

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **1828**



Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

EXPLANATORY NOTE

We all know that a credit card is a card issued to cardholders, customers and users of a bank or other financial institution designed to enable the cardholder to pay any commercial establishment for goods and services, based on the cardholder's assurance to the bank or card issuer to pay them for the amounts that they paid with the additional agreed interests and other charges. Basically, credit cardholders borrow money from the bank or card issuer that issued credit cards to its customers, users and patrons and the bank grants a credit line to its users, customers, patrons or cardholders. Simply put, it is a form of a cash advance by the cardholders from the bank or other financial institution issuing a credit card with the promise of paying the amount that they spent together with interests and other chargers. A credit card allows the consumers a continuing balance of debt, subject to interest being charged. It can also be used like money or currency by the owner of the card. A credit card typically involves a third-party entity, normally a bank or financial institution that pays merchant of goods and services and is reimbursed by the buyer plus interest and other charges.

As our society is fast changing into a more modernized and technological community, the people now tend to favor transactions that are simpler, more convenient and efficient. Gone are the days where people need to have cash ready and available whenever they need to pay for something. With the advent of credit cards, there is now a safer way of paying almost anything we need. Nowadays, carrying money in our pockets have more often been regarded as disadvantageous, if

not totally unnecessary. Indeed, there are some basic advantages offered by the use of credit cards as alternative for money. For one, while credit cards can be stolen, it is easily replaceable. The use of credit cards will become one of the acceptable ways to pay almost all kinds of goods and services. Using credit cards provides a convenient way to pay one's purchases. Convenience is really what is being peddled by bank or credit card issuer. However, this convenience in commercial transactions have some form of *quid pro quo* more particularly in the use of credit card in conducting commercial or other business transactions. Bank and other financial institutions impose interest and other charges. Most of the banks or card issuer collect some form of annual membership fees, dues or joining fees to their credit cardholders, customers and/or users. The membership fees, dues or joining fees are on top of the interests and other charges that they imposed. Sometime banks and other credit card issuers impose unconscionable membership fees to their cardholders and customers. It is therefore about time to ease the financial burdern of credit card holders by mandating banks, financial institutions and other credit card issuers to eliminate the annual membership fees, dues and/or other joining fees that they impose to their customers.


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AN ACT
MANDATING BANKS, FINANCIAL INSTITUTIONS AND
OTHER CREDIT CARD ISSUERS TO ELIMINATE THE
ANNUAL MEMBERSHIP FEES, DUES OR JOINING FEES
FOR THEIR CREDIT CARDHOLDERS, USERS,
CUSTOMERS AND PATRONS AND FOR OTHER PURPOSES

Section 1. Short Title. This Act shall be known as the
“No membership fees for Credit Cardholders Act of 2025”.

Section 2. Section 2. Definition of Terms. For
purposes of this Act, the following terms shall be used under
the definition provided hereof, to wit:

Credit Card - is a card issued to cardholders, customers
and users of a bank or other financial institution designed to
enable the cardholder to pay any commercial establishment
for goods and services, based on the cardholder's assurance to
the bank or card issuer to pay them for the amounts that they
paid with the additional agreed interests and other charges.

Card Holder, Credit Card User, Credit Card Customer and
Credit Card Patron – is a person who is a holder of credit card
that uses the same to pay any commercial establishment for
goods and services with the promise of paying the bank, or
financial institution or credit card issuer with the amount that
he used plus interests and other charges.

Credit Card Issuer – is a bank or other financial
institution that issues credit cards to its customers, users and
patrons.

Membership fee – is an annual fee that is automatically imposed by the bank, financial institution or credit card issuer to its credit card holders, customers, patrons or credit card users for the purpose of issuing the credit card and for the benefits that come with it. This shall also include Membership Fees that are collected on installment basis by the card issuer within a particular calendar year.

Joining fee – is a fee imposed by the bank financial institution or credit card issuer to its customers, credit card holders, patrons or credit card users upon joining or availment of the credit card benefits.

Section 3. Elimination or removal of annual membership fees, dues or joining fees. Banks, financial institutions and credit card issuers shall eliminate or remove the imposition of annual membership fees, dues or joining fees to their customers, patrons or credit cardholders users as they already imposed interest and other charges to their credit cardholders upon the use thereof.

Section 4. Limitation to the use of credit cards. No other person shall be allowed to use or utilize the credit cards issued under the name of a person other than himself or herself, for the payment of his or her purchases.

Section 5. Confidentiality. No person may use or disclose any information relating to credit card transactions obtained pursuant to this Act other than for purposes directly related to the processing of related transactions, or the billing or collection of amounts charged pursuant thereto.

Section 6. Exceptions to the Confidentiality Rule. Section 3 of this Act may admit of certain exceptions, to wit:

(a) Credit card issuers or others acting on behalf of such issuers may also use and disclose such information for purposes directly related to servicing an issuer's accounts.

(b) Credit card issuers or others directly involved in the processing of credit card transactions or the billing or collection of amounts charged thereto may also use and disclose such information for purposes directly related to—

- (1) statistical risk and profitability assessment;
- (2) transferring receivables, accounts, or interest therein;
- (3) auditing the account information; and
- (4) complying with the laws of the Philippines or any valid court order pursuant to a criminal investigation.

Provided, that the use and disclosure of information under this paragraph shall be made only to the extent authorized by written procedures, rules and regulations promulgated by Banko Sentral ng Pilipinas (BSP).

Section 7. Penalty imposed against Banks, Financial institutions or Credit card issuers. Any bank, financial institution or credit card issuer that imposes annual membership fees, dues or joining fees to their credit card holders, customers, patrons and/or user shall be liable for a fine of P100,000.00 for every imposition of annual membership fees against its cardholders.

Section 8. Exclusive Jurisdiction of Bangko Sentral ng Pilipinas. The Bangko Sentral ng Pilipinas (BSP) shall have exclusive jurisdiction over all complaints of violation of the provisions of this act.

Section 9. Implementing Rules and Regulations. The BSP shall promulgate the Implementing Rules and Regulations to carry out the provisions of this Act. Such rules and regulations shall take effect upon their publication in three (3) newspapers of general circulation.

Section 10. Repealing Clause. – All laws, presidential decrees, letters of instructions, executive orders, rules and regulations insofar as they are inconsistent with this Act, are hereby repealed or amended as the case may be.

Section 11. Separability Clause. – In the event that any provision of this Act or any portion thereof is declared unconstitutional by a competent court, the other provisions shall not be affected thereby and shall remain valid and enforceable.

Section 12. Effectivity Clause. – This Act shall take effect after its complete publication in at least three (3) newspapers of general circulation.

APPROVED.