

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



SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **4654**

Introduced by **Honorable CARMELO B. LAZATIN II**

EXPLANATORY NOTE

The Philippines has one of the highest mobile phone penetration rates in the world. At present, there are nearly 120 million mobile phone subscriptions – far surpassing the actual population of the country. Of this figure, 95 percent are prepaid users, constituting the bulk of the customers of network service providers.

The phenomenal surge in the number of mobile phone users spells out big business for telecommunications networks selling credit. As a matter of fact, the annual revenues of the largest network service providers in the country come in billions of pesos.

Reports show that in 2015, the core net income of Smart Telecommunications reached P35.2 billion, while its rival network, Globe Telecoms, reported a profit of P16.5 billion during the same year.

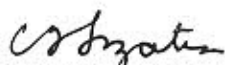
The prepaid purchase of mobile phone credits is resorted to by many Filipinos who find it more cost-efficient to buy credits in fixed amounts. With the convenience of prepaid load, mobile phone users can go about their routines without the necessity of having to pay on a monthly basis and instead top up only when they have to.

But a major problem associated with prepaid load credits is that they are subject to expiration. Unused mobile phone credits are forfeited after a fixed period, regardless of the amount. This creates a situation where customers who have already paid for the service are shortchanged of their hard-earned money.

Justice demands that unused mobile phone credits should not be forfeited. Rather, network providers are duty-bound to respect the contract of sale effected between them and their paying customers.

Now is as good a time as any to put a stop to this inequitable practice.

Given the foregoing, the passage of this Bill is earnestly sought.


CARMELO B. LAZATIN II
First District, Pampanga

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House Bill No. **4654**

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**AN ACT PROHIBITING TELECOMMUNICATIONS NETWORKS FROM IMPOSING
AN EXPIRATION PERIOD ON THE VALIDITY OF PREPAID CALL AND TEXT CARDS
AND THE FORFEITURE OF LOAD CREDITS, PROVIDING PENALTIES
FOR VIOLATIONS THEREOF**

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

SECTION 1. *Short Title.* – This Act shall be known as the “Prepaid Load Protection Act.”

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to protect the interest of consumers, promote their general welfare, and establish standards of conduct of business and industry. Toward this end, the State shall implement measures to achieve, among others, the protection of consumers against deceptive, unfair, and unconscionable sales acts and practices.

SECTION 3. *Definition of terms.* –As used in this Act:

- a. Prepaid refers to the type of mobile or landline phone account that requires its owners to purchase load credits before network services can be used.
- b. Prepaid call and text card refers to any device, in the form of a card, certificate, coupon, document, record, code, plate, electronic serial number, identification code or number, or any other proof of payment that will enable the subscriber to use telecommunication services.
- c. Load credits 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.

SECTION 4. *Prohibited Acts.* – Any provision of law to the contrary notwithstanding, the following shall constitute prohibited acts of any telecommunications network providing prepaid services and are hereby declared 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; or
- c. Refusal to give a refund to any pre-paid subscriber whose load credits were forfeited without any valid cause.

SECTION 5. *Penalties.* – Any director, officer, employee, or agent of a telecommunications network providing pre-paid services who shall commit any of the acts mentioned under Section 4 of this Act, upon conviction, be punished to a fine of not less than One hundred thousand pesos (P100,000.00) but not more than 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 – fine of Five Hundred Thousand Pesos (P500,000.00);
- b. Second offense – fine of One Million Pesos (P1,000,000.00) plus suspension of license to engage in business for a period of thirty (30) days; and
- c. Third offense – fine of Two Million Pesos (P2,000,000.00) plus immediate revocation of license to engage in business.

SECTION 6. *Implementing Rules and Regulations* – Within ninety (90) days from the approval of this Act, the National Telecommunications Commission shall issue the necessary rules and regulations for the effective implementation of this Act.

SECTION 7. *Repealing Clause* – All laws, decrees, executive orders, proclamations, rules and regulations, and issuances, or parts thereof which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

SECTION 8. *Effectivity Clause* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,