



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

Sixteenth Congress
First Regular Session

HOUSE BILL NO. 3563



**Introduced by: Hon. Mariano U. Piamonte Jr., Hon. Julieta R. Cortuna
and Hon. Sonny P. Collantes**

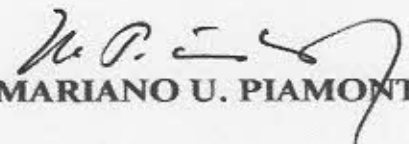
EXPLANATORY NOTE

Many unwitting credit card holders have been victimized by malpractices of credit card companies and are being plunged into personal financial crisis. A crisis that often tear down families apart as some are forced to work overseas or take odd jobs to free themselves of the indebtedness that they got into. Some are even forced to stop their children's education as credit card payments eat up a large portion of family income.

These malpractices of credit card companies even reach the halls of Supreme Court and in one case their interest and penalty charges were labeled "excessive, iniquitous, unconscionable and exorbitant" (*Chua vs. Timan*).

It is about time that credit provider's abuses on cardholders should be put to a stop. This proposal seeks to limit the interest, penalties and other charges that a credit card provider will be able to charge credit card users.

In view of the foregoing, passage of this bill is hereby being earnestly sought.


MARIANO U. PIAMONTE, JR.


JULIETA R. CORTUNA


SONNY P. COLLANTES



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AN ACT
PROTECTING CREDIT CARD USERS, LIMITING INTEREST RATES AND PENALTY
CHARGES, PROVIDING PENALTIES FOR VIOLATIONS THEREOF AND FOR
OTHER PURPOSES

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

SECTION 1. Short Title. This Act shall be known as the "Credit Card Users Protection Act of 2014"

SECTION 2. Declaration of Policy. It is the policy of the State to protect consumers, particularly credit card users from punitive, unconscionable and exorbitant interest rates, penalty and other financing charges.

SECTION 3. Definition of Terms. For the purpose of interpreting the provisions of this Act, the following terms shall mean:

- a) Interest rate – amount paid by users or consumers for the use of credit cards in purchasing goods or services;
- b) Penalty Charge- amount, in addition to interest, imposed on credit card holder for non-payment of an account within a prescribed period.

- c) Finance Charge – amount other than interest and penalty charge, imposed on the indebtedness for the use of the credit card, excluding surcharges or

transaction charges for the use of credit cards, membership fees, cash advance fees and other related fees.

SECTION 4. *Limit on Interest Rates, Penalty, and Other Finance Charges.* Any provision of law to the contrary notwithstanding, credit card companies shall be allowed to impose only a maximum of one percent (1%) per month or twelve percent (12%) per annum for interest rates and a total of three percent (3%) per annum for other charges imposed on balances of credit card accounts.

No indebtedness shall be imposed a total of more than fifteen percent (15%) cumulatively on interest, penalty, processing, financing, cost of money or any other nature of increase in the amount of payable balance on credit card accounts.

SECTION 5. *Penalty.* Any credit card company officer or employee who shall be found guilty of violating the provisions of this Act shall be meted a penalty of six (6) months and one (1) day to one (1) year in prison and a fine of not less one hundred thousand pesos (P100,000.00).

SECTION 6. *Repealing Clause.* All laws or parts of any law, orders, rules, and regulations or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SECTION 7. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,