

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 1194

Introduced by: HON. FELIX R. ALFELOR, JR.

EXPLANATORY NOTE

This bill was filed with the 12th Congress as House Bill No. 5087 with the following explanatory note:

“This bill seeks to impose a ceiling of not exceeding forty two percent (42%) per annum or three and a half percent (3.5%) per month on the interest rates, including penalty for late payments and other finance charges, being charge by credit card companies to their cardholder. Since the inception of the credit card business in 1957, it has never come under the scrutiny of the lawmaking body of our country. All the players of the industry are free to do whatever they wanted, charging unconscionably interest rates, penalty for late payments and other finance charges, not to mention the additional price on goods or services being charge by business establishments. In short, they are free to design how best they could multiply their profitability in utter disregards of the welfare of the credit cardholders.

Considering the large number of credit card holder, which now reached a total of not less than one million and still growing by the day, and the high interest rates on their loans, credit card companies have been making a killing at the expense of their clients. It has been reported that credit card companies are imposing usurious interests to cover possible losses resulting from bad debts by some borrowers to the detriment of the good payors.

The credit card business is affected with public market interest, since its clientele is the consuming public, the government therefore must take the initiative to protect the interest of the consuming public, especially the responsible credit cardholders, from oppressive and unjustified lending rates imposed by credit card companies.”

In view of the foregoing reasons, the approval of this bill, which was filed before the 12th Congress but was not acted upon before its adjournment, is earnestly sought.

HON. FELIX R. ALFELOR, JR.
Representative
Fourth District, Camarines Sur

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AN ACT

DECLARING UNLAWFUL FOR FINANCIAL ESTABLISHMENTS AND OTHER ENTITIES ENGAGES IN CREDIT CARD BUSINESS TO CHARGE INTEREST RATES EXCEEDING FORTY TWO PERCENT (42%) PER ANNUM, INCLUDING PENALTY FOR LATE PAYMENT AND OTHER FINANCE CHARGES AND PROVIDING PENALTIES THEREFOR.

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

SECTION 1. It is hereby declared unlawful for financial establishments and other entities engaged in credit card business to charge interest rates exceeding forty two percent (42%) per annum, including penalty for late payment and other finance charges.

As used in this Act, the term "credit card" refers to any card, plate, code, coupon book or other credit card device that can be used to obtain money, goods, property, services or any other thing of value.

SEC. 2. Any person found guilty of violating the provision of this Act shall suffer the penalty of not less than three (3) years nor more than six (6) years or a fine of One Hundred Thousand Pesos (P100,000.00) or both at the discretion of this court.

If this offender is corporation, the penalty and/or fine shall be imposed upon the president, director and manager or managing partners.

SEC. 3. This Act shall take effect upon its approval.

Approved,