



'19 SEP 23 P 4 :06

**SENATE**

S. No. 1066

RECEIVED BY: \_\_\_\_\_

Introduced by **Senator Manuel "Lito" M. Lapid**

**AN ACT**  
**AMENDING CERTAIN PROVISION IN REPUBLIC ACT NO. 9510,**  
**OTHERWISE KNOWN AS THE "CREDIT INFORMATION SYSTEM ACT", IN**  
**ORDER TO PROTECT THE RIGHTS OF BORROWERS AND DATA SUBJECTS**  
**FROM ERRONEOUS AND INACCURATE CREDIT REPORTS AND FOR OTHER**  
**PURPOSES**

**EXPLANATORY NOTE**

The establishment of a credit information system is central for a robust and stable financial market. Studies revealed that the development of credit information databases is strongly correlated to "broader credit markets and lower credit risk"<sup>1</sup>, the reduction of the monopoly that a lender or financial institution has over its borrowers and clients<sup>2</sup>, expansion of credit to marginalized borrowers<sup>3</sup> and the promotion of transparency in lending<sup>4</sup>.

The Philippines had responded to this need through the enactment of Republic Act No. 9510 or the "Credit Information System Act" in 2008. However, it took almost

<sup>1</sup> Small Business Credit Guarantee Corporation (Thailand). 2009. *Development of Corporate Credit Information Database and Credit Guarantee System*. Accessed from: <https://www.asean.org/wp-content/uploads/images/archive/documents/ASEAN+3RG/0809/FR/13c.pdf> Date Accessed: 22 July 2019

<sup>2</sup> Organization for Economic Cooperation and Development. Undated. *Facilitation access to finance: Discussion paper on credit information sharing*. Accessed from: <http://www.oecd.org/global-relations/45370071.pdf> Date Accessed: 22 July 2019

<sup>3</sup> Supra note 1

<sup>4</sup> Craig McIntosh and Bruce Wydick. 2007. *Credit Information Systems in Less Developed Countries: A Test with Microfinance in Guatemala*. Accessed from: <https://repository.usfca.edu/cgi/viewcontent.cgi?article=1018&context=econ> Date Accessed: 22 July 2019

seven years (7) for the database of the credit information system to be delivered. It was only in December 2015 that the Credit Information Corporation which was created under RA 9510 started receiving credit information from various submitting entities as mandated by the law.

This bill seeks to further strengthen our country's credit information system in the aspects of transparency and the protection of the interests of borrowers. This measure proposes a mechanism for giving prior notice to a borrower or data subject whenever a negative information (past due obligations, missed installment payments, defaults, etc.) concerning him/her is submitted to the Corporation. Through this, a borrower will be given an opportunity to dispute and pursue the settlement of such negative information before it is uploaded in the credit information system and reflected in the credit report. This will effectively prevent the credit-worthiness and reputation of a borrower from being negatively impacted by erroneous and inaccurate credit reports. This bill will mandate that notifications be given each time a borrower's basic credit data is being accessed and/or processed and he/she will also be entitled to timely receive the credit reports generated by the use of such credit data.

Thus, early passage of this bill is earnestly sought.

  
**MANUEL "LITO" M. LAPID**  
*Senator* 





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

1       SECTION 1. *Declaration of Policy.* – It is hereby declared as a policy of the State  
2 to protect the rights of the people that participate in our financial system from  
3 erroneous and inaccurate credit reports that negatively impact their creditworthiness  
4 and reputation. Towards this end, financial institutions must always uphold the  
5 principles of transparency, responsiveness and accessibility in enacting measures that  
6 safeguard the interests their clients, especially in the submission of negative  
7 information to the credit information system.

8       Sec. 2. – Section 4 (c) of Republic Act No. 9510 or the "Credit Information  
9 System Act" is hereby amended to read as follows:

10       "Section 4. Establishment of the Credit Information System. - In  
11 furtherance of the policy set forth in Section 2 of this Act, a credit  
12 information system is hereby established.

13       x x x

14       (c) Participating submitting entities are required to submit to the  
15 Corporation any negative and positive credit information that tends to

1 update and/or correct the credit status of borrowers. The Corporation  
2 shall fix the time interval for such submission: Provided, That such  
3 interval shall not be less than fifteen (15) working days but not more  
4 than thirty (30) working days[.]; **PROVIDED FURTHER, THAT FOR**  
5 **A PERIOD OF NOT LESS THAN THIRTY (30) DAYS BEFORE**  
6 **SUCH SUBMISSION IS MADE, A PARTICIPATING SUBMITTING**  
7 **ENTITY MUST FIRST NOTIFY THE BORROWER CONCERNED ON**  
8 **ANY NEGATIVE INFORMATION TO BE SUBMITTED; PROVIDED**  
9 **FINALLY, THAT WITHIN THIS THIRTY-DAY PERIOD, THE**  
10 **BORROWER CONCERNED MAY FILE, AS STATED IN**  
11 **SUBSECTION (O) OF THIS SECTION, A COMPLAINT WITH THE**  
12 **CORPORATION TO DISPUTE THIS NEGATIVE INFORMATION.**

13 **FILING OF THE ABOVE-MENTIONED COMPLAINT SHALL BE A**  
14 **BAR TO THE SUBMISSION OF THE NEGATIVE INFORMATION**  
15 **UNTIL RESOLVED BY THE CORPORATION. FURTHER APPEAL**  
16 **OF THE RESOLUTION AND FINDINGS OF THE CORPORATION**  
17 **SHALL NOT BAR THE SUBMISSION OF THE NEGATIVE**  
18 **INFORMATION UNLESS ENJOINED BY AN INJUNCTION OR**  
19 **TEMPORARY RESTRAINING ORDER.**

20 **A CERTIFICATION EVIDENCING COMPLIANCE TO THE PRIOR**  
21 **NOTIFICATION AND DISPUTE RESOLUTION REQUIREMENTS**  
22 **MUST ACCOMPANY ANY SUBMISSION OF NEGATIVE**  
23 **INFORMATION TO THE CORPORATION.**

24 x x x"

25 Sec. 3. A new Subsection (p) to Section 4 of RA 9510 is hereby added to read  
26 as follows:

27 "Section 4. Establishment of the Credit Information System. - In  
28 furtherance of the policy set forth in Section 2 of this Act, a credit  
29 information system is hereby established.

30 x x x

1       **(p) ACCESSING ENTITIES AND SPECIAL ACCESSING ENTITIES**  
2       **ARE OBLIGED TO NOTIFY A BORROWER OR DATA SUBJECT**  
3       **WHENEVER HIS/HER CONSOLIDATED BASIC CREDIT DATA IS**  
4       **BEING ACCESSED AND/OR PROCESSED. A BORROWER OR**  
5       **DATA SUBJECT IS LIKEWISE ENTITLED TO TIMELY RECEIVE A**  
6       **COPY OF THE CREDIT REPORT OR RATING GENERATED BY THE**  
7       **SAID ENTITIES."**

8       Sec. 4. - *Separability Clause.* - Should any provision of this Act or the application  
9 thereof to any person or circumstance be held invalid, the other provisions or sections  
10 of this Act shall not be affected thereby.

11       Sec. 5. - *Repealing Clause.* - All laws, decrees, executive orders, rules and  
12 regulations or parts thereof which are inconsistent with this Act are hereby repealed,  
13 amended or modified accordingly.

14       Sec. 6. *Effectivity Clause.* - This Act shall take effect fifteen (15) days following  
15 its publication in the Official Gazette or in at least two (2) newspapers of general  
16 circulation.

17       *Approved,*  
18