

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Second Regular Session )

6 MAR -6 P4:35

SENATE  
S. B. No. 2220

RECEIVED BY:         

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Introduced by Senator Miriam Defensor Santiago


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EXPLANATORY NOTE

Automated Teller Machines (ATMs) benefit the public by providing them with convenient access to cash wherever and whenever the need arises. With the advancement in technology, some banks, through arrangements with other banks or ATM affiliates, now allow their clients access to other banks' ATMs. In addition, other transactions such as deposits, fund transfers, and bill payments, which have traditionally been done inside banks' premises, can now be done through the use of ATMs.

All these convenience, however, come with a price. Some financial institutions charge their client for ATM transactions without the latter even being aware of the amount of the charge, much less the fact of the charge, until he receives his periodical bank statement. By then, it will have been too late for him to take steps to avoid the charge.

This bill seeks to protect ATM users from hidden charges by requiring financial institutions to inform their clients, either by prior written notice or notice on the screen of the ATM prior to the completion of the transaction, of the fee that they may incur should they chose to undertake a particular ATM transaction. It also seeks to restrict the possible transaction fees that such financial institutions may charge for certain ATM transactions.

  
MIRIAM DEFENSOR SANTIAGO

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AN ACT  
REQUIRING CERTAIN FINANCIAL INSTITUTIONS TO POST TRANSACTION FEES  
FOR EACH AUTOMATED TELLER MACHINE TRANSACTION; AND RESTRICTING  
TRANSACTION FEES FOR AUTOMATED TELLER MACHINES.

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

SECTION 1. *Short Title.* – This Act shall be known as the "ATM Fee Regulatory Act of 2006".

SECTION 2. *Declaration of Policy.* – It is the policy of the State to promote the general welfare of the people. Pursuant to this policy, this Act seeks to uphold the people's right to be informed of hidden ATM fees before they are unceremoniously charged with the same.

SECTION 3. *Definition of Terms.* – For purposes of this Act:

- (A) "ATM" means an automated teller machine.
- (B) "Financial institution" means a national bank, savings bank, savings and loan association, federally chartered credit union, credit union and any entity that owns or operates an automated teller machine.

SECTION 4. *Fee Disclosure Required.* – A financial institution shall disclose the total transaction fee or surcharge to be imposed for each transaction on the screen of the ATM prior to the completion of the transaction. The customer shall have the right to cancel the transaction after the fee or surcharge is disclosed.

A financial institution shall provide written notice to its account holders that a fee may be imposed when the account holder uses ATMs owned or operated by another financial institution or any national, regional or local ATM network whenever a card, code or other means of ATM access is issued by the financial institution for the purpose of initiating ATM transactions.

SECTION 5. *Fee Restrictions.* – The following fee restrictions shall apply to all ATMs and ATM transactions under this Act:

- (A) Screen display as prerequisite for fee. No customer shall be liable to pay any fee or surcharge to a financial institution for an ATM transaction at an ATM screen unless the fee or surcharge is displayed on the ATM screen prior to the transaction.
- (B) Telephone transactions. No customer shall be liable to pay any fee or surcharge to any financial institution for any ATM transaction initiated via telephone.
- (C) Single fee per transaction. No customer shall be billed for more than one fee per ATM transaction regardless of the number of financial institutions involved in the transaction.
- (D) Cash dispensing requirement. No customer shall be liable to pay an ATM fee or surcharge to a financial institution that does not dispense cash at all of the institution's branch locations.

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

SECTION 7. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provisions of this act is hereby repealed, modified or amended accordingly.

SECTION 8. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,

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