping remittances out of "unauthorized and unofficial" channels (EO 857, 1982). Forty years later the Philippines receives about US$40 billion a year in personal remittances, and the policy talk is about fees and apps, not about forcing anyone. Sri Lanka, in 2022, watched its own remittances fall 31 percent in one year, then rebound 74 percent in two. The Philippine story is useful less for the 1982 stick than for what came after it, and for what the numbers do and do not prove.

1. Context and problem

The Philippines. Overseas work is large and structural. The Philippine Statistics Authority (PSA) estimated 1.96 million overseas Filipino workers (OFWs) in April to September 2022, 98.7 percent of them on contract, with Saudi Arabia (23.0 percent) and the UAE (13.7 percent) the top destinations (PSA, Survey on Overseas Filipinos). In the same six months, OFWs' total remittances were PHP 197.47 billion, of which PHP 145.40 billion was cash sent, PHP 43.90 billion cash brought home and PHP 8.17 billion in kind (PSA). Note the PSA split: cash brought home is about 22 percent of the total remitted, and it is not the same category as cash sent home.

The 1982 problem. EO 857 states the concern directly: remittances were not being "coursed through official financial institutions," and the "balance of payments" suffered. The state wanted foreign exchange in the banking system.

Sri Lanka's parallel problem. Sri Lanka's recorded workers' remittances were US$5.49 billion in 2021 (CBSL). In 2022 they were US$3.79 billion (CBSL). In January 2022 the Central Bank (CBSL) was already warning against "illegal fund transfers" and promoting an incentive for formal remittances (CBSL notice, 8 Jan 2022).

2. What the Philippines did, and when

Year	Action	Source
1974	Labor Code Art. 22 made it mandatory for Filipino workers abroad to remit part of foreign-exchange earnings	PD 442 (lawphil.net)
1982	EO 857: minimum remittance of 50 to 70 percent of basic pay by job category; passport renewal tied to proof of remittance; sanctions on workers, employers and agencies; payroll deduction allowed; embassies as interim channel where no bank	EO 857
1995	RA 8042 (Migrant Workers Act) states the State "does not promote overseas employment as a means to sustain economic growth"; the quoted provision recognises remittances as a contribution but not as a development strategy	RA 8042 Sec. 2(c)
2005	BSP Circular 471: remittance agents (including couriers and transmission agents) must register with the central bank, attend anti-money-laundering training, and appear on an electronic registry	BSP Circ. 471
2019	BSP Circ. 1039 formalised remittance network providers and sub-agents under the supervised remittance company	BSP Circ. 1039
2022	EO 170 adopts digital payments in government and cites the BSP Digital Payments Transformation Roadmap 2020 to 2023 and PhilSys national ID as enablers of account opening	EO 170
2024	BSP Circ. 1206 consolidates rules for money service businesses (remittance companies, e-money issuers, virtual-asset providers) into one supervisory rulebook	BSP Circ. 1206

Reading the sequence. The 1982 stick came first. Over the next four decades, as far as the sources I read show, policy moved toward registering and supervising the private agents who actually carry the money. I could not find a primary source confirming whether EO 857's passport and percentage requirements are still enforced or were formally repealed. Treat that as unverified (see Section 7).

3. Measured outcomes

All figures are from official or multilateral sources; units are stated.

Table 1. Philippines

Measure	Value	Unit	Source
BSP personal remittances 2022 / 2023 / 2024 / 2025p	36,136 / 37,210 / 38,341 / 39,619	US$ million	BSP, OF Remittances

Measure	Value	Unit	Source
BSP cash remittances 2022 / 2023 / 2024 / 2025p	32,539 / 33,491 / 34,493 / 35,634	US$ million	BSP, OF Remittances
Cash remittances growth 2022 to 2025p	+9.5% total; 3.1% a year	percent (desk calc)	BSP (calc)

URLs: https://www.bsp.gov.ph/statistics/external/ofw.aspx ; https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?locations=PH ; https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=PH

Note: BSP's "personal remittances" includes cash through banks and informal channels plus in-kind transfers; "cash remittances" is, per BSP's footnote, cash sent by land-based and sea-based workers through the banking system, so it is the narrower, bank-recorded series. The World Bank and BSP personal-remittance figures differ (for 2024, 40,279 vs 38,341 US$ million) because of definitional and revision differences; I did not reconcile them. Use one series per chart.

Table 2. Sri Lanka (for comparison)

Year	Workers' remittances (US$ million)	Source
2021	5,491.0	CBSL Q4 2022 bulletin
2022	3,789.4	CBSL Q4 2022 bulletin
2023	5,969.6	CBSL Q4 2023 bulletin
2024	6,575.4	CBSL Q4 2024 bulletin

Desk calculations: 2021 to 2022 is -31.0 percent; 2022 to 2024 is +73.5 percent; 2024 is 19.7 percent above 2021.

URLs: see the complete retrieved bulletin links in the source list.

CBSL's bulletins note some flows (US$184.4 million in 2024) arrive through global apps and other channels not allocated by country, and that US and UK figures include "remittances diverted from other source countries due to cross border forex transactions arrangements." That last remark is a sign of measurement and routing effects inside the recovery, not only new money.

What the comparison shows. The displayed Philippine cash-remittance totals increase in each year from 2022 to 2025. Sri Lanka's series broke sharply in 2022. This is descriptive. It does not show that Philippine policy produced the smoothness (see Section 5).

4. Possible mechanisms and attribution limits

1. **A registered, supervised private agent layer.** Circ. 471 (2005) brought couriers and transmission agents under registration and anti-money-laundering training rather than treating them as outside the system. Circ. 1039 (2019) and Circ. 1206 (2024) extended that to networks, sub-agents, e-money and virtual-asset providers. *Hypothesis:* bringing informal carriers inside the supervised perimeter is one reason bank-recorded cash remittances track total flows closely. The primary sources I read establish the rules, not the effect. 2. **Channels at the destination end.** A BSP working paper (2006-02) notes that OFWs had difficulty using host-country banks, and "the gap was addressed by Philippine banks, courier services, and informal channels." This tells us the formal system partly succeeded by meeting workers where they were, and that informal channels were part of the same solution at the time. 3. **Digital rails in the last decade.** The BSP's 2024 e-payments report says digital payments were 57.4 percent of total retail payment volume in 2024, above the 52 to 54 percent target in the Philippine Development Plan 2023 to 2028. I did not find an official digital-share figure for OFW remittances specifically, so this is background, not proof of remittance digitisation. (The report's "Remittances" line covers person-to-person remittances generally and should not be read as OFW inflows.) 4. **A stable, large worker stock.** 1.96 million OFWs with established destination corridors give flows a base that policy did not create overnight. This is a precondition, not a policy.

Cost. The World Bank's Remittance Prices Worldwide (Q4 2024) puts the global average cost of sending US$200 at 6.26 percent, South Asia as the cheapest receiving region at 4.48 percent, and the SDG target at 3 percent by 2030. I did not pull the Philippine or Sri Lankan corridor-level figures from the database. Philippine press reports of 1.8 to 4.6 percent are secondary and not used here. URL: https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q424_13.pdf

5. What did not transfer, or went wrong

- **Compulsion is not shown to have worked.** EO 857 tied passports to proof of remittance, which creates an incentive to produce paperwork, not necessarily to send more money. The PSA data show 22 percent of total remittance (April to September 2022) was cash carried home, which is separately reported as cash brought home. I found no primary evaluation of EO 857's effect.

- **The State itself disclaims remittance dependence.** RA 8042 says the overseas programme is not a development strategy. the social consequences of overseas work remain an important question outside the measurements assembled here.

- **Selection bias in the story.** The Philippines had no 2022-style foreign-exchange collapse in the BSP series above. So its record cannot say how a formal system behaves when the parallel exchange rate pays workers more to go informal. That is Sri Lanka's actual test.

- **Series and definition drift.** BSP cash, BSP personal and World Bank personal remittance series do not match. Any comparison needs one definition.

- **No causal attribution in the primary sources.** None of the documents above evaluates why Philippine remittances grew. Everything in Section 4 beyond the rules themselves is hypothesis.

6. What Sri Lanka can take, with conditions and limits

Lesson	Condition for it to work	Limit / what not to claim
Register and supervise private remittance agents and sub-agents (the Circ. 471 and 1039 model)	CBSL needs supervisory capacity and AML training; agents need a route to bank settlement	Does not by itself beat a parallel-market rate gap
Treat the informal carrier as a partner to license, not only a target for enforcement	Licensing terms must be cheaper than staying out	Sri Lanka's January 2022 CBSL notice already pairs incentives with "stern legal action"; the Philippine record does not show that enforcement mattered
Keep a formal option at the destination end that workers can reach	Mobile apps, partner banks, payout agents in rural districts	CBSL's Lanka Remit app exists; I did not assess its use
Lower the price of formal sending	Corridor cost data (RPW) reviewed by corridor	I have not compared Sri Lankan and Philippine corridor prices
Do not copy EO 857-style mandates	n/a	Compulsion is untested and politically costly; Sri Lanka's own 2022 CBSL notice stressed that workers were not required to convert to LKR
Read Sri Lanka's 2022 to 2024 swing as mainly a price and confidence story	Compare CBSL formal remittances with the parallel-market premium by month	This is a hypothesis; the CBSL bulletins list incentives (reimbursing costs up to Rs 1,000 from 1 Feb 2022; duty-free allowances linked to remitted forex from 8 Aug 2022) but do not attribute the recovery to them

A test MacroLens can run (desk work, not done here). Plot CBSL monthly workers' remittances against the official-to-parallel-market gap for 2021 to 2024 and mark the dates of the incentive measures. That would turn the hypothesis in the last row into a checkable claim. It needs a primary source for the parallel rate, which I have not located.

7. Open items and uncertainty

- Whether EO 857 is still in force: not verified. Do not state it as repealed or active.
- Philippine OFW-specific digital share of remittances: not found in a primary source.
- Corridor-level costs for the Philippines and Sri Lanka: not pulled.
- BPO/IT services export growth: out of scope for this case.
- BSP 2025 figures are marked preliminary (2025p) on the BSP page.

Sources (all accessed 7 Oct 2026)

- BSP, Overseas Filipino Remittances: https://www.bsp.gov.ph/statistics/external/ofw.aspx
- World Bank WDI, personal remittances received (US$): https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT ; share of GDP: https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS (retrieved through the World Bank API, api.worldbank.org)
- EO 857 (1982): https://lawphil.net/executive/execord/eo1982/eo_857_1982.html
- PD 442 (Labor Code): https://lawphil.net/statutes/presdecs/pd1974/pd_442_1974a.html

- RA 8042: https://dmw.gov.ph/archives/poea/laws&rules/files/Migrant%20Workers%20Act%20of%201995%20(RA%208042).html
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- CBSL, 8 Jan 2022 notice: https://www.cbsl.gov.lk/en/news/repatriation-and-conversion-of-export-proceeds-and-incentive-scheme-to-attract-workers-remittances
- CBSL Workers' Remittances bulletins (Q4 2022, Q4 2023, Q4 2024): https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/workers_remittances_and_labour_migration_bulletin_2022_q4_e.pdf; later bulletin links are not reconstructed here.