


SEVENTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
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SENATE
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RECEIVED BY: 

Introduced by Senator Poe

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES TO CONDUCT AN INQUIRY ON THE STATUS OF THE IMPLEMENTATION OF REPUBLIC ACT NO. 10870 OR THE PHILIPPINE CREDIT CARD INDUSTRY REGULATION ACT OF 2016 FOR THE PURPOSE OF ESTABLISHING CLEAR-CUT GUIDELINES ON DEBT PAYMENTS, PUNISHING UNSCRUPULOUS CREDIT COLLECTION AGENCIES AND PROTECTING BORROWERS

WHEREAS, due process is paramount in the Bill of Rights under the 1987 Philippine Constitution, which provides that “[N]o person shall be deprived of life, liberty, or property without due process of law, nor shall any person be denied the equal protection of the laws” (Article III, Section 1);

WHEREAS, Article III, Section 14 also states that “[N]o person shall be held to answer for a criminal offense without due process of law”;

WHEREAS, Republic Act (RA) 8484 or the Access devices Regulation Act of 1998 was crafted in order to regulate the issuance of access devices, such as credit cards, and prohibit fraudulent acts;

WHEREAS, RA 9510 or the Credit Information Systems Act was passed in 2008 to address the need for a reliable credit information concerning the credit standing and track record of borrowers and to differentiate borrowers with positive credit information and those with delinquent accounts;

WHEREAS, RA 10870 or the Philippine Credit Card Industry Regulation Law of 2016 mandates that the issuing banks shall resort to “all reasonable and legally permissible means” to collect amounts due them;

WHEREAS, while the law allows the use of third-party collection agents, it also directs that the credit card issuer or collection agent “shall not harass, abuse or oppress any

person or engage in unfair practices," as may be defined by the Bangko Sentral ng Pilipinas rules and regulations;

WHEREAS, jail time between two to 10 years or a fine from P50,000 to 200,000, or both, may be imposed upon banks or collection agencies who violate RA 10870, but such punishment continues to be seen against erring debt collectors and their agents;

WHEREAS, despite the passage of a law that prohibits devious practices, our office recently received complaints that debt collectors continue to harass borrowers in a threatening and offensive move to collect money on behalf of their clients, which are the credit card issuers;

WHEREAS, for many years, credit card debt collectors put pressure and use crooked ploys on the defaulter to collect money, some of the most notorious of which include issuing demand letters threatening the borrower that a "case" has already been filed in court and that the same was being handled by a supposed "law firm," using barangay (village) tanod and "police" outside a cardholder's house to force the borrower to pay, and entering the cardholder's house in the guise of delivering a package but will tell the cardholder that they are the sheriff who will garnish the property in exchange of the outstanding debt;

WHEREAS, dirty tactics also used by collection agents include a "calling the cardholder's employer with the intent to smear the reputation of the defaulter (in some cases, the employee-cardholder gets fired), sending text messages to frighten the cardholder that there is a pending arrest warrant due to the default, and telling the cardholder that there is a hold departure and that he/she cannot travel abroad;

WHEREAS, debt agents also resort to calling the cardholder names such as "liar," "estafadora" and throwing profanities¹ at the cardholder, which is considered harassment;

WHEREAS, the lack of clear guidelines and dedicated implementation of existing laws and regulations that punish debt collection agencies, in effect, gives them a wide latitude to harass, bombard borrowers with calls and text messages bordering on criminal acts, and engage in other unfair collection practices;

WHEREAS, credit card debt, if done in good faith where the cardholder falls into bankruptcy or was unemployed, is not a criminal act but a simple case of a breach of contract that constitutes a civil case;

WHEREAS, the Bangko Sentral ng Pilipinas (BSP) issued Circular 454 in 2004 which states that banks, subsidiary or affiliate credit card companies, collection agencies, counsels and other agents cannot engage in unfair collection practices such as use or threat of violence or other criminal means to harm the physical person, reputation, or property of any person, the use of obscenities, insults, or profane language which amount to a criminal act or offense under applicable laws, disclosure of the names of credit cardholders who allegedly

¹ Acosta, P. 2014, December 4. The Manila Times. Standing up vs 'harassment' by credit card companies. Retrieved from <http://www.manilatimes.net/standing-vs-harassment-credit-card-companies/146529/>

refuse to pay debts, threat to take any action that cannot legally be taken, communicating or threat to communicate to any person credit information which is known to be false, false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a cardholder, and making contact at unreasonable/inconvenient times or hours which shall be defined as contact before 6 a.m. or after 10 p.m., unless the account is past due for more than 60 days or the cardholder has given express permission or said those times were the only reasonable or convenient opportunities for contact;

WHEREAS, the BSP should immediately issue the necessary guidelines that would govern credit card companies and debt collect agencies as to what constitutes criminal acts punishable under existing laws and policies;

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, BY THE SENATE OF THE PHILIPPINES, to direct the Senate Committee on Banks, Financial Institutions and Currencies to conduct an inquiry on the status of the implementation of Republic Act No. 10870 or the Philippine Credit Card Industry Regulation Act of 2016 for the purpose of establishing clear-cut guidelines on debt payments, punishing unscrupulous credit collection agencies and protecting borrowers;

RESOLVED FURTHER, that the BSP establish a one-stop-shop for complaints against card issuers and debt collection agencies in a bid to stop unacceptable and illegal collection practices to the detriment of cardholders;

RESOLVED FURTHERMORE, that the BSP work to allow cardholders to restructure their debts and allow for longer and liberal terms to repay their debts.

Adopted,


GRACE POE