

SENATE



Senate
Office of the Secretary

Senate Bill No. 635

'19 JUL 22 A9 :05

Introduced by Senator FRANCIS N. PANGILINAN

AN ACT
REQUIRING FINANCIAL INSTITUTIONS TO POST TRANSACTION FEES FOR
EACH AUTOMATED TELLER MACHINE TRANSACTION AND RESTRICTING
TRANSACTION FEES FOR AUTOMATED TELLER MACHINES

EXPLANATORY NOTE

Based on a *Bangko Sentral ng Pilipinas* (BSP) report, there are 21,278 automated Teller Machines (ATMs) that are owned and operated by BSP supervised/regulated banks as of December 2018. These banks, however, charge different fees for certain transactions, such as withdrawal, balance inquiry, and inter-bank transfers. Most banks do not even disclose the fees that they charge to the ATM cardholder. According to a schedule of charges released by the BSP as of October 2012, withdrawal fees can go as high as One Hundred Pesos (P100.00), balance inquiry fees can go as high as Ten Pesos (P10.00), and interbank transfer fees can go as high as One Hundred Pesos (P100.00).¹ ATM cardholders may be charged up to One Hundred Pesos (P100.00) without them knowing it.

This bill seeks to protect ATM cardholders from hidden, surprise, or unreasonable fees.

This bill shall promote transparency by requiring all financial institutions to inform cardholders of the charges they incur during each ATM transaction. This bill also seeks to minimize the cost of using ATMs by ensuring that only one fee will be charged to the cardholder in interbank transactions and by limiting any additional fees to 1% of the total transaction value. Lastly, this bill proposes to give ATM cardholders the opportunity to opt out of a transaction in the event that they are unwilling to pay such transaction fees.

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

FRANCIS N. PANGILINAN

¹ <http://www.bsp.gov.ph/banking/servicefee.pdf>

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Automated Teller
2 Machine (ATM) Fee Regulatory Act”.

3 **SEC. 2. *Declaration of Policy.*** – Pursuant to the policy of the State to promote the
4 general welfare of the people, this Act seeks to uphold one’s right to be informed of
5 ATM fees before being charged with the same.

6 **SEC. 3. *Definition of Terms.*** – The following terms as used in this Act shall be
7 defined as follows:

8 (a) The term “Automated Teller Machine” or “ATM” refers to any machine that
9 dispenses cash or performs other banking services when an account holder
10 inserts a bank card; and

11 (b) The term “Financial Institution” refers to a universal bank, commercial bank,
12 thrift bank, rural bank, cooperative bank, Islamic bank, or any entity that
13 owns or operates an ATM.

14 **SEC. 4. *Fees Disclosure.*** – Financial Institutions shall disclose the total transaction
15 fee or surcharge to be imposed for each transaction on the screen of the ATM prior to

1 the completion of the transaction. The customer shall have the right to cancel the
2 transaction after the fee or surcharge is disclosed.

3 Financial Institutions shall provide a written notice to its account holders that a fee
4 may be imposed when the account holder uses ATMs owned or operated by another
5 Financial Institution or any national, regional, or local ATM network whenever a card,
6 code, or other means of ATM access is issued by the Financial Institution for the
7 purpose of initiating ATM transactions.

8 **SEC. 6. Fees Restrictions.** - The following fees restrictions shall apply to all
9 ATMs and ATM transactions under this Act:

10 (a) Screen Display and Printed Receipt Requirement - No customer shall be
11 charged any fee or surcharge by a financial institution for an ATM
12 transaction unless the fee or surcharge is displayed on the ATM screen prior
13 to the transaction and the fee or surcharge is indicated on the printed receipt.

14 (b) Telephone or Mobile Phone Transactions - No customer shall be charged any
15 fee or surcharge for any ATM transaction initiated via telephone or mobile
16 phone.

17 (c) Single Fee per Transaction - No customer shall be billed for more than one
18 fee per ATM transaction regardless of the number of Financial Institutions
19 involved in the transaction.

20 (d) Cash-Dispensing Requirement - No customer shall be charged any fee or
21 surcharge for a transaction that did not dispense any cash.

22 (e) Cap on Transaction Fees - No ATM transaction fee shall exceed 1% of the
23 total transaction amount.

24 **SEC. 6. Implementing Rules and Regulations.** - Within sixty (60) days from the
25 effectivity of this Act, the Department of Finance and the Bangko Sentral ng Pilipinas
26 shall promulgate the necessary rules and regulations to implement this Act.

1 **SEC. 7. *Repealing Clause.*** - All statutory laws, orders, issuances, rules and
2 regulations, and/or parts thereof which are inconsistent with the provisions of this Act
3 are hereby repealed or modified accordingly.

4 **SEC. 8. *Separability Clause.*** - If any portion or provision of this Act is declared
5 invalid or unconstitutional, the portions or provisions which are not affected shall
6 remain valid and effective.

7 **SEC. 9. *Effectivity.*** - This Act shall take effect after fifteen (15) days following its
8 publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,