

Problems:

Contracts not honored

One problem is that we are trying to solve is that the contract of OFWs are often being breached. Just this July, thousands of OFWs are protesting because their employers are not paying their salary. the reason was because of economic problems of Saudi Arabia (Hapal, 2016). Four months before this news, there was another report about OFWs not being paid at the right time because the Saudi Government have been delaying payment to their contractors which results to this event, and in worst cases ,they are even laid off(Guzman, 2016).

Illegal recruiters

Another problem was that there are a lot of illegal recruiters. The Philippine Overseas Employment Administration(POEA) launched, just this August, a nationwide manhunt for illegal recruiters. According to POEA, the illegal recruiters mostly target provinces. The illegal recruitment in the Philippines is so severe that about 400 to 500 cases are being reported annually as stated by POEA ("DOLE chief wants death penalty for illegal recruiters," 2016).

Expensive remittance cost

Lastly, we are also concerned about the amount of money OFWs pay when they send money from abroad. According to Bangko Sentral ng Pilipinas(BSP), the amount of money that is sent by OFWs is \$24,348,078. The USA followed by Saudi Arabia are where the majority of the remittances are coming from; the two amounts to \$16,502,355 or 68% of the total amount that the Philippines received in the year 2014. While the cost of sending money from the said countries are at the average of 5.34% and 4.31% respectively, based on World Bank. Considering the two, the total amount lost from sending money would be staggering \$ 870,278 or P 43,296,330 and this is just from the 68% of the total amount Philippines receives. Even the local remittance company in the Philippines would gain so much money from this way. For example, M Lhuiller charges P3 per P100 money based on their website. Let's say that M Lhuiller is the only remittance company in the Philippines, they would gain about P 36,383,332.96 alone in the 2014. Fintech industries are making money from other people's hard work. The huge amount that they earn would be better invested in government's program or children's tuition.

Idea#1:: Blockchain and Smart Contracts on OFW employment and remittance.

What is Blockchain? Blockchain is a public ledger of all the transactions that have occurred within the system that is tamper-proof since every participant of the system shares a copy of the ledger and is continuously verified("IBM Blockchain-What is Blockchain?",2016). An implementation of Blockchain are Smart Contracts, which are self-executing and verifying programs that are tamper-resistant because they exist on the network of computers which are beyond the control of the participants. Through Smart Contracts, automation of payments is made possible since Smart Contracts can be connected to bank accounts and can automatically add or subtract amount from an account and send it to a recipient("About Smart Contract", 2016).

Proposed System

Recruitment

We propose an app where employers, employee, and recruiters can freely interact with each other and know the status of every single entity connected to the network. Through the system, every participant will be notified of the reputation of each other since the reputation of an entity goes up or down depending on the result of their smart contracts.

The system will require every user to have a single account. If an employer is looking for an employee for a certain job, they can just post a job opening on the app so that other users will be notified about the job opening. An employer can directly interact with an applicant without the need for a recruitment agency or they can tap a recruitment agency so that the filtering of applicants and processing of papers will be handled by the agency.

Upon selection of applicant, the participants which includes the employer, employee, and recruitment agency (if there is any) will now decide on the terms and conditions of their smart contract which will then be generated by the app. This may include the account address of the participant, basic salary of the employee, the duration of the contract, the time when the smart contract will be executed, the events that can terminate the smart contract, and others.

Contract Breached

Smart Contracts can be terminated through the use of Smart Contract Oracles, which provide external data source to smart contracts thus enabling smart contracts to make use of the data that are outside the blockchain such as weather events, reports, payment methods, and the like in triggering events("Smart Contracts are self-executing contractual states, stored on the blockchain", 2016).

Upon completion of the contract, the ratings of the participants are then updated, increasing them if the contract is successful, or decreasing them depending on who breached the contract. Since all the transactions are stored in the blockchain, so are their ratings, and if a certain entity's rating is low, then that tells the other users that this certain entity has had a lot of contract breaches.

Money Remittance

Since the transfer of money from one account to the other is made automatically through the smart contract oracles, there will no longer be a need for a company to act as a middleman for money remittance.

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