

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



HOUSE OF REPRESENTATIVES

H. No. 4361

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Introduced by Representative Vilma Santos-Recto  
6th District of Batangas

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AN ACT  
PROHIBITING TELECOMMUNICATION COMPANIES FROM IMPOSING AN  
EXPIRATION PERIOD ON THE VALIDITY OF PREPAID CALL AND TEXT  
CARDS AND THE FORFEITURE OF LOAD CREDITS THEREOF

EXPLANATORY NOTE<sup>1</sup>

In 2013, the National Telecommunications Commission (NTC) reported that there are approximately 100 million mobile phone subscriptions in the country; around 80% or 80 million of which are prepaid.<sup>2</sup> Moreover, fixed telephone line, better known as landline, can now come in prepaid. The large number of prepaid subscriptions has earned the Philippines the top spot on the world-wide list of countries with the most prepaid users. Another report projected that mobile subscriptions in the country will reach 117 million this year.<sup>3</sup>

Indeed, the prepaid call and text industry in the country has evolved tremendously. From an era when prepaid load credit can only be purchased through large-denomination prepaid cards, small-value prepaid cards and electronic loads are now readily available. Anyone can now purchase load credit that suits ones' budget at any given time. This development in the prepaid industry has certainly benefited millions of Filipinos. By making prepaid load credits affordable, our fellowmen are able to connect easily with their loved ones here and abroad.

In the recent past, however, there have been rampant complaints that prepaid subscribers 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 unutilized load credits. Currently, the expiration period of prepaid call and text cards is two years while load credit's expiry ranges from 3 days to 120 days depending on the denomination. This means that unused prepaid cards will no longer work after two years and that unutilized load credits will be forfeited after their corresponding expiration period; hence, a waste of prepaid subscriber's money and additional income for the telecommunication company.

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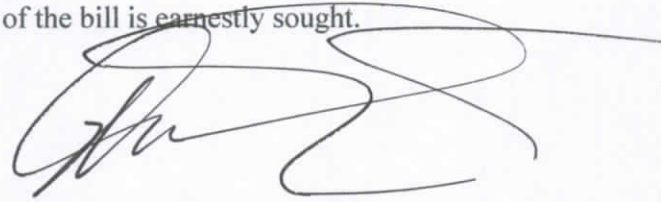
<sup>1</sup> SBN 3322 filed by Sen. Miriam Defensor-Santiago during the 14<sup>th</sup> Congress was used as reference for this bill.

<sup>2</sup> The total number of prepaid subscribers was approximated from the reports of two (2) leading telecommunication companies: Smart and Globe, published at [www.abs-cbn.com](http://www.abs-cbn.com).

<sup>3</sup> See "Mobile phone subscribers to hit 117M by 2016". Accessed at <http://news.abs-cbn.com/business/04/09/12/ph-mobile-phone-subscribers-hit-117m-2016> on June 20, 2016.

It is therefore the intent of this bill entitled the "*Prepaid Load Protection Act of 2016*" to make the imposition of expiration period on the validity of prepaid call and text cards and forfeiture of load credits prohibited acts with corresponding penalties. This will ensure that every peso spent to purchase load credits are saved and usable until the day the credits are fully consumed.

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

A handwritten signature in black ink, appearing to be 'Vilma Santos-Recto', written in a cursive style. The signature is positioned above the printed name.

**VILMA SANTOS-RECTO**

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

1           **SECTION 1.** *Title.* – This Act shall be known as the “*Prepaid Load Protection Act of*  
2 *2016*”.

3           **SEC. 2.** *Declaration of Policy.* – It is hereby declared the policy of the State to  
4 protect the interest of the consumer, promote his general welfare and to establish standards of  
5 conduct for business and industry. Towards this end, the state shall implement measures to  
6 achieve among others, the protection of consumers against deceptive, unfair and  
7 unconscionable sales act and practices.

8

9           **SEC. 3.** *Definition of Terms.* – For the purpose of this Act, the term:

10          a) *Load credits* shall refer to the monetary value or the consumable amount loaded to  
11           a mobile or landline phone via prepaid cards or electronic transfers that enable a  
12           consumer to use telecommunication services.

13          b) *Prepaid* shall refer to the type of mobile or landline phone account that requires its  
14           owners to purchase load credits before services are used.

15          c) *Prepaid call and text card* shall refer to a card with corresponding peso value that  
16           has to be purchased to enable a subscriber to use telecommunication services.

17

1           **SEC. 4. Prohibited Acts.** – The following shall constitute prohibited acts of any  
2 telecommunication company providing prepaid services and are hereby declared to be  
3 unlawful:

- 4           a) Imposition of an expiration period on the validity of unused prepaid call and text  
5           cards;  
6           b) Forfeiture of load credits stored on an active prepaid phone account via prepaid  
7           call and text card or electronic transfer; and  
8           c) Refusal to give a refund to any prepaid subscriber whose load credits were  
9           forfeited without any valid cause.

10  
11           **SEC. 5. Penal Provision.** – Any director, officer, employee or agent of a  
12 telecommunication company providing prepaid services who shall violate any of the acts  
13 mentioned under Section 4 hereof, shall, upon conviction, be subject to the penalty of a fine  
14 of not less than *One hundred thousand pesos* (P100,000.00) but not to exceed *One million*  
15 *pesos* (P1,000,000.00) or imprisonment of not less than two (2) years but not more than six  
16 (6) years, or both, upon the discretion of the court.

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

- 19           a) *First offense* – a fine of *Five hundred thousand pesos* (P500,000.00);  
20           b) *Second offense* - suspension of license to engage in business for a period of thirty  
21           (30) days; and  
22           c) *Third offense* – immediate revocation of license to engage in business.

23  
24           **SEC. 6. Information Dissemination.** – The Philippine Information Agency (PIA) in  
25 coordination with the National Telecommunications Commission (NTC) shall ensure the  
26 proper and adequate information dissemination of the contents and benefits of this Act to the  
27 general public especially to its intended beneficiaries.

28  
29           **SEC. 7. Implementing Rules and Regulation.** – The NTC shall formulate the  
30 necessary rules and regulations to implement the provisions of this Act within ninety (90)  
31 days after its effectivity. The rules and regulations issued pursuant to this Act shall take effect  
32 fifteen (15) days after its publication in a newspaper of general circulation.

1           **SEC. 8. *Separability Clause.*** - If any provision of this Act shall be held  
2 unconstitutional, the remainder of the Act not otherwise affected shall remain in full force  
3 and effect.

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5           **SEC. 9. *Repealing Clause.*** - Any law, presidential decrees, executive orders,  
6 proclamations or administrative regulations that are inconsistent with the provisions of this  
7 Act are hereby amended, modified, superseded, or repealed accordingly.

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9           **SEC. 10. *Effectivity.*** - This Act shall take effect fifteen (15) days after its publication  
10 in the Official Gazette or in at least two (2) newspapers of general circulation.

11  
          Approved,