

Republic of the Philippines  
Congress of the Philippines  
Metro Manila  
Sixteenth Congress  
Third Regular Session

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Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand fifteen.

[ REPUBLIC ACT NO. 10870 ]

AN ACT REGULATING THE PHILIPPINE CREDIT CARD INDUSTRY

*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 "Philippine Credit Card Industry Regulation Law".

SEC. 2. *Declaration of Basic Policy.* – It is the policy of the State to foster the development of the credit card industry as an indispensable tool in making consumer credit readily available to all Filipinos under conditions of fair and sound consumer credit practices which are aligned with global best practices, in promoting an efficient payments system and in encouraging competition and transparency that support a more effective delivery of credit card services. To ensure the vibrancy and growth of the credit card industry, the State shall institute appropriate mechanisms to protect and educate credit cardholders.

SEC. 3. *Scope and Coverage.* – This Act shall govern all credit card issuers, acquirers and all credit card transactions.

SEC. 31. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) national newspapers of general circulation.


Approved,

  
FRANKLIN M. DRILON  
*President of the Senate*

  
FELICIANO BELMONTE JR.  
*Speaker of the House  
of Representatives*

This Act which originated in the House of Representatives was passed by the House of Representatives on February 23, 2015, amended by the Senate on February 1, 2016, and which amendments were concurred in by the House of Representatives on May 23, 2016.

  
OSCAR G. YABES  
*Secretary of the Senate*

  
MARILYN B. BARUA-YAP  
*Secretary General  
House of Representatives*

Approved:

BENIGNO S. AQUINO III  
*President of the Philippines*

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Lapsed into law on JUL 17 2016  
Without the signature of the President.  
In accordance with Article VI, Section  
27 (1) of the Constitution

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

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

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

(j) *Default or delinquency* refers to the nonpayment of, or payment of an amount less than, the minimum amount due or minimum payment required, or words of similar import for at least three (3) billing cycles;

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

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

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

(n) *Membership fee* refers to the amount a credit card issuer levies for the right to use its credit card and acquire access to other membership benefits. This may also be referred to as annual membership fee, annual fee, joining fee or application fee;

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

(1) Outstanding balance multiplied by the required payment percentage or a fixed amount, whichever is higher;

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

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

SEC. 21. *Endorsement of Credit Card Debt Collection by the Credit Card Issuer to a Collection Agency.* – A credit card issuer shall inform its cardholder in writing of the endorsement of the collection of the account to a collection agency, or the endorsement of the account from one collection agency to another, prior to the actual endorsement. The notification shall include the full name of the collection agency and its contact details. The requirement to notify a cardholder in writing about the endorsement of the account to the collection agency shall be included in the terms and conditions of the credit card agreement: *Provided*, That the credit card issuer shall refer the collection of an account to only one collection agency at any one time.

SEC. 22. *Communication in Connection With Debt Collection.* – The credit card issuer or its collection agency may communicate with a credit cardholder in connection with the collection of any debt through the mode or modes prescribed by the BSP in guidelines it shall issue for this purpose.

SEC. 23. *Due Date.* – Notwithstanding any provision in the contract, if the payment due date for a credit card falls on weekends and regular national holidays, the card payment due date is automatically moved to the next business day. Payment through any authorized mode, made to any accredited payment centers of the credit card issuer shall be considered as payment to the credit card issuer made on the same date.

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

SEC. 25. *Termination of Account.* – A cardholder may cancel or terminate his/her account anytime: *Provided*, That the cardholder either pays in full or enters into another agreement for payment of the outstanding balance and new purchases, debits and deferred installments payment may be made either through

purchase if in their assessment there is reasonable concern as to the validity of the purchase.

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

**SEC. 10. *Imposition of Finance Charges.*** — Finance charges and other fees arising from nonpayment in full or on time of the outstanding balance shall be based on the unpaid amount of the outstanding balance.

**SEC. 11. *Information to be Disclosed.*** — A credit card issuer shall disclose to all credit cardholders and potential credit cardholders the following information:

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

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

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

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/she shall have the right to terminate his/her account with the credit card issuer subject to Section 25 of this Act.

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.

SEC. 14. *Over-the-Limit Transaction.* – If a cardholder breaches the credit limit by a new transaction, the subject transaction may be processed subject to the discretion of the credit card issuer: *Provided*, That such fees are clearly and prominently disclosed in the table of fees and charges.

SEC. 15. *Lost or Stolen Card.* – In case a credit card is lost or stolen, any transaction made prior to reporting to the credit card issuer shall be for the account of the cardholder.

SEC. 16. *Confidentiality of Information.* – Credit card issuers, their officers, employees and agents shall keep strictly confidential the data on the cardholder, except under any of the following circumstances:

- (a) When disclosure of information is with the consent of the cardholder;
- (b) When the customer information is released, submitted or exchanged with credit information bureaus, industry association, or card association;
- (c) Upon orders of a court of competent jurisdiction or any government office or agency authorized by law, or under such conditions as may be prescribed by the Monetary Board of the BSP;
- (d) When disclosure to third party service providers is necessary for the sole purpose of assisting or rendering services to the credit card issuer in enforcing its rights against the cardholder;

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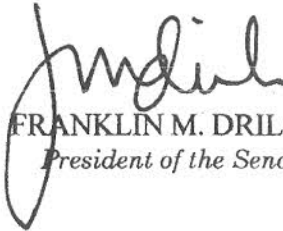
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