



**SENATE**

S. No. 1504

20 MAY -4 P 4:56

Introduced by Senator Manuel "Lito" M. Lapid

**AN ACT  
AMENDING REPUBLIC ACT NO. 9510, OTHERWISE KNOWN AS THE  
"CREDIT INFORMATION SYSTEM ACT", BY PROVIDING CREDIT  
PROTECTION TO BORROWERS DURING CALAMITIES AND OTHER  
EMERGENCIES**

**EXPLANATORY NOTE**

The full extent of the Coronavirus Disease (COVID-19) pandemic and the accompanying lockdown cannot be accurately measured as of the moment. But for the lower- to middle-class families, for the minimum-wage, no-work-no-pay laborers, for owners of small businesses, among others, its devastating effects are painfully felt. The lockdown spelled a reversal on their fortunes, with no source of living or steady income for almost two months already. Some have resorted to availing of government subsidies and assistance just to tide over the Enhanced Community Quarantine (ECQ) period. The uncertainty of the future and the improbability of an immediate return to normalcy looms over to even worsen their dire conditions.

The shutting down of businesses and the suspension of work put the finances of workers and owners of micro, small and medium enterprises (MSMEs) in the red. They are now prone to being delayed in paying their bills, loan amortizations, insurance premiums and other financial obligations. Some may even be forced to default or declare bankruptcy. To address this, the Legislature has included in the provisions of Republic Act No. 11469 or the "Bayanihan to Heal as One Act" the

implementation of a minimum of 30-day grace period for the payment of all loans, without incurring interests, penalties, fees or other charges<sup>1</sup>.

This bill seeks to provide more financial protection to borrowers adversely affected by major calamities or emergencies. This proposes to insert a provision in Republic Act No. 9510, or the "Credit Information System Act", which will institutionalize a moratorium on the reporting of negative information during calamities or emergencies. Negative credit information, as defined in the Credit Information System Act, refers to "information/data concerning the poor credit performance of borrowers such as, but not limited to, defaults on loans, adverse court judgments relating to debts and reports on bankruptcy, insolvency, petitions or orders on suspension of payments and corporate rehabilitation"<sup>2</sup>. Through this amendment, missed due dates, partial payments or non-payments that occurred during the period from the declaration of an existence of a State of National Calamity or Emergency as declared by the President of the Philippines until thirty (30) days from the termination thereof, will not be tagged as "defaults" or otherwise reported as negative credit information. This moratorium will likewise apply to provincial, city or municipal state of calamity in favor of borrowers residing in the affected local government unit or having their place of occupation or business thereon. This bill also contains a retroactivity clause in favor of borrowers adversely affected by the current COVID-19 pandemic and lockdown.

It is worthy to note that the Credit Information Corporation, in light of the COVID-19 pandemic, had enacted an advisory/instruction<sup>3</sup> similar to a reporting moratorium envisioned by this proposed measure. This bill aims to institutionalize this practice by incorporating it in the law itself and to make it apply to all kinds of calamities and emergencies.

A fair and accurate report of a borrower's credit status must not include delayed payments, partial payments, defaults or other negative information that was

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<sup>1</sup> Sec. 4(aa), Republic Act No. 11469

<sup>2</sup> Sec. 3(j), Republic Act No. 9510

<sup>3</sup><https://www.creditinfo.gov.ph/sites/default/files/Letter%20Memorandum%20-%20Credit%20Data%20Submission%20and%20Tagging%20of%20Non-Payments%20as%20Default%20During%20Covid19%20Pandemic.pdf>

brought about, or necessitated by, or had occurred on the occasion of disasters, calamities and public emergencies.

In view of this, early passage of this bill is sought.



**MANUEL "LITO" M. LAPID**  
*Senator*



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**EMERGENCIES**

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

1       SECTION 1. A new SECTION 4-A shall be added to Republic Act No. 9510,  
2 otherwise known as the "Credit Information System Act", to read as follows:

3  
4       **SECTION 4-A. MORATORIUM ON THE REPORTING OF**  
5       **NEGATIVE CREDIT INFORMATION DURING CALAMITIES OR**  
6       **EMERGENCIES. – NO SUBMITTING AGENCY MAY FURNISH**  
7       **ANY NEGATIVE CREDIT INFORMATION (EXCEPT**  
8       **INFORMATION RELATED TO A CRIMINAL CONVICTION)**  
9       **RELATING TO A BORROWER THAT WAS THE RESULT OF ANY**  
10       **ACTION OR INACTION THAT OCCURRED DURING THE PERIOD**  
11       **FROM THE DECLARATION OF AN EXISTENCE OF A STATE OF**  
12       **NATIONAL CALAMITY OR EMERGENCY AS DECLARED BY THE**  
13       **PRESIDENT OF THE PHILIPPINES UNTIL THIRTY (30) DAYS**  
14       **FROM THE TERMINATION THEREOF.**

1       **THE SAME MORATORIUM SHALL LIKEWISE APPLY TO A**  
2       **PROVINCIAL, CITY OR MUNICIPAL STATE OF CALAMITY AS**  
3       **DECLARED BY THE RESPECTIVE LOCAL GOVERNMENT UNIT;**  
4       **PROVIDED, THAT THE MORATORIUM SHALL ONLY APPLY TO**  
5       **BORROWERS RESIDING IN THE AFFECTED LOCAL**  
6       **GOVERNMENT UNIT OR HAVING THEIR PLACE OF**  
7       **OCCUPATION OR BUSINESS THEREON.**  
8

9       Section 2. *Retroactivity Clause for Borrowers affected by the COVID-19 Public*  
10      *Health Emergency.* – The moratorium granted by this Act shall retroactively apply to  
11      borrowers affected by the State of Public Health Emergency declared by the  
12      President of the Philippines in connection with the 2020 Coronavirus Disease  
13      (COVID-19) pandemic. The Credit Information Corporation is hereby mandated to  
14      enact measures:

- 15           a. to receive requests from borrowers for the deletion of any reported  
16           negative information that will be covered by the moratorium;  
17           b. to act upon such requests within a period of fifteen (15) days from  
18           receipt thereof; and  
19           c. to notify the requesting borrower of its action.  
20

21      Section 3. *Implementing Rules and Regulations.* – Within sixty (60) days from  
22      the effectivity of this Act, the Securities and Exchange Commission and the Credit  
23      Information Corporation, in consultation with other relevant government agencies  
24      and stakeholders, shall issue the necessary rules and regulations to implement the  
25      provisions of this Act.  
26

27      Section 4. *Repealing Clause.* —All laws, presidential decrees, executive orders,  
28      proclamations, rules and regulations, or any part thereof, which are inconsistent with  
29      the provisions of this Act are hereby repealed or modified accordingly.  
30

31      Section 5. *Separability Clause.* – If any provision or part of this Act, or the  
32      application thereof to any person or circumstance, is held unconstitutional or invalid,

1 the remainder of this Act shall not be affected thereby.

2

3 Section 6.*Effectivity Clause.* — This Act shall take effect fifteen (15) days  
4 from its publication in the Official Gazette or in at least two (2) newspapers of  
5 general circulation.

6

7 *Approved,*