EXPLANATORY NOTE

In 2017, there are approximately 119 million mobile phone subscriptions in the country—around 96% or 114 million of which are prepaid, according to a report by technology site Yugatech.com. This shows that subscribers prefer the convenience and affordability of prepaid subscription as it allows them to spend on credits suited to their actual needs.

There have been, however, rampant complaints from prepaid subscribers that they do not get the full value of the load credits that they paid for because of the expiration of prepaid call and text cards, and forfeiture of unused load credits. A memorandum circular issued jointly by the National Telecommunications Commission, Department of Information and Communications Technology and the Department of Trade and Industry, which took effect starting 2018, has required telecommunication companies to extend the validity period of any prepaid load regardless of amount up to a year.

This bill aims to put teeth into the memorandum circular by prohibiting and penalizing the imposition of an expiration period on the validity of unused load credit and the forfeiture of load credits. It likewise penalizes the enrollment and billing of subscribers, both prepaid and postpaid, to unauthorized value-added services without the subscriber's consent. This will ensure that all Filipino subscribers will get their money's worth.

In light of the foregoing, immediate passage of the bill is earnestly sought.

VICTOR A. YAP
Representative, 2nd District of Tarlac
AN ACT
PROTECTING TELECOMMUNICATION SUBSCRIBERS AGAINST UNAUTHORIZED SERVICES AND CONSUMPTION OF LOAD CREDITS

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

SECTION 1. Short Title. - This Act shall be known as the “Telecommunication Subscriber’s Protection Act”.

SEC. 2. Declaration of Policy. - The State recognizes the vital role of telecommunication in economic growth and development. Towards this end, the State shall implement measures to achieve the following objectives:

a) Safeguard telecommunication subscribers against deceptive, unfair and unconscionable trade acts and practices;

b) Provision for information, and education to facilitate sound choice and the proper exercise of rights by the consumer; and

c) Provision for adequate rights and means of redress for subscribers.

SEC. 3. Definition of Terms. - As used in this Act: the term

a) Account refers to the financial credit of a subscriber;

b) Load credit refers to the monetary value or the consumable amount loaded to a mobile or landline phone via pre-paid cards or electronic transfers that enable a consumer to use telecommunication or value-added services;

c) Pre-paid refers to the type of mobile or landline phone account that requires its owners to purchase load credit before services are used;

d) Pre-paid call and text card refers to a card with corresponding peso value that has to be purchased to enable a subscriber to use telecommunication services;

e) Unauthorized service refers to a service for which a subscriber did not provide expressed and informed consent; and
f) Unsought services refers to services which include ringing tones, polyphonic tones, video and picture messages, etc., that a subscriber did not purchase under his postpaid or prepaid account but is nonetheless sent or transmitted to him without permission.

SEC. 4. Obligation to Provide an Electronic Receipt. – Every telecommunication company shall inform its subscribers via text message on the deduction to their load credit for calls, data and value-added service usage.

SEC. 5. Prohibited Acts. – An entity issuing load credit in exchange for telecommunication or value-added services shall be liable for any of the following acts:

a) Imposition of an expiration period on the validity of unused load credit;
b) Forfeiture of load credit stored on an active pre-paid phone account via pre-paid call and text card or electronic transfer;
c) Refusal to give a refund to any pre-paid subscriber whose load credit was forfeited without any valid cause;
d) Enrolling subscribers to unauthorized value-added services without the subscriber’s consent;
e) Billing subscribers’ accounts for unauthorized value-added services which has the effect of reducing the prepaid credit or increasing the postpaid amount due from a subscriber; and
f) Failure to provide electronic receipt as provided under Section 4.

SEC. 6. Penalties. – Any director, officer, employee or agent of a telecommunication company providing telecommunication services who shall commit any of the acts under Section 5 hereof, shall, upon conviction, be subject to the penalty of a fine of not less than One hundred thousand pesos (P100,000.00) but not to exceed One million pesos (P1,000,000.00).

If the violation was committed by or in the interest of a juridical person duly licensed to engage in business in the Philippines, the following penalty shall be imposed:

a) First Offense - Fine of Five hundred thousand pesos (P500,000.00); b) Second Offense - Fine of One million pesos (P1,000,000.00) and suspension of license to engage in business for a period of thirty (30) days; and c) Third Offense - Fine of Two million pesos (P2,000,000.00) and immediate revocation of license to engage in business.

SEC. 7. Disposition of Penalties. – All penalties under this Act shall be solely and exclusively earmarked and used for the following:

a) Development and maintenance of a long-term strategic national development plan for the telecommunication industry;
b) Providing adequate and efficient telecommunication facilities in unserved and
underserved areas; and

c) Monitoring, reporting and enforcement of compliance with mobile service regulations.

SEC. 8. Information Dissemination. - Every telecommunication company, in coordination
with the National Telecommunications Commission (NTC), shall ensure the proper and adequate
information dissemination of the contents and benefits of this Act to the general public,
especially to its intended beneficiaries.

SEC. 9. Implementing Rules and Regulations. - Within ninety (90) days from the
approval of this Act, the NTC shall issue the necessary rules and regulations for its effective
implementation.

SEC. 10. Separability Clause. - Should any part of this Act be declared unconstitutional or
invalid, other provisions hereof that are not affected thereby shall continue to be in full force and
effect.

SEC. 11. Repealing clause. - All laws, decrees, executive orders, proclamations, rules
and regulations, and issuances, or parts thereof which are inconsistent with the provisions of this
Act, are hereby repealed, amended or modified accordingly.

SEC. 12. Effectivity. -This Act shall take effect fifteen (15) days after its publication in
the Official Gazette or in any newspaper of general circulation.

Approved.