

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

18th Congress
First Regular Session
HOUSE BILL NO. 3504



Introduced by: **HON. LORNA C. SILVERIO**

EXPLANATORY NOTE

Protection of consumer rights is a worldwide concern. The government must see to it that the rights of all consumers are respected and protected against market abuses and social injustices which undermine these rights. Moreover, we believe that strengthening these rights will also lead to more consumer confidence and eventually translate to stronger consumer spending- a prime mover of our economy.

In this regard, the use of credit cards has been very popular among our citizens and has become more widespread. However, no matter how simple and easy it is to secure a credit card, its usage has not been without its challenges. In particular, it has been the practice of some merchandising stores and service establishments to charge a different higher price for items bought using credit cards; or to limit bargain sale items and services to those made with cash purchases. It is obvious that businessmen are passing the cost of processing fees charged to them by credit card companies to the consumers.

This does not only burden consumers, but in fact discriminates against those who cannot pay in cash upon purchase. The consumer must pay the price indicated in the price tag as to no distinction should be made as to the mode of payment, be it cash or charge, as this is the right of the consumer.

The measure being proposed is to level the playing field between a cash and a card carrying consumer. Any business has the right to take the necessary steps to ensure profitability but never at the expense of the consumers. This intends to promote fair business practices for the mutual benefit and best interest of both the business community and consumers. After all, no business will prosper without the consumer, as they say, is King. This bill intends to make the business sector understand and accept this fact.

In view of the foregoing, approval of this bill is earnestly sought.

Lorna C. Silverio
LORNA C. SILVERIO

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AN ACT PROHIBITING MERCHANDISING STORES AND SERVICE ESTABLISHMENTS FROM CHARGING MORE THAN THE CASH RETAIL PRICE OF GOODS AND SERVICES PURCHASED USING CREDIT CARDS, DEBIT CARDS OR SIMILAR METHODS AND PRESCRIBING PENALTIES FOR ANY VIOLATION THEREOF

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

SEC 1. Title. This Act shall be known as the "CREDIT AND DEBIT CARD OPTIMIZATION ACT".

SEC 2. Declaration of State Policy. It is hereby declared the policy of the State to establish an effective system that will protect the consumer from abuses by any merchant, business entity, or any similar establishments in connection with the usage of Credit or Debit cards or the so called "Plastic Money".

SEC 3. Coverage. This Act shall apply to all merchants, business establishments, and retail stores who charges additional percentages when using credit or debit cards during the purchase of a certain item or as payment for a service rendered.

SEC 4. Penalties . Any person who shall violate the provision of this Act shall be punished with imprisonment of not less than six (6) months but not more than 1 (one) year or a fine of not less than Twenty Thousand Pesos (Php 20,000.00) but not more than one Hundred Thousand Pesos (100,000.00) or both at the discretion of the court. In case of a partnership, association, corporation or any juridical person, the penalty shall be imposed on the president, treasurer, or any other officer or person responsible for the violation. In addition, the license to operate the business establishment shall be suspended for six (6) months or in the case of recidivism, cancelled, as the case may be. If the offender is an alien, he shall, after service of the sentence, be deported immediately without further proceedings in the Bureau of Immigration.

SEC 5. Separability Clause. If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SEC 6. Repealing Clause. All laws, presidential decrees, executive orders, ordinances, rules and regulation, and other issuances or part thereof which are inconsistent with this Act, are hereby repealed or modified accordingly

SEC 7. Effectivity. This Act shall take after fifteen (15) days after its publication in the Official Gazette or in newspapers of general circulation.

Approved,

Germe L. Sison