

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



Senate
Office of the Secretary

'13 AUG 15 P3:09

SENATE
S. No. 1312

RECEIVED BY: *ja*


Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The use of credit cards has continually increased over the past decade as the marketing efforts of the banks stepped up. More and more professionals become comfortable in using credit cards in their everyday lives as shops expand their retail services to allow credit purchases.

However, such increase in the use of credit cards has not been coupled with sufficient consumer education leading to frustration to consumers as well as bad financial management due to uninformed payment strategies. The minimum payment rule of credit cards allows credit card users to prolong the full payment of their bills. But many credit card users avail of this option without fully understanding the repercussion of such decision.

This bill seeks to require credit card companies to aid the credit card users in understanding the effects of paying only the minimum amount.*

mir

MIRIAM DEFENSOR SANTIAGO

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



'13 AUG 15 P3:09

SENATE
S. No. 1312

RECEIVED BY: *ja*

Introduced by Senator Miriam Defensor Santiago

1 AN ACT
2 REQUIRING ENHANCED DISCLOSURE TO CONSUMERS REGARDING THE
3 CONSEQUENCES OF MAKING ONLY MINIMUM REQUIRED PAYMENTS IN THE
4 REPAYMENT OF CREDIT CARD DEBT

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

5 SECTION 1. *Short Title.* – This Act shall be known as the “Minimum Payment Effects
6 Disclosure Act.”

7 SECTION 2. *Additional Information Required on Credit Card Billing Statement.* –
8 Information regarding repayment of the outstanding balance of the consumer under the account,
9 appearing in conspicuous type on the front of the first page of each such billing statement, and
10 accompanied by an appropriate explanation, containing—

11 A. The words “Minimum Payment Warning: Making only the minimum payment
12 will increase the amount of interest that you pay and the time it will take to repay your
13 outstanding balance”;

14 B. The number of years and/or months (rounded to the nearest month) that it would
15 take for the consumer to pay the entire amount of that balance, if the consumer pays only the
16 required minimum monthly payments;

17 C. The total cost to the consumer, shown as the sum of all principal and interest
18 payments, and a breakdown of the total costs in interest and principal, of paying that balance in
19 full if the consumer pays only the required minimum monthly payments, and if no further
20 advances are made;

21 D. The monthly payment amount that would be required for the consumer to
22 eliminate the outstanding balance in thirty-six (36) months if no further advances are made; and

1 E. A toll-free telephone number at which the consumer may receive information
2 about accessing credit counseling and debt management services.

3 SECTION 3. *Interest Rate Applied Disclosure.* – In making the disclosures under Section
4 2, the creditor shall apply the interest rate in effect on the date on which the disclosure is made.

5 SECTION 4. *Separability Clause.* – If any provision or part hereof is held invalid or
6 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
7 valid and subsisting.

8 SECTION 5. *Repealing Clause.* – Any law, presidential decree or issuance, executive
9 order, letter of instruction, administrative order, rule, or regulation contrary to or inconsistent
10 with the provision of this Act is hereby repealed, modified, or amended accordingly.

11 SECTION 6. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
12 publication in at least two (2) newspapers of general circulation.

Approved,