


Republic of the Philippines)
FOURTEENTH CONGRESS)
First Regular Session)

7 AUG -6 P.M.

SENATE

RECEIVED BY: 

S. No. 1438

Introduced by Senator FRANCIS G. ESCUDERO

EXPLANATORY NOTE

The credit card is a very useful tool. It frees us from the need to bring cash, thus bringing convenience and security to its users.

First time credit card holders are prone to the dangers of overspending. Once they receive their first bill, they become shocked and realize that they have been buried under the avalanche of tremendous interest and surcharges.


The repeal of the usury law is not a license for persons to charge prohibitive interest rates. Thus, the State has to come in to regulate the interest rates charged by credit card companies so that a healthier economic environment will prevail for the benefit of the credit card holder and the credit card company.



FRANCIS G. ESCUDERO

Republic of the Philippines)
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7 AUG -6 P 4:01

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AN ACT
PROVIDING PROTECTION TO CREDIT CARD HOLDERS BY SETTING A
CEILING ON INTEREST RATES AND SURCHARGES AND PROHIBITING
HIDDEN PENALTIES OR COSTS IMPOSED BY CREDIT CARD COMPANIES,
BANKS, AND SIMILAR INSTITUTIONS ON PURCHASES AND CASH
ADVANCES MADE THROUGH SUCH FACILITY

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

SECTION 1. Interest rates imposed by credit card companies on purchases and cash advances made through such facility shall in no case be higher than 1% per month or 12% per annum, without compounding.

SECTION 2. Surcharges or penalties shall likewise be limited to a ceiling of 1% per month, without compounding.

SECTION 3. No other costs shall be imposed other than the foregoing except for reasonable attorney's fees and expenses of collection completely disclosed to, sufficiently understood by and voluntarily agreed with by an applicant for credit card facility.

SECTION 4. The pertinent provisions of the Truth in Lending Act shall apply suppletorily insofar as relevant and complementary to the provisions of this Act.

SECTION 5. This Act shall take effect 15 days after its complete publication in at least two (2) newspapers of national circulation.

Approved,