



HOUSE OF REPRESENTATIVES

House Bill No. 5238

Introduced by Representative VICTOR A. YAP

EXPLANATORY NOTE

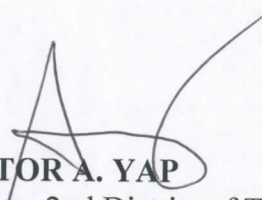
Automatic Teller Machines (ATMs) are electronic banking outlets which allow customers to complete basic banking transactions without the need of a bank representative or teller. ATMs allow consumers to perform quick, self-serve transactions from everyday banking like deposits and withdrawals to more complex transactions like bills payments and transfers.¹ Moreover, an ATM's basic purpose is to provide every individual convenient access to their hard-earned money through the easy availability of cash dispensers in suitable locations nationwide.

However, this modern convenience comes with a price. As a service provided by private financial institutions, fees are imposed for most banking transactions such as dispensing of cash through ATMs. The fees range from ten pesos (P10) to fifteen pesos (P15) depending on the discretion of these financial institutions.

The Bangko Sentral ng Pilipinas (BSP), which is constitutionally mandated to provide policy direction in the areas of money, banking, and credit issued Circular No. 980, Series of 2017 that regulates the pricing principles of Bangko Sentral Supervised Financial Institutions (BSFIs), particularly the fees imposed upon electronic payment transactions.² The circular mandates BSFIs to disclose to the BSP the details of all fees that will be charged to the client as well as the publishing of these fees in an electronic board bulletin. However, such information is not necessarily disclosed to regular clients, especially as regards the transactions with ATMs.

This bill seeks to protect all persons availing ATM services against undisclosed fees upon their transactions, require transparency from BSFIs to disclose all charges to be imposed upon clients before the transaction is fulfilled, and regulate the charges imposed for ATM transactions in order to promote the equitable interest of the ATM users and the financial service providers.

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


VICTOR A. YAP
Representative, 2nd District of Tarlac

¹ Retrieved from <https://www.investopedia.com/terms/a/atm.asp> on 16 October 2019.

² Retrieved from <http://www.bsp.gov.ph/downloads/regulations/attachments/2017/c980.pdf> on 15 October 2019.

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AN ACT
REQUIRING FINANCIAL INSTITUTIONS TO POST TRANSACTION FEES FOR EACH
AUTOMATED TELLER MACHINE TRANSACTION AND RESTRICTING
TRANSACTION FEES FOR AUTOMATED TELLER MACHINES

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

1 **SECTION 1. *Short Title.*** - This Act shall be known as the "*Automated Teller Machine*
2 *(ATM) Fee Regulatory Act*".

4 **SEC. 2. *Declaration of Policy.*** - Pursuant to the policy of the State to promote the
5 general welfare of the people, this Act seeks to uphold one's right to be informed of ATM fees
6 before being charged with the same.

8 **SEC. 3. *Definition of Terms.*** - The following terms as used in this Act shall be defined
9 as follows:

- 10 (a) The term "Automated Teller Machine" or "ATM" refers to any machine that
11 dispenses cash or performs other banking services when an account holder inserts a
12 bank card; and
13 (b) The term "Financial Institution" refers to a universal bank, commercial bank, thrift
14 bank, rural bank, cooperative bank, Islamic bank, or any entity that owns or
15 operates an ATM.

17 **SEC. 4. *Fees Disclosure.*** - Financial Institutions shall disclose the total transaction fee
18 or surcharge to be imposed for each transaction on the screen of the ATM prior to the completion of
19 the transaction. The customer shall have the right to cancel the transaction after the fee or surcharge
20 is disclosed.

21 Financial Institutions shall provide a written notice to its account holders that a fee may
22 be imposed when the account holder uses ATMs owned or operated by another Financial Institution
23 or any national, regional, or local ATM network whenever a card, code, or other means of ATM
24 access is issued by the Financial Institution for the purpose of initiating ATM transactions.

1
2 **SEC. 5. Fees Restrictions.** - The following fees restrictions shall apply to all ATMs and
3 ATM transactions under this Act:

4 (a) Screen Display and Printed Receipt Requirement - No customer shall be charged any
5 fee or surcharge by a financial institution for an ATM transaction unless the fee or
6 surcharge is displayed on the ATM screen prior to the transaction and the fee or
7 surcharge is indicated on the printed receipt.

8 (b) Telephone or Mobile Phone Transactions - No customer shall be charged any fee or
9 surcharge for any ATM transaction initiated via telephone or mobile phone.

10 (c) Single Fee per Transaction - No customer shall be billed for more than one fee per
11 ATM transaction regardless of the number of Financial Institutions involved in the
12 transaction.

13 (d) Cash-Dispensing Requirement - No customer shall be charged any fee or surcharge
14 for a transaction that did not dispense any cash.

15 (e) Cap on Transaction Fees - No ATM transaction fee shall exceed 1% of the total
16 transaction amount.

17
18 **SEC. 6. Implementing Rules and Regulations.** - Within sixty (60) days from the
19 effectivity of this Act, the Department of Finance and the BangkoSentral ng Pilipinas shall
20 promulgate the necessary rules and regulations to implement this Act.

21
22 **SEC. 7. Repealing Clause.** - All statutory laws, orders, issuances, rules and regulations,
23 and/or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or
24 modified accordingly.

25
26 **SEC. 8. Separability Clause.** - If any portion or provision of this Act is declared invalid
27 or unconstitutional, the portions or provisions which are not affected shall remain valid and
28 effective.

29
30 **SEC. 9. Effectivity.** - This Act shall take effect after fifteen (15) days following its
31 publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,