

ek



Senate
Office of the Secretary

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

'13 JUL -3 P2:22

SENATE
S. No. 384

RECEIVED BY:

ja

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The issue of credit card debt is one that affects many Filipinos. More young people are getting themselves into situations where they find themselves unable to meet their unsecured credit commitments. A major issue with credit cards is that it is very easy to spend beyond one's means.

These days, college students are big targets by credit card companies. Many students are over the age of 18, so they don't need their parents' signature to get a card. The growing trend for young people to get into credit card debt is a major concern. Young people are usually without assets to pay for what they overspent on credit cards and personal loans.

This bill seeks to regulate the issuance of credit cards to young adults and prevent credit card companies from taking unfair advantage of young adults and their parents.¹

all
Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO

¹ This bill was originally filed in the Fourteenth Congress, Second Regular Session.


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



Senate
Office of the Secretary

13 JUL -3 P2:22

SENATE
S. No. 384

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

1 AN ACT
2 TO PREVENT CREDIT CARD ISSUERS FROM TAKING UNFAIR ADVANTAGE OF
3 COLLEGE STUDENTS AND THEIR PARENTS

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

4 SECTION 1. *Short Title.* – This Act may be known as the “Student Credit Card
5 Protection Act.”

6 SECTION 2. *Definition of Terms.* – For purposes of this Act, the following definitions
7 shall apply:

8 (A) COLLEGE STUDENT CREDIT CARD ACCOUNT - means a credit card account
9 under an open end consumer credit plan established or maintained for or on behalf of any college
10 student.

11 (B) COLLEGE STUDENT - means an individual:

12 (i) who is a full-time student attending an institution of higher education; and

13 (ii) who has not yet attained the age of 21.

14 (C) INSTITUTION OF HIGHER EDUCATION - means institutions offering tertiary
15 degree programs and post secondary programs.

16 (D) TERTIARY DEGREE PROGRAMS - refer to courses of study leading to master’s,
17 doctor's or similar degrees. It also includes courses of study which by themselves may be only
18 for one-two- or three- year courses of study leading to less than a bachelor's degree program, but
19 which can subsequently be credited in full bachelor's degrees.

20 SECTION 3. *Maximum Amount Limitation as a Percentage of Gross Income.* - Unless a
21 parent, legal guardian, or spouse of a college student assumes joint liability for debts incurred by
22 the student in connection with a college student credit card account:

23 (A) No creditor shall grant a college student a credit card account where the credit limit
24 for that account exceeds, during a full calendar year, the greater of:

25 (i) Twenty percent (20%) percent of the annual gross income of the student; or

26 (ii) Fifteen Thousand Pesos (₱15,000.00); and

27 (B) No creditor shall grant a student a credit card account, if the credit limit for that credit
28 card account, combined with the credit limits of any other credit card accounts held by
29 the student, would exceed thirty percent (30%) of the annual gross income of the student
30 in the most recently completed calendar year.

31 SECTION 4. *Parental Approval Required To Increase Credit Lines For Accounts For*
32 *Which Parent Is Jointly Liable.* - No increase may be made in the amount of credit authorized to
33 be extended under a college student credit card account for which a parent, legal guardian, or
34 spouse of the consumer has assumed joint liability for debts incurred by the consumer in
35 connection with the account, before the consumer attains the age of 21, with respect to such
36 consumer, unless the parent, guardian, or spouse of the consumer, as applicable, approves in
37 writing, and assumes joint liability for, such increase.

38 SECTION 5. *Income Verification.* - For purposes of this Act, a creditor shall require
39 adequate proof of income, income history, and credit history, subject to the rules of the Monetary
40 Board of the Central Bank of the Philippines, before any college student credit card account may
41 be opened by or on behalf of a student.

42 SECTION 6. *Prohibition On More Than One Credit Card Account For Any College*
43 *Student.* - No creditor may open a credit card account for, or issue any credit card to, any college
44 student who:

45 A) Has no verifiable annual gross income; and

46 B) Already maintains a credit card account under an open end consumer credit plan
47 with that creditor, or any affiliate thereof.

48 SECTION 7. *Exemption Authority.* - The Monetary Board of the Central Bank of the
49 Philippines may, by rule, provide for exemptions to the provisions of this subsection, as deemed
50 necessary or appropriate and consistent with the purposes of this Act.

51 SECTION. 8. *Implementing Rules and Regulations.* - Not later than 180 days after the
52 date of enactment of this Act, Monetary Board of the Central Bank of the Philippines shall issue
53 such rules and regulations as may be necessary to carry out the provisions of this Act.

54 SECTION. 9. *Penalties.* - Any creditor who shall violate any provision of this Act shall
55 upon conviction, be subject to a fine of not less than fifty thousand pesos (P50,000.00) but not
56 more than one hundred thousand pesos (P100,000.00).

57 In case the violation is committed by, or in the interest of a foreign juridical person duly
58 licensed to engage in business in the Philippines, such license to engage in business in the
59 Philippines shall immediately be revoked.

60 SECTION 10. *Separability Clause.* - If any provision or part hereof is held invalid or
61 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
62 valid and subsisting.

63 SECTION 11. *Repealing Clause.* - Any law, presidential decree or issuance, executive
64 order, letter of instruction, administrative order, rule, or regulation contrary to, or inconsistent
65 with the provisions of this Act is hereby repealed, modified or amended accordingly.

66 SECTION 12. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
67 publication in at least two (2) newspapers of general circulation.

Approved,