

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5109



Introduced by Rep. Winston "Winnie" Castelo

EXPLANATORY NOTE

Known as the "texting capital of the world" and the "social media capital of the world" at various times over the last few years, the Philippines has an advanced mobile market when compared to other similar countries. More than half of the population subscribes to mobile services, with a 116 percent penetration rate. Of all the mobile subscribers, 96 percent are prepaid users.¹

The use of prepaid call and text card is convenient as it allows subscribers to spend according to their needs. Unfortunately, however, prepaid load is subject to an expiry date, and unused credits are forfeited upon such date, regardless of amount. This creates an unfair situation where customers who have paid for the telecommunication networks' services do not get the full value of the money they spent.

At present, the National Telecommunications Commission (NTC, through its Memorandum Circular No. 03-07-2009, provides a schedule of rates and their corresponding periods of validity, wherein prepaid loads of higher value have longer validity periods.² This is unabashedly anti-poor and inequitable as it favors more affluent users as against poorer customers who are quickly deprived of their right to use the services they have paid for.

It is therefore necessary to prohibit the imposition of such expiration dates on the validity of prepaid call and text cards, as well as the forfeiture of unused load credit. Thus, immediate passage of this proposed measure is being sought.

WINNIE CASTELO

¹ GSMA Intelligence, *Country Overview: Philippines*.

<https://www.gsmaintelligence.com/research/?file=141201-philippines.pdf&download>. Accessed on 19 February 2017.

² NTC Memorandum Circular No. 03-07-2009, http://ntc7.net.ph/images/MC-03-07-2009_Guidelines_on_prepaid_loads.doc.

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**AN ACT PROHIBITING TELECOMMUNICATION COMPANIES FROM
IMPOSING EXPIRATION DATES ON MOBILE PREPAID CALL AND TEXT
CARDS AND THE FORFEITURE OF LOAD CREDITS, PROVIDING PENALTIES
FOR VIOLATION THEREOF**

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

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

SEC. 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.

SEC. 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, electronic serial number, identification code or number, or any other transaction denominated by a reference number, with a corresponding peso value that has to be purchased to enable a subscriber to use telecommunication services; and
- (c) "*Load credits*" refers to the monetary value or the consumable amount loaded to a mobile number via prepaid call and text card that enable a subscriber to use telecommunication services.

SEC. 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
- (c) Refusal to give a refund to any prepaid subscriber whose load credits were forfeited without any valid cause.

SEC. 5. *Penalties.* – Any director, officer, employee, or agent of a telecommunications company providing prepaid services who shall commit any of the acts mentioned under the immediately preceding Section shall, upon conviction, be subject to the penalty of a fine of not less than One hundred thousand pesos (P100,000.00) but not exceeding Five hundred thousand pesos (P500,000.00), 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 Two hundred fifty pesos (P250,000.00);
- (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. *Implementing Rules and Regulations.* – Within ninety (90) days from the promulgation of this Act, the National Telecommunications Commission shall issue the necessary rules and regulations for the proper and effective implementation of this Act.

SEC. 7. *Separability Clause.* – If any provision or part hereof is held invalid or unconstitutional, the remainder of the provision not otherwise affected shall remain valid and subsisting.

SEC. 8. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC. 9. *Effectivity.* – This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,