



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

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5201

Introduced by Honorable MARK A. VILLAR

AN ACT
PROVIDING PROTECTION TO CREDIT CARD HOLDERS BY SETTING A
CEILING ON INTEREST RATES AND SURCHARGES AND PROHIBITING
HIDDEN PENALTIES OR COSTS IMPOSED BY BANKS AND SIMILAR
FINANCIAL INSTITUTIONS ON PURCHASES AND CASH ADVANCES
MADE THROUGH CREDIT FACILITY

EXPLANATORY NOTE

People have their own horror stories to tell in the matter of credit card hidden charges and the never-ending payments they seem to be making which have more often than not, exceeded the principal amount that they have obtained as a loan in the first place.

If you don't know how to protect yourself, you could end up paying hand over fist for fees hidden in your bills.

Our country is reported to have a high interest rate compared to other countries. Since banks in the Philippines do not require an exhaustive and comprehensive data and information on the quality of their borrowers, they apply an extremely high interest rate to all their card holders to protect their private interests.

Interest is charged on a monthly basis on outstanding unpaid amounts, ranging from 2-5% **per month** accumulating to 24-60% a year. There is no cap or ceiling for credit card interest rates in the Philippines.¹

¹ <http://www.imoney.ph/articles/inconvenient-truths-about-credit-card-charges-in-the-philippines/>

For this reason, the consumers have to be protected by the State. Even though vigilance is the most effective weapon, the State still needs to do what it can to protect the citizenry.

In most countries, by law, hidden fees are not allowed to be imposed on the customers, they must be reflected clearly in every billing statement received by the individual to ensure that payments in excess of what is actually due him is avoided, the same vigilance and protection must be afforded to the customers and the citizenry. Henceforth, the urgent passage of this measure is earnestly sought.



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

Section 1. Interest rates imposed by credit card companies on purchases and cash advances made through such facility shall in no case be higher than 1% per month or 12% per annum, without compounding.

Section 2. Surcharges or penalties shall likewise be limited to a ceiling of 1% per month without compounding.

Section 3. No other costs shall be imposed other than the foregoing except for reasonable attorney's fees and expenses of collection completely disclosed to, sufficiently understood by and voluntarily agreed with by an applicant for credit card facility.

Section 4. The pertinent provisions of the Truth in Lending Act shall apply suppletorily insofar as relevant and complementary to the provisions of this Act.

Section 5. This Act shall take effect fifteen (15) days following its publication in a newspaper of general circulation.

Approved.