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

**SIXTEENTH CONGRESS
First Regular Session**

HOUSE BILL NO. 1031



**Introduced by Representative Roman T. Romulo
Lone 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 the 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 of 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.

HON. ROMAN T. ROMULO

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**AN ACT AMENDING SECTION 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 the 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.