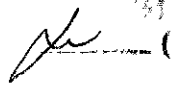


FOURTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Second Regular Session )

8 SEP 11

SENATE  
S. No. 2611

RECEIVED BY



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Introduced by Senator Miriam Defensor Santiago

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#### EXPLANATORY NOTE

The use of credit card 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 card allows the 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.

  
MIRIAM DEFENSOR SANTIAGO

FOURTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
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8 SEP 11 2011

SENATE  
S. No. 2611

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Introduced by Senator Miriam Defensor Santiago

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

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

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

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

- 13 A. the words “Minimum Payment Warning: Making only the minimum payment will  
14 increase the amount of interest that you pay and the time it will take to repay your  
15 outstanding balance”;
- 16 B. the number of years and months (rounded to the nearest month) that it would take for the  
17 consumer to pay the entire amount of that balance, if the consumer pays only the required  
18 minimum monthly payments;
- 19 C. the total cost to the consumer, shown as the sum of all principal and interest payments,  
20 and a breakdown of the total costs in interest and principal, of paying that balance in full  
21 if the consumer pays only the required minimum monthly payments, and if no further  
22 advances are made;
- 23 D. the monthly payment amount that would be required for the consumer to eliminate the  
24 outstanding balance in 36 months if no further advances are made; and

1 E. a toll-free telephone number at which the consumer may receive information about  
2 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 is 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.

13 Approved,

/apm090508