

**Republic of the Philippines
House of Representatives
Quezon City**

FIFTEENTH CONGRESS

First Regular Session

912

COMMITTEE REPORT NO. _____

13 MAY 2011

Submitted by the Committee on Banks and Financial Intermediaries on _____

Re: House Bill No. **4655**

Recommending its approval in substitution of House Bill No. 3675

Sponsor: Representatives Sergio A. F. Apostol and Roman T. Romulo

Mr. Speaker :

The Committee on Banks and Financial Intermediaries to which was referred House Bill No. 3675 introduced by Representative Roman T. Romulo, entitled:

AN ACT

AMENDING SECTIONS 5 AND 8 OF REPUBLIC ACT NO. 8484, OTHERWISE KNOWN AS THE "ACCESS DEVICES REGULATION ACT OF 1998," AND FOR OTHER PURPOSES

has considered the same and recommends that the attached House Bill No. **4655**, entitled:

AN ACT

STRENGTHENING THE TRANSPARENCY AND DISCLOSURE REQUIREMENTS IN THE USE OF CREDIT CARD FACILITIES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8484, OTHERWISE KNOWN AS THE "ACCESS DEVICES REGULATION ACT OF 1998"

be approved in substitution of House Bill No. 3675, with Representatives Roman T. Romulo, Sergio A. F. Apostol, Julieta R. Cortuna and Jeci A. Lapuz as authors thereof.

Respectfully submitted,


SERGIO A. F. APOSTOL
Chairman

The HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 4655

Introduced by Representatives Roman T. Romulo, Sergio A. F. Apostol, Julieta R. Cortuna and Jeci A. Lapuz

AN ACT
STRENGTHENING THE TRANSPARENCY AND DISCLOSURE REQUIREMENTS IN THE USE OF
CREDIT CARD FACILITIES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO.
8484, OTHERWISE KNOWN AS THE "ACCESS DEVICES REGULATION ACT OF 1998"

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

1 Section 1. Section 5 of Republic Act No. 8484, otherwise known as the "Access
2 Devices Regulation Act of 1998," is hereby amended to read as follows:

3 "Sec. 5. *Computations.* — In addition to the foregoing, a credit card
4 issuer must, to the extent practicable, provide a detailed explanation and a
5 clear illustration of the manner by which all charges and fees are computed.

6 "UPON ACCEPTANCE AND ACTIVATION OF THE CREDIT CARD, EVERY
7 BILLING STATEMENT AND ITS EQUIVALENT DOCUMENT SHALL CONTAIN
8 CLEAR AND CONCISE REPAYMENT INFORMATION THAT WOULD APPLY TO
9 THE OUTSTANDING BALANCE OF THE CONSUMER PLACED IN A
10 CONSPICUOUS PLACE AND PROMINENT LOCATION ON THE BILLING
11 STATEMENT OR ITS EQUIVALENT DOCUMENT. THE REPAYMENT
12 INFORMATION SHALL ALSO INCLUDE THE FOLLOWING:

- 13 1. THE NUMBER OF MONTHS (ROUNDED TO THE NEAREST MONTH)
14 THAT IT WOULD TAKE TO PAY THE ENTIRE AMOUNT OF THAT
15 BALANCE, IF THE CONSUMER PAYS ONLY THE REQUIRED

1 MINIMUM MONTHLY PAYMENTS AND IF NO FURTHER ADVANCES
2 ARE MADE;

3 2. THE TOTAL COST TO THE CONSUMER, INCLUDING INTEREST AND
4 PRINCIPAL PAYMENTS, OF PAYING THAT BALANCE IN FULL, IF THE
5 CONSUMER PAYS ONLY THE REQUIRED MINIMUM MONTHLY
6 PAYMENTS AND IF NO FURTHER ADVANCES ARE MADE;

7 3. THE MONTHLY PAYMENT AMOUNT THAT WOULD BE REQUIRED
8 FOR THE CONSUMER TO ELIMINATE THE OUTSTANDING BALANCE
9 IN 36 MONTHS, IF NO FURTHER ADVANCES ARE MADE; AND

10 4. THE TOTAL COST TO THE CONSUMER, INCLUDING INTEREST AND
11 PRINCIPAL PAYMENTS, OF PAYING THAT BALANCE IN FULL IF THE
12 CONSUMER PAYS THE BALANCE OVER 36 MONTHS.

13 "FURTHERMORE, A WRITTEN STATEMENT IN THE FOLLOWING FORM
14 MUST BE PRINTED IN THE BILLING STATEMENT OR ITS EQUIVALENT
15 DOCUMENT: *"WARNING: MAKING THE MINIMUM PAYMENT ONLY OR ANY*
16 *AMOUNT LESS THAN THE TOTAL AMOUNT DUE FOR THE BILLING*
17 *CYCLE/PERIOD WILL INCREASE THE AMOUNT OF INTEREST AND OTHER*
18 *CHARGES YOU PAY AND THE TIME IT TAKES TO REPAY YOUR BALANCE.*

19 "CREDIT CARD COMPANIES ARE GIVEN A PERIOD OF 120 DAYS FROM
20 THE DATE OF THE EFFECTIVITY OF THIS ACT TO IMPLEMENT THE REQUIRED
21 DISCLOSURE REQUIREMENT UNDER THIS SECTION."

22 Section 2. Section 8 of the same Act is hereby amended to read as follows:

23 "Sec. 8. *Failure to Disclose.* — Credit card companies which shall fail to
24 disclose the information required under Sections 4, 5 and 7 of this Act, after
25 due notice and hearing, shall be subject to suspension or cancellation of their
26 authority to issue credit cards by the Bangko Sentral ng Pilipinas, Securities
27 and Exchange Commission and such other government agencies.

28 "FURTHERMORE, ANY CREDIT CARD COMPANY WHICH SHALL FAIL TO
29 DISCLOSE THE INFORMATION REQUIRED UNDER SECTION 5 OF THIS ACT IN
30 THE BILLING STATEMENT OF A CONSUMER, SHALL ONLY BE ALLOWED TO
31 IMPOSE A MAXIMUM INTEREST OF ONE PERCENT (1%) PER MONTH OR
32 TWELVE PER CENT (12%) PER ANNUM , OR THE ACTUAL PREVAILING MARKET

1 INTEREST RATE, WHICHEVER IS LOWER, AND ONE PERCENT (1%) PER MONTH
2 OR TWELVE PERCENT (12%) PER ANNUM FOR PENALTY CHARGES, WITHOUT
3 COMPOUNDING, REGARDLESS OF THE INTEREST RATES AND PENALTY
4 CHARGES AGREED UPON IN THE CONTRACT BETWEEN THE PARTICULAR
5 CONSUMER WHOSE BILLING STATEMENT DID NOT CONTAIN THE
6 APPROPRIATE DISCLOSURES AND THE CREDIT CARD COMPANY.

7 "FINALLY, ANY CREDIT CARD COMPANY WHICH SHALL FAIL TO
8 DISCLOSE THE INFORMATION REQUIRED UNDER SECTION 5 OF THIS ACT,
9 SHALL ALSO BE SUBJECT TO THE PENALTIES IMPOSED BY THE CONCERNED
10 REGULATORY AGENCIES PURSUANT TO THEIR RESPECTIVE CHARTERS OR
11 MANDATE."

12 Sec. 3. A new Section 15-A is hereby added to the same Act to read as
13 follows:

14 "Sec. 15-A. *AUTHORITY OVER ACCESS DEVICE ISSUERS.* – THE
15 BANGKO SENTRAL NG PILIPINAS SHALL EXERCISE REGULATORY AND
16 SUPERVISORY POWERS OVER CREDIT CARD COMPANIES AND ELECTRONIC
17 MONEY ISSUERS. PURSUANT THERETO, THE BANGKO SENTRAL NG PILIPINAS
18 IS HEREBY AUTHORIZED TO:

- 19 1. REGULATE AND SUPERVISE THE OPERATIONS AND ACTIVITIES OF
20 CREDIT CARD COMPANIES;
- 21 2. ISSUE RULES AND REGULATIONS TO IMPLEMENT THE PROVISIONS
22 CONTAINED HEREIN CONCERNING CREDIT CARD COMPANIES;
- 23 3. REQUIRE FROM CREDIT CARD COMPANIES REPORTS OF
24 CONDITION AND SUCH OTHER REPORTS NECESSARY TO
25 DETERMINE COMPLIANCE WITH THE PROVISIONS OF THIS ACT AS
26 WELL AS THE IMPLEMENTING REGULATIONS THAT MAY BE
27 ISSUED PURSUANT THERETO;
- 28 4. EXAMINE CREDIT CARD COMPANIES WITHIN SUCH PERIOD AS
29 MAY BE DEEMED NECESSARY BY THE MONETARY BOARD;
- 30 5. IMPOSE SUCH ADMINISTRATIVE SANCTIONS AS PROVIDED IN
31 SECTION 37 OF R.A. NO. 7653 OR THE NEW CENTRAL BANK ACT

1 FOR VIOLATIONS OF THIS ACT AND REGULATIONS ISSUED IN
2 PURSUANCE THERETO.

3 "OTHER COMPANIES ISSUING ACCESS DEVICES SHALL CONTINUE TO
4 BE REGULATED AND SUPERVISED BY THE SECURITIES AND EXCHANGE
5 COMMISSION."

6 Sec. 4. Section 16 of the same Act is hereby amended to read as follows:

7 "Sec. 16. *Reporting requirements.* – All companies engaged in the
8 business of issuing access devices, including banks, financing companies and
9 other financial institutions issuing access devices, shall furnish annually, on or
10 before the 31st of March of the succeeding year, a report to the Credit Card
11 Association of the Philippines regarding access device frauds committed
12 against the holders of such entities in the preceding calendar year, for
13 consolidation and submission to the National Bureau of Investigation.

14 ~~"[Notwithstanding this requirement, banks, financing companies and~~
15 ~~other financial institutions, including their subsidiaries and affiliates, issuing~~
16 ~~access devices shall continue to be regulated and supervised by the Bangko~~
17 ~~Sentral ng Pilipinas while other companies issuing access devices shall~~
18 ~~continue to be regulated and supervised by the Securities and Exchange~~
19 ~~Commission.]"~~

20 Sec. 5. *Implementing Rules and Regulations.* – Within ninety (90) days from the
21 effectivity of this Act, the Bangko Sentral ng Pilipinas, in coordination with the Securities and
22 Exchange Commission and such other government agencies, shall promulgate the rules and
23 regulations and prescribe the form and manner of disclosure of repayment information to
24 effectively implement the provisions of this Act.

25 SEC. 6. *Separability Clause.* – If any provision of this Act is held invalid, the other
26 provisions of this Act shall not be affected thereby and shall continue in operation.

27 Sec. 7. *Repealing Clause.* – All other laws, decrees, executive orders, proclamations
28 and administrative regulations, or parts thereof inconsistent herewith are hereby repealed
29 or modified accordingly.

30 Sec. 8. *Effectivity Date.* – This Act shall take effect fifteen (15) days after its
31 publication in at least two (2) newspapers of general circulation.

Approved.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

15th CONGRESS
HOUSE BILL NO. 3675

Introduced by Representative Roman T. Romulo
Lono District of Pasig City

EXPLANATORY NOTE

Republic Act No. 8484 otherwise known as the Access Devices Regulation Act of 1998, declared that, "The State recognizes the recent advances in technology and the widespread use of access devices in commercial transactions. Toward this end, the State shall protect the rights and define the liabilities of parties in such commercial transactions by regulating the issuance and use of access devices."

This proposed bill seeks to support and establish fair and sound consumer credit practices between consumers and credit card companies. This proposed bill seeks to amend and strengthen the disclosure requirements under Republic Act No. 8484 or the Access Devices Regulation Act of 1998 by requiring credit card companies to include and disclose in the billing statement a reliable and truthful computation of the penalties and charges that would accrue should the consumer opt to pay below or at least the minimum amount due.

The use of credit card has evolved from merely for emergency spending for lack of cash to enjoying it for convenience instead of having money around. The use of credit card transcends any social class. However, its use must be regulated in the manner that would encourage sound fiscal management in the personal level and protect the credit card companies from overspending of the consumers.

A consumer that is sufficiently informed will be able to manage his finances well and hence, avoid overspending and being charged of a huge debt. Further, the companies will be protected from doubts of overcharging as they have fully disclosed and provided reliable and truthful computation of the penalties and charges that would accrue should the consumer opt to pay below or at least the minimum amount due. It would also result to a more disciplined credit card user which would minimize the risk of credit card company losses brought by unpaid bills.

For these reasons, the passage of this bill is earnestly sought.

..... *Roman T. Romulo*

HON. ROMAN T. ROMULO

HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

15th CONGRESS

HOUSE BILL NO. 3675

Introduced by Representative Roman T. Romulo
Lone District of Pasig City

**AN ACT AMENDING SECTIONS 5 and 8 OF REPUBLIC ACT NO. 8484,
OTHERWISE KNOWN AS THE "ACCESS DEVICES REGULATION ACT OF
1998", AND FOR OTHER PURPOSES**

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

Section 1. Section 5 of Republic Act No. 8484, otherwise known as the "Access
Devices Regulation Act of 1998", is hereby amended to read as follows:

Sec. 5. Computations. — In addition to the foregoing, a
credit card issuer must, to the extent practicable, provide a
detailed explanation and a clear illustration of the manner by
which all charges and fees are computed.

Upon acceptance and activation of the credit card, every
billing statement shall contain clear and concise repayment
information that would apply to the outstanding balance of the
consumer placed in a conspicuous place and prominent location
on the billing statement. The repayment information shall also
include the following:

1. the number of months (rounded to the nearest month)
that it would take to pay the entire amount of that
balance, if the consumer pays only the required
minimum monthly payments and if no further advances
are made;
2. the total cost to the consumer including interest and
principal payments, of paying that balance in full, if the
consumer pays only the required minimum monthly
payments and if no further advances are made; and
3. the monthly payment amount that would be required for
the consumer to eliminate the outstanding balance in 36
months, if no further advances are made, and the total
cost to the consumer, including interest and principal
payments, of paying that balance in full if the consumer
pays the balance over 36 months.

Further, a written statement in the following form must be
printed in the billing statement: **"Minimum Payment Warning:**

Making only the minimum payment will increase the amount of interest you pay and the time it takes to repay your balance."

Section 2. Section 8 of Republic Act No. 8484 is hereby amended to read as follows:

Sec. 8. Failure to Disclose. — Credit card companies which shall fail to disclose the information required under Sections 4, 5 and 7 of this Act, after due notice and hearing, shall be subject to suspension or cancellation of their authority to issue credit cards by the Bangko Sentral ng Pilipinas, Securities and Exchange Commission and such other government agencies.

Further, any credit card company which shall fail to disclose the information required under Section 5 of this Act in the billing statement of a consumer, shall only be allowed to impose a maximum of one percent (1%) per month or twelve percent (12%) per annum for interest rates and one percent (1%) per month or twelve percent (12%) per annum for penalty charges, without compounding, regardless of the interest rates and penalty charges agreed upon in the contract between the particular consumer and the credit card company.

Section 3. Implementing Rules and Regulations - Within ninety (90) days from the effectivity of this Act, the Bangko Sentral ng Pilipinas, in coordination with the Securities and Exchange Commission and such other government agencies, shall promulgate the rules and regulations and prescribe the form and manner of disclosure of repayment information to effectively implement the provisions of this Act.

Section 3. Repealing Clause – All other laws, decrees, executive orders, proclamations and administrative regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

Section 4. Effectivity Clause - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation,

Approved.

FACT SHEET

House Bill No. 4655
(Substitute bill to HB. No. 3675)

AMENDMENTS TO THE ACCESS DEVICES REGULATION ACT

Introduced by: REPRESENTATIVE ROMAN T. ROMULO

Committee Referral: COMMITTEE ON BANKS & FINANCIAL INTERMEDIARIES
Chairperson: REPRESENTATIVE SERGIO A. F. APOSTOL

OBJECTIVE

The bill seeks to establish fair and sound consumer credit practices between consumers and credit card companies by strengthening the transparency and disclosure requirements under Republic Act No. 8484, or the Access Devices Regulation Act of 1998.

KEY PROVISIONS

- a. Requiring the disclosure of information that will aid credit card users in making sound decisions in relation to using credit card facilities, such as the length of time before a consumer pays off the entire credit obtained if only the minimum amount is paid per month; the total cost to be paid, including interest and principal, if only the minimum amount shall be paid; and the necessary monthly payment that must be made by the consumer to eliminate the outstanding balance in 36 months assuming no other purchases are made.
- b. Subjecting credit card companies that violate the disclosure requirement to the penalties imposed by concerned regulatory agencies pursuant to their respective charters or mandate.
- c. Granting the Bangko Sentral ng Pilipinas regulatory and supervisory powers over credit card companies and electronic money issuers.

RELATED LAW

Republic Act No.8484 "Access Devices Regulation Act of 1998"
Republic Act. No. 7653 "The New Central Bank Act"



Committee on Banks and Financial Intermediaries
House of Representatives

22 March 2011

MEMORANDUM

FOR : THE HONORABLE SPEAKER

THRU : THE DEPUTY SECRETARY GENERAL
Committee Affairs Department

SUBJECT : SPOT REPORT ON THE MEETING OF THE COMMITTEE ON BANKS AND
FINANCIAL INTERMEDIARIES CONDUCTED ON 21 MARCH 2011, 9:30
A.M. AT THE RAMON V. MITRA CONFERENCE ROOM 1

The committee approved the proposed amendments of Congressman Roman Romulo to the Access Devices Regulation Act of 1998. The amendments strengthened the disclosure and transparency requirements in credit card transactions

The committee deferred the hearing on House Resolution No. 779, on the alleged fraudulent practices of the ING Bank – Manila. Ms. Kristen Quintos, former managing director of ING Bank, requested from the committee some time to gather all the necessary documents that would give light to the matter at hand. She likewise promised the committee that she would cooperate fully and attend the succeeding committee hearings and exert all means to bring the other officers allegedly involved in the controversy to appear before the committee.


Ramon R. Federizon
Committee Secretary

Noted by:

Lina L. Mortega
Director II, CTSS I

Cc: The Deputy Speaker, The Chairperson, Committee on Rules; The Secretary General; The Executive Director, CAD; Deputy Executive Director, CAD; The Service Director, CASS