



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

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 4782

Introduced by Honorable MARK A. VILLAR

EXPLANATORY NOTE

Mobility is becoming an increasingly prevalent force shaping consumer lifestyles and interactions (Donner, 2008; Mort & Drennan, 2007; Skierkowski & Wood, 2012), encouraging the market for such technologies (Gerpott, 2010; Yoo, Lyytinen & Yang, 2005). In the Philippines, statistics show that the information and communications technology (ICT) market is estimated at USD2.8 Billion in 2009. The number of mobile phone subscribers is estimated at 77 million in 2009, doubling from 34 million in 2005.¹

In 2013, the National Telecommunications Commission (NTC) reported that there are approximately 100 million mobile phone subscriptions in the country; around 80% or 80 million of which are prepaid.

The number of mobile subscribers in the Philippines is expected to reach 117 million by end-2016, according to a report by Business Monitor International (BMI).

¹Philippine Management Review 2013, Vol. 20, 1-16, "Investigating Product Involvement Issues for Mobile Phone Services: A Study of Filipino Mobile Phone Users", Erik Paolo Capistrano, University of the Philippines, College of Business Administration, Diliman, Quezon City 1101, Philippines

The growth in subscribers will be mostly due to prepaid users, who have multiple SIM cards. "We continue to expect a relatively strong growth momentum in the next few years due to the prevalence of prepaid subscribers, which helps to inflate the headline figure through multiple SIM ownership and inactive subscriptions," the report said.²

In one paper, it stated that pre-paid subscription was popular and used by many Filipinos due to the fact that they live day-to-day with just the money in their pocket. Faced with the reality to accommodate the needs of the public to communicate thru their mobile phone without the monthly subscription and the relatively high cost of cellphone cards, telecommunication companies introduced a "cardless" mechanism to purchase or reload cellular phone minutes.

However, in recent years, telecommunication companies received numerous complaints from consumers because they do not get the full value of what they paid in terms of the services offered, specifically, they complained of "vanishing loads" and the "setting of the expiration dates on the prepaid load".

In the 14th Congress, Senator Juan Ponce Enrile filed a Senate Resolution to conduct an inquiry, in aid of legislation, into the persistent complaints of consumers regarding anomalous charging practices of telecommunication companies resulting in "vanishing loads", dropped calls, spam and other related consumer complaints, with the end in view of coming up with policy measures that would protect cellphone users from exorbitant rates and unfair business practices in the telecommunications sector. Senator Enrile complained that he was a victim of the so-called "vanishing load". Even the then Vice-President Noli De Castro was not spared of the same. He said that the disappearance of load credit is a form of "theft" as the putting an expiry on the prepaid load was wrong since it was already bought and paid for in cash.

At present, in terms of consumer protection from these unfair business practices, not much have changed. Hence, this bill. It is the intent of this bill to make the imposition of expiration period on the validity of prepaid call and text cards and forfeiture of load credits prohibited acts with corresponding penalties. This will ensure that every peso spent to purchase load credits are saved and usable until the day the credits are fully consumed.

This piece of legislation is a counterpart policy measure authored by Senator Ralph Recto in the Senate.

In light of the foregoing, immediate passage of this bill is earnestly sought.



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²<http://www.abs-cbnnews.com/business/04/09/12/ph-mobile-phone-subscribers-hit-117m-2016>



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AN ACT
PROHIBITING TELECOMMUNICATION COMPANIES FROM IMPOSING AN
EXPIRATION PERIOD ON THE VALIDITY OF PREPAID CALL AND
TEXT CARDS AND THE FORFEITURE OF LOAD CREDITS THEREOF

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

SECTION 1. Title. - This Act shall be known as the "*Prepaid Load Protection Act of 2014*".

SEC. 2. Declaration of Policy. - It is hereby declared the policy of the State to protect the interest of the consumer, promote his general welfare and to establish standards of conduct for business and industry. Towards this end, the state shall implement measures to achieve among others, the protection of consumers against deceptive, unfair and unconscionable sales act and practices.

SEC. 3. Definition of Terms. - For the purpose of this Act, the term:

- a) *Load credits* shall refer to the monetary value or the consumable amount loaded to a mobile or landline phone via prepaid cards or electronic transfers that enable a consumer to use telecommunication services.

- b) *Prepaid* shall refer to the type of mobile or landline phone account that requires its owners to purchase load credits before services are used.
- c) *Prepaid call and text card* shall refer to a card with corresponding peso value that has to be purchased to enable a subscriber to use telecommunication services.

SEC. 4. Prohibited Acts. - The following shall constitute prohibited acts of any telecommunication company providing prepaid services and are hereby declared to be unlawful:

- a) Imposition of an expiration period on the validity of unused prepaid call and text cards;
- b) Forfeiture of load credits stored on an active prepaid phone account via prepaid call and text card or electronic transfer; and
- c) Refusal to give a refund to any prepaid subscriber whose load credits were forfeited without any valid cause.

SEC. 5. Penal Provision. - Any director, officer, employee or agent of a telecommunication company providing prepaid services who shall violate any of the act mentioned under Section 4 hereof, shall, upon conviction, be subject to the penalty of a fine of not less than *One hundred thousand pesos* (P100,000.00) but not to exceed *One million pesos* (P1,000,000.00) or imprisonment of not less than two (2) years but not more than six (6) years, or both, upon the discretion of the court.

If the violation was committed by or in the interest of a juridical person duly licensed to engage in business in the Philippines, the following penalty shall be imposed:

- a) *First offense* - a fine of *Five hundred thousand pesos* (P500,000.00);
- b) *Second offense* - suspension of license to engage in business for a period of thirty (30) days; and
- c) *Third offense* - immediate revocation of license to engage in business.

SEC. 6. Information Dissemination. - The Philippine Information Agency (PIA) in coordination with the National Telecommunications Commission (NTC) shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public especially to its intended beneficiaries.

SEC. 7. Implementing Rules and Regulation. - The NTC shall formulate the necessary rules and regulations to implement the provisions of this Act within ninety (90) days after its effectivity. The rules and regulations issued pursuant to this Act shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

SEC. 8. *Separability Clause.* - If any provision of this Act shall be held unconstitutional, the remainder of the Act not otherwise affected shall remain in full force and effect.

SEC. 9. *Repealing Clause.* - Any law, presidential decrees, executive orders, proclamations or administrative regulations that are inconsistent with the provisions of this Act are hereby amended, modified, superseded, or repealed accordingly.

SEC. 10. *Effectivity.* - 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,