

SIXTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
Third Regular Session

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Senate  
Office of the Secretary

16 JAN 25 P3:13

SENATE

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COMMITTEE REPORT NO. 383

Submitted by the Committee on Banks, Financial Institutions and Currencies on  
JAN 25 2016

Re: House Bill No. 5417, taking into consideration Senate Bill Nos. 315, 384, 602, 1312,  
1620, 1704, 1714, 1768, 1818, 1920, and 2642

Recommending its approval with amendments.

Sponsor: Senator Osmeña III

**MR. PRESIDENT:**

The Committee on Banks, Financial Institutions and Currencies to which were referred  
House Bill No. 5417, introduced by Representatives Collantes, Guanlao, Ponce Enrile,  
Romulo, Teodoro, Kho, Escudero, Mendoza (R.), Piamonte, Cortuna, Villar, Pancho, Co,  
Batocabe, Tejada, Pagdilao, Lee, Oaminal, and Tambunting, entitled:

**"AN ACT  
REGULATING THE PHILIPPINE CREDIT CARD INDUSTRY"**

Senate Bill No. 315, introduced by Senator Villar, entitled:

**"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 BANKS AND SIMILAR FINANCIAL INSTITUTIONS ON  
PURCHASES AND CASH ADVANCES MADE THROUGH CREDIT FACILITY"**

Senate Bill No. 384, Introduced by Senator Defensor Santiago, entitled:

**"AN ACT  
TO PREVENT CREDIT CARD ISSUERS FROM TAKING UNFAIR ADVANTAGE OF  
COLLEGE STUDENTS AND THEIR PARENTS"**

Senate Bill No. 602, Introduced by Senator Escudero, entitled:

**"AN ACT  
GOVERNING CREDIT CARD AND OTHER ACCESS DEVICE TRANSACTIONS AND  
PROVIDING PENALTIES THEREFOR"**

Senate Bill No. 1312, Introduced by Senator Santiago, entitled:

**"AN ACT  
REQUIRING ENHANCED DISCLOSURE TO CONSUMERS REGARDING THE  
CONSEQUENCES OF MAKING ONLY MINIMUM REQUIRED PAYMENTS IN THE  
REPAYMENT OF CREDIT CARD DEBT"**

Senate Bill No. 1620, Introduced by Senator Santiago, entitled:

**"AN ACT  
PROVIDING FOR FAIR DEBT COLLECTION PRACTICES AND REQUIRING DEBT  
COLLECTORS TO OBSERVE SUCH PRACTICES"**

Senate Bill No. 1704, Introduced by Senator Santiago, entitled:

**"AN ACT  
PROHIBITING CREDIT CARD DEBT-COLLECTION HARASSMENT"**

Senate Bill No. 1714, Introduced by Senator Santiago, entitled:

**"AN ACT  
REQUIRING CREDIT CARD CORPORATIONS TO GIVE THEIR CONSUMERS NINETY  
DAYS NOTICE BEFORE CHANGING THEIR ANNUAL CREDIT PERCENTAGE RATE OF  
INTEREST APPLICABLE OF ANY CREDIT CARD ACCOUNT OR BEFORE CHANGING  
THE INDEX USED TO DETERMINE SUCH RATE"**

Senate Bill No. 1768, introduced by Senator Santiago, entitled:

**"AN ACT  
PROHIBITING THE IMPOSITION OF A SURCHARGE, EXTRA CHARGE OR  
ADDITIONAL CHARGE IN THE USE OF CREDIT CARDS, DEBIT CARDS, AND  
AUTOMATED TELLER MACHINE (ATM) CARDS, FOR PAYMENT OF PURCHASES OF  
CONSUMER PRODUCTS OR SERVICES"**

Senate Bill No. 1818, introduced by Senator Santiago, entitled:

**"AN ACT  
PROHIBITING THE MAILING OF CREDIT CARD APPLICATIONS TO PERSONS UNDER  
TWENTY-FIVE YEARS OF AGE"**

Senate Bill No. 1920, introduced by Senator Santiago, entitled:

**"AN ACT  
PROTECTING CONSUMER PRIVACY IN CREDIT CARD AND CHECK TRANSACTIONS"**

And Senate Bill No. 2642, introduced by Senator Santiago, entitled:

**"AN ACT  
PROHIBITING CARD ISSUERS FROM ACCEPTING THIRD-PARTY SOURCED  
PERSONAL INFORMATION"**

has considered the same and has the honor to report these bills back to the Senate with the recommendation that House Bill No. 5417, taking into consideration Senate Bill Nos. 315, 384, 602, 1312, 1620, 1704, 1714, 1768, 1818, 1920, and 2642 be approved with the following amendments:

1. On page 1, line 8, delete the word "effective" and in lieu thereof insert the word "EFFICIENT".
2. On the same page, line 9, delete the word "efficiency" and in lieu thereof insert the word "GROWTH".
3. On page 2, line 9, delete the word "overseeing" and in lieu thereof, insert the word "OVERSIGHT".
4. On the same page, delete lines 10 to 19.
5. After line 19, add a new paragraph (d) which reads as follows:

**"D. DETERMINING THE REASONABLENESS OF FEES AND CHARGES AND THE  
ISSUANCE OF REGULATIONS ON THE SAME."**

6. On page 3, line 6, after the phrase "such as", insert the phrase **"BUT NOT LIMITED TO"**.
7. On the same page, line 19, delete the word, "two" and the number "(2)" and replace them with **"THREE (3)"**.
8. On page 4, line 6, after the number (1), delete the word, "total";
9. On the same page, lines 12-13, delete the phrase, "at any point in time" and replace it with the phrase, **"AS OF STATEMENT CUT-OFF DATE"**;
10. On page 5, after line 23, add a new Section 10, which reads as follows:

**"SEC. 10. IMPOSITION OF FINANCE CHARGES.- FINANCE CHARGES AND OTHER FEES ARISING FROM NON-PAYMENT IN FULL OR ON TIME OF THE OUTSTANDING BALANCE SHALL BE BASED ON THE UNPAID AMOUNT OF THE OUTSTANDING BALANCE."**

11. On the same page, line 24, renumber Section 10 to Section 11;
12. On page 6, line 6, after the word, "payment", add the word **"FEE"**;
13. On the same page and line, delete "fees" and replace it with **"FOR LATE PAYMENT"**;
14. On the same page, line 7, after the word, "amount", add the phrase, **"WHICHEVER IS LOWER"**;
15. On the same page, line 8, after the phrase, "late payment", delete the phrase, "or penalty";
16. On page 7, line 10, renumber Section 11 to Section 12;
17. On the same page, line 13, after the phrase "fees are computed", add the sentence, **"THE BSP SHALL DETERMINE THE IMPLEMENTATION DATE."**;
18. On the same page, delete lines 14 to 23;

19. On the same page, after line 23, add a new section 13 which reads as follows:

**"SEC. 13. CHANGES IN THE MANNER OF COMPUTATION AND FEES.- THE CARDHOLDER SHALL BE NOTIFIED AT LEAST NINETY (90) DAYS PRIOR TO ANY CHANGE IN THE MANNER OF COMPUTATION OF THE OUTSTANDING BALANCE AND THE AMOUNT OF FEES TO BE IMPOSED ON THE CARDHOLDER. IF THE CARDHOLDER FINDS THE CHANGE TO BE UNACCEPTABLE, HE SHALL HAVE THE RIGHT TO TERMINATE HIS ACCOUNT WITH THE CREDIT CARD ISSUER SUBJECT TO SECTION 25 HEREOF.**

**COMPLIANCE WITH THIS SECTION MAY BE DEFERRED FOR SUCH REASONABLE TIME AS THE BSP MAY DETERMINE WITHIN WHICH CREDIT CARD ISSUERS SHOULD MODIFY THEIR SYSTEMS ACCORDINGLY."**

20. On the same page, line 24, renumber Section 12 to Section 14;

21. On the same page, delete the proviso on lines 26 to 28 up to the word "DATE" on page 8 line 1, which reads:

*"Provided, That no over-the-limit fee shall be charged unless the cardholder provides expressed consent to be charged the over-the-limit fee or unless that account remains to be over-the-limit on the account's next statement date";*

22. On page 8, line 1, delete the word "further" after the word, "provided";

23. On the same page, line 3, renumber Section 13 to Section 15;

24. On the same page, line 6, renumber Section 14 to Section 16;

25. On the same page, line 13, before the word "court", add the article "a";

26. On page 9, line 1, renumber Section 15 to Section 17;

27. On the same page, line 5, renumber Section 16 to Section 18;

28. On the same page, line 6, delete "sixty (60)" and replace with "THIRTY (30)";

29. On the same page, line 10, renumber Section 17 to Section 19;
30. On the same page, line 19, renumber Section 18 to Section 20;
31. On the same page, line 24, renumber Section 19 to Section 21;
32. On page 10, line 6, renumber Section 20 to Section 22;
33. On the same page, line 10, renumber Section 21 to Section 23;
34. On the same page, line 16, renumber Section 22 to Section 24;
35. On the same page, line 25, renumber Section 23 to Section 25;
36. On the same page, line 26, add the word, "HIS" before the word, "account";
37. On the same page, line 27, delete the phrase "outstanding balance" before the phrase "or enters into an agreement" and delete the letters "RE" in the word "repayment";
38. On the same page, line 28, add the word, "THE", before the phrase, "outstanding balance";
39. On the same page, line 28, delete the word "whether", and add the phrase "AND NEW PURCHASES, DEBITS AND DEFERRED INSTALLMENTS." Also add the phrase "PAYMENT MAY BE MADE EITHER" before the word "THROUGH";
40. On page 11, line 4, renumber Section 24 to Section 26;
41. On the same page, line 7, delete the phrase, "acquiring bank" and replace it with "ACQUIRER";
42. Renumber the succeeding Sections accordingly.

Respectfully submitted:



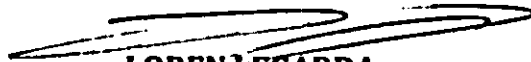
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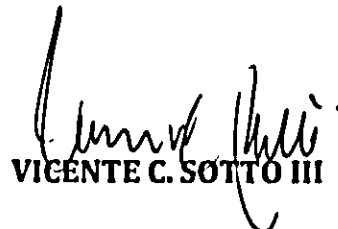


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CONGRESS OF THE PHILIPPINES  
SIXTEENTH CONGRESS  
Second Regular Session

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## HOUSE OF REPRESENTATIVES

H. No. 5417

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BY REPRESENTATIVES COLLANTES, GUANLAO, PONCE ENRILE, ROMULO,  
TEODORO, KIO, ESCUDERO, MENDOZA (R.), PIAMONTE, CORTUNA,  
VILLAR, PANCHO, CO, BATOCABE, TEJADA, PAGDILAO, LEE,  
OAMINAL AND TAMBUNTING, PER COMMITTEE REPORT NO. 564

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### AN ACT REGULATING THE PHILIPPINE CREDIT CARD INDUSTRY

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

- 1           SECTION 1. *Short Title.* – This Act shall be known as the “Philippine  
2 Credit Card Industry Regulation Law”.
- 3           SEC. 2. *Declaration of Basic Policy.* – It is the policy of the State to  
4 foster the development of the credit card industry as an indispensable tool in  
5 making consumer credit readily available to all Filipinos under conditions of  
6 fair and sound consumer credit practices which are aligned with global best  
7 practices, in promoting an efficient payments system and in encouraging  
8 competition and transparency that support a more efficient delivery of credit  
9 card services. To ensure the vibrancy and efficiency of the credit card industry,  
10 the State shall institute appropriate mechanisms to protect and educate credit  
11 cardholders.
- 12           SEC. 3. *Scope and Coverage.* – This law shall govern all credit card  
13 issuers, acquirers and all credit card transactions.

1           **SEC. 4. Supervision.** -- The Bangko Sentral ng Pilipinas (BSP) shall  
2 supervise all credit card issuers and acquirers. Supervision shall include the  
3 following:

4           (a) The issuance of rules of conduct or the establishment of standards  
5 of operation for uniform application to all institutions or functions covered,  
6 and the imposition of penalties in case of noncompliance therewith;

7           (b) The conduct of examination as determined by the Monetary Board  
8 to determine compliance with laws and regulations; and

9           (c) Oversceeing to ascertain that laws and regulations are complied with.

10           The BSP may also limit and prohibit the charging of annual membership  
11 fees for credit cards. In the exercise of its authority to limit and prohibit these  
12 fees, the Monetary Board shall be guided by the following:

13           (1) The purpose for the fees including the cost of production of the  
14 credit card;

15           (2) The service extended to cardholders;

16           (3) The other charges and fees already imposed for credit cards;

17           (4) Change in price levels; or

18           (5) Such other relevant criteria as the Monetary Board may  
19 adopt.

20           **SEC. 5. Definition of Terms.** -- As used in this Act, the following  
21 terms are defined as follows:

22           (a) *Acceleration clause* refers to the provision in the contract between  
23 the credit card issuer and the cardholder that gives the credit card issuer the  
24 right to demand the full settlement of the obligation in case of default or  
25 nonpayment of any amount due or for any valid reason;

26           (b) *Acquirer* refers to the institution that accepts and facilitates the  
27 processing of the credit card transaction which is initially accepted by the  
28 merchant;

1           (c) *Balance transfer* refers to the transfer of the balance in a credit card  
2 account to another credit card account;

3           (d) *Billing cycle/billing period* refers to the period of time between  
4 billings. Billing cycles shall comprise at least fifteen (15) days;

5           (e) *Card association* refers to any company that provides credit card  
6 network such as American Express, VISA International, MasterCard  
7 International, JCB International, Diners Club, and China Union Pay;

8           (f) *Cash advances* refer to cash obtained from the credit card account  
9 in any manner availed by the cardholder;

10          (g) *Credit card* refers to any card or other credit device intended for the  
11 purpose of obtaining money, property, or services on credit;

12          (h) *Credit card issuer* refers to a bank or a corporation that offers the  
13 use of its credit card;

14          (i) *Credit card limit* refers to the maximum total amount for purchases,  
15 cash advances, balance transfers, and finance charges, service fees, penalties,  
16 and other charges which can be charged to the credit card;

17          (j) *Default or delinquency* refers to the nonpayment of, or payment of  
18 an amount less than, the minimum amount due or minimum payment required,  
19 or words of similar import for at least two (2) billing cycles;

20          (k) *Finance charges* refer to the interest charged to the cardholder on  
21 all credit card transactions in accordance with the terms and conditions  
22 specified in the agreement on the use of the credit card;

23          (l) *Installment purchases* refer to transactions wherein payment for  
24 which is amortized in parts over a fixed period;

25          (m) *Industry association* refers to an association composed of  
26 companies engaged in the business of banking, finance, credit and payments;

27          (n) *Membership fee* refers to the amount a credit card issuer levies for  
28 the right to use its credit card and acquire access to other membership

1 benefits. This may also be referred to as annual membership fee, annual fee,  
2 joining fee or application fee;

3 (o) *Minimum amount due or minimum payment required* refers to the  
4 minimum amount that a cardholder is required to pay on or before the payment  
5 due date for a particular billing cycle/billing period which may include:

6 (1) Total outstanding balance multiplied by the required payment  
7 percentage or a fixed amount, whichever is higher;

8 (2) Any amount which is part of any fixed monthly installment that is  
9 charged to the card;

10 (3) Any amount in excess of the credit line; and

11 (4) All past due amounts, if any;

12 (p) *Outstanding balance* refers to the amount to be repaid at any point  
13 in time;

14 (q) *Statement cut-off date* refers to the end date of a billing cycle as  
15 determined by the credit card issuer, when account activities (purchases,  
16 payments, charges) during the billing cycle are summarized;

17 (r) *Statement of account or billing statement* refers to the regular  
18 statement listing of the purchases, payments and other debits and credits made  
19 to the credit card account within the billing cycle; and

20 (s) *Supplementary card or extension card* refers to a credit card issued  
21 to another person whose credit limit is consolidated with the primary  
22 cardholder.

23 **SEC. 6. *Minimum Requirements for Risk Management System of Credit***  
24 ***Card Issuers.*** – To effectively deliver services and at the same time safeguard  
25 their interests, the credit card issuer and acquirer must establish an appropriate  
26 system for managing risk exposures arising from credit card operations. Such  
27 risk management system shall be documented in a complete and concise  
28 manner, and shall cover the organizational set-up for the institution engaged in  
29 or unit handling the credit card business, its information management system,

1 as well as accounting policies and procedures, internal and external functions,  
2 and internal control system.

3 **SEC. 7. *Minimum Requirements for the Issuance of Credit Cards.*** –  
4 Before issuing credit cards, credit card issuers must conduct know-your-client  
5 (KYC) procedures and exercise proper diligence in ascertaining that applicants  
6 possess good credit standing and are financially capable of fulfilling their  
7 credit commitments.

8 **SEC. 8. *Service Level Agreement.*** – There shall be, in the service level  
9 agreement between the acquiring banks and their partner merchants, a  
10 provision requiring merchants to perform due diligence to establish the identity  
11 of the cardholders.

12 Nothing in this law shall preclude a card issuer from verifying or  
13 seeking confirmation with the cardholder any purchase if in their assessment  
14 there is reasonable concern as to the validity of the purchase.

15 **SEC. 9. *Determination of Credit Card Limit; Changes Thereof.*** –  
16 Credit card issuers shall determine, based on the credit standing and financial  
17 capacity of the cardholder, the credit limit to be extended to the cardholder.  
18 The card issuers may thereafter implement changes in the credit limit  
19 applicable of the account based on their risk management policies and  
20 guidelines: *Provided*, That the cardholder is notified of such changes;  
21 *Provided, further*, That any credit limit increase may be declined by the  
22 cardholder: *Provided, finally*, That the cardholder has the option to request for  
23 a credit limit adjustment subject to the approval of the credit card issuer.

24 **SEC. 10. *Information to be Disclosed.*** – A credit card issuer shall  
25 disclose to all credit cardholders and potential credit cardholders the following  
26 information:

27 (a) Finance charges for unpaid amounts after payment due date;

1 (b) The percentage that the interest bears to the total amount to be  
2 financed expressed as a simple monthly or annual rate, as the case may be, on  
3 the outstanding balance of the obligation;

4 (c) The default, late payment/penalty fees or similar  
5 delinquency-related charges payable in the event of late payments: *Provided,*  
6 That late payment or penalty fees shall be based on the unpaid minimum  
7 amount due or a prescribed minimum fixed amount: *Provided, further,* That  
8 the late payment or penalty fees may be based on the total outstanding balance  
9 of the credit card obligation, including amounts payable under installment  
10 terms or deferred payment schemes, if the contract between the issuer and the  
11 cardholder contains an acceleration clause and the total outstanding balance of  
12 the credit card is classified and reported as past due;

13 (d) The method of determining the balance upon which interest and/or  
14 delinquency charges may be imposed;

15 (e) The method of determining the amount of interest and/or  
16 delinquency charges, including any minimum or fixed amount imposed as  
17 interest and/or delinquency charge;

18 (f) Other fees, such as membership/renewal fees, processing fees,  
19 over-the-limit fees, collection fees, credit investigation fees and attorney's fees;

20 (g) For transactions made in foreign currencies, for dual currency  
21 accounts (peso and dollar billings), as well as payments made by credit  
22 cardholders in any currency other than the billing currency, the manner of  
23 conversion from the transaction currency and payment currency to Philippine  
24 pesos or billing currency, which may be a definition or general description of  
25 conversion rates;

26 (h) A reminder to the cardholder in the billing statement, or its  
27 equivalent document, that payment of only the minimum amount due or any  
28 amount less than the total amount due for the billing cycle/billing period,

1 would mean the imposition of interest and/or other charges. A written  
2 statement in the following form must be printed in the billing statement –  
3 “Important Reminder: Paying less than the total amount due will increase the  
4 amount of interest you pay and the time it takes to repay your balance”; and

5 (i) Any other information that may be required by the BSP.

6 The credit card issuer shall endeavor to convey the information in a  
7 manner that is understandable to the credit cardholder: *Provided*, That the  
8 items enumerated above may be included in a billing statement on a quarterly  
9 basis at the minimum in tabular format.

10 SEC. 11. *Computations to be Disclosed.* – In addition to the  
11 foregoing, a credit card issuer must, to the extent practicable, provide a  
12 detailed explanation and a clear illustration of the manner by which all charges  
13 and fees are computed.

14 Every billing statement shall contain clear and concise repayment  
15 information that would apply to the outstanding balance of the consumer  
16 placed in a conspicuous place and prominent location on the billing statement.  
17 The repayment information shall also include the number of months (rounded  
18 to the nearest month) that it would take to pay the entire amount of that balance  
19 excluding installment, if the consumer pays only the required minimum  
20 monthly payments and if no further advances are made.

21 Compliance with this section may be deferred for such reasonable time  
22 as the BSP may determine within which credit card issuers should modify their  
23 systems accordingly.

24 SEC. 12. *Over-the-Limit Transaction.* – If a cardholder breaches the  
25 credit limit by a new transaction, the subject transaction may be  
26 processed subject to the discretion of the credit card issuer: *Provided*, That no  
27 over-the-limit fee shall be charged unless the cardholder provides expressed  
28 consent to be charged the over-the-limit fee or unless that account remains to

1 be over-the-limit on the account's next statement date: *Provided, further,* That  
2 such fees are clearly and prominently disclosed in the table of fees and charges.

3 SEC. 13. *Lost or Stolen Card.* -- In case a credit card is lost or stolen,  
4 any transaction made prior to reporting to the credit card issuer shall be for the  
5 account of the cardholder.

6 SEC. 14. *Confidentiality of Information.* -- Credit card issuers, their  
7 officers, employees and agents shall keep strictly confidential the data on the  
8 cardholder, except under any of the following circumstances:

9 (a) When disclosure of information is with the consent of the  
10 cardholder;

11 (b) When the customer information is released, submitted or exchanged  
12 with credit information bureaus, industry association, or card association;

13 (c) Upon orders of court of competent jurisdiction or any government  
14 office or agency authorized by law, or under such conditions as may be  
15 prescribed by the Monetary Board of the BSP;

16 (d) When disclosure to third party service providers is necessary for the  
17 sole purpose of assisting or rendering services to the credit card issuer in  
18 enforcing its rights against the cardholder;

19 (e) When disclosure to third parties such as insurance companies is  
20 necessary for the sole purpose of insuring the credit card issuer from  
21 cardholder default or other credit loss, and the cardholder from fraud or  
22 unauthorized charges; and

23 (f) When disclosure to third parties is for the purpose of investigating  
24 fraud or unauthorized activities or mitigating risk involving card issuance, use  
25 and acquiring.

26 The recipient of information described herein shall likewise be bound to  
27 preserve confidentiality of the cardholder data.



1           **SEC. 15. *Customer Assistance Unit.*** – A card issuer shall establish a  
2 consumer assistance unit within its organization which shall be responsible for  
3 providing prompt action for the expeditious resolution of complaints, inquiries  
4 and requests.

5           **SEC. 16. *Complaint on Billing Error or Discrepancy.*** – A credit card  
6 issuer shall give cardholders up to sixty (60) calendar days from statement date  
7 to report any error or discrepancy in their billing statement. The credit card  
8 issuer shall take action within ten (10) business days from receipt of such  
9 notice.

10           **SEC. 17. *Appropriate Manner of Collection.*** – A credit card issuer  
11 may resort to all reasonable and legally permissible means to collect amounts  
12 due them under the credit card agreement: *Provided, That in the exercise of its*  
13 *rights and performance of duties, they must observe good faith, reasonable*  
14 *conduct and proper decorum and refrain from engaging in unscrupulous acts.*

15           A credit card issuer or collection agent shall not harass, abuse or  
16 oppress any person or engage in any unfair practices, as may be defined by  
17 BSP rules and regulations, in connection with the collection of any credit card  
18 debt.

19           **SEC. 18. *Use of Third-Party Collection Agents.*** – A credit card issuer  
20 may engage qualified third party service providers/collection agents for the  
21 purpose of assisting or rendering services in the administration of the credit  
22 card business including recovery of unpaid obligations and enforcement of  
23 rights against the cardholder.

24           **SEC. 19. *Endorsement of Credit Card Debt Collection by the Credit***  
25 ***Card Issuer to a Collection Agency.*** – A credit card issuer shall inform its  
26 cardholder in writing of the endorsement of the collection of the account to a  
27 collection agency, or the endorsement of the account from one collection  
28 agency to another, prior to the actual endorsement. The notification shall

1 include the full name of the collection agency and its contact details. The  
2 requirement to notify a cardholder in writing about the endorsement of the  
3 account to the collection agency shall be included in the terms and conditions  
4 of the credit card agreement: *Provided*, That the credit card issuer shall refer  
5 the collection of an account to only one collection agency at any one time.

6 **SEC. 20. *Communication in Connection With Debt Collection.*** – The  
7 credit card issuer or its collection agency may communicate with a credit  
8 cardholder in connection with the collection of any debt through the mode or  
9 modes prescribed by the BSP in guidelines it shall issue for this purpose.

10 **SEC. 21. *Due Date.*** – Notwithstanding any provision in the contract,  
11 if the payment due date for a credit card falls on weekends and regular national  
12 holidays, the card payment due date is automatically moved to the next  
13 business day. Payment through any authorized mode, made to any accredited  
14 payment centers of the credit card issuer shall be considered as payment to the  
15 credit card issuer made on the same date.

16 **SEC. 22. *Application of Card Payment.*** – Upon receipt of a payment  
17 from a cardholder whose account carries different interest rates for different  
18 types of purchases (i.e. cash advances, regular purchases, balance transfers),  
19 the credit card issuer shall apply amounts in excess of the minimum payment  
20 amount first to the fees and charges, and then to the billed balance bearing the  
21 highest rate of interest, followed by the billed balance bearing the next higher  
22 rate of interest, until the payment is exhausted: *Provided*, That the original  
23 rates for promotional offers shall be the basis for determining hierarchy of  
24 payment.

25 **SEC. 23. *Termination of Account.*** – A cardholder may cancel or  
26 terminate account anytime: *Provided*, That the cardholder either pays in full  
27 the outstanding balance or enters into another agreement for repayment of  
28 outstanding balance whether through a one-time payment or on installments

1 within a fixed period of time: *Provided, further,* That repayment in  
2 installments shall only be generally subject to interest unless there is a  
3 violation of the new agreement.

4       **SEC. 24. *Administrative Sanctions on Credit Card Issuers.*** – The  
5 provisions of Section 37 of Republic Act No. 7653, otherwise known as “The  
6 New Central Bank Act”, shall be made applicable to any credit card issuer,  
7 acquiring bank, their directors and officers including, but not limited to, the  
8 administrative sanctions that may be imposed, without prejudice to the criminal  
9 sanctions against the culpable persons provided in Section 25 hereof, for any  
10 willful violation of this law or any related rules, regulations, orders or  
11 instructions issued by the Monetary Board: *Provided,* That in addition to the  
12 administrative sanctions that may be imposed, the authority of the credit card  
13 issuer to issue credit cards may be suspended or cancelled by the BSP.

14       **SEC. 25. *Violation of this Act and Other Related Rules, Regulations,***  
15 ***Orders or Instructions.*** – A person who willfully violates any provision of  
16 this law or any related rules, regulations, order or instructions, issued by the  
17 Monetary Board shall be punished by imprisonment of not less than two (2)  
18 years nor more than ten (10) years, or by a fine of not less than fifty thousand  
19 pesos (P50,000.00) but not more than two hundred thousand pesos  
20 (P200,000.00), or both, at the discretion of the court.

21       **SEC. 26. *Transitory Provision.*** – All existing credit card companies  
22 that are not supervised by the BSP are hereby given such reasonable time as  
23 the Monetary Board may determine in order to comply with applicable rules  
24 and regulations.

25       **SEC. 27. *Separability Clause.*** – If any provision or section of this  
26 Act is held to be unconstitutional or invalid, the other provisions or sections  
27 hereof which are not affected thereby shall continue to be in full force and  
28 effect.

1           **SEC. 28. *Repealing Clause.*** – All other laws, decrees, executive  
2 orders, proclamations and administrative regulations, or parts thereof  
3 inconsistent herewith are hereby repealed or modified accordingly.

4           **SEC. 29. *Effectivity.*** – This Act shall take effect fifteen (15) days after  
5 its publication in the *Official Gazette* or in at least two (2) national newspapers  
6 of general circulation.

          Approved,

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