

SIXTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



Senate  
Office of the Secretary

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SENATE  
Senate Bill No. 315

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Introduced by Senator Cynthia A. Villar

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### EXPLANATORY NOTE

People all over the world have their own horror stories to tell in the matter of credit card hidden charges and the never-ending payments they seem to be making which have more often than not, exceeded the principal amount that they have obtained as a loan in the first place.

If you don't know how to protect yourself, you could end up paying hand over fist for fees hidden in your bills.

The consumer public has to be protected by the State, especially in these times of financial crisis, recession and trouble that has cast the world in its dark spell. Even though vigilance is the most effective weapon, the State still needs to do what it can to protect the citizenry.

In the US alone, Consumer Reports estimates that consumers collectively pay at least \$216 billion in financial fees each year. That works out to about \$750 a person in miscellaneous fees. Your cell phone bill and your Internet service provider may slap on some hidden fees, but the biggest culprit is credit cards. Americans pay an estimated \$31 billion a year in credit-card fees.

In most countries, by law, hidden fees are not allowed to be imposed on the customers, they must be reflected clearly in every billing statement received by the individual to ensure that payments in excess of what is actually due him is avoided. The same vigilance and protection must be afforded to the customers and the citizenry. Henceforth, the urgent passage of this legislation is earnestly sought.

*Cynthia A. Villar*  
CYNTHIA A. VILLAR



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1 **AN ACT**  
2 **PROVIDING PROTECTION TO CREDIT CARD HOLDERS BY SETTING A CEILING**  
3 **ON INTEREST RATES AND SURCHARGES AND PROHIBITING HIDDEN**  
4 **PENALTIES OR COSTS IMPOSED BY BANKS AND SIMILAR FINANCIAL**  
5 **INSTITUTIONS ON PURCHASES AND CASH ADVANCES MADE THROUGH**  
6 **CREDIT FACILITY**  
7

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

10  
11 Section 1. Interest rates imposed by credit card companies on purchases and  
12 cash advances made through such facility shall in no case be higher than 1% per month  
13 or 12% per annum, without compounding.

14  
15 Section 2. Surcharges or penalties shall likewise be limited to a ceiling of 1% per  
16 month without compounding.

17  
18 Section 3. No other costs shall be imposed other than the foregoing except for  
19 reasonable attorney's fees and expenses of collection completely disclosed to,  
20 sufficiently understood by and voluntarily agreed with by an applicant for credit card  
21 facility.  
22

23 Section 4. The pertinent provisions of the Truth in Lending Act shall apply  
24 suppletorily insofar as relevant and complementary to the provisions of this Act.  
25

26 Section 5. This Act shall take effect fifteen (15) days following its publication in a  
27 newspaper of general circulation.  
28

29  
30 Approved,  
31  
32