

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SEVENTEENTH CONGRESS**  
First Regular Session

HOUSE BILL NO. \_\_\_\_\_

<b>HOUSE OF REPRESENTATIVES</b>	
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**3002**

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Introduced by Rep. Winston "Winnie" Castelo

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#### EXPLANATORY NOTE

In a study, it was thus revealed that there is an increasing and unregulated rate of delinquency in the credit card system in the Philippines by credit card holders on the one hand and bankruptcies, bailouts, and take-overs by merchant establishments and banks on the other that would tend to lead to a crisis akin with the 2008 financial crisis at a global scale.

The determinants of this experience are as follows, namely: "1) liberal issuance of credit cards to those without steady income, loose issuance of credit cards to defaulting cardholders, and extension of credit limits to entice cardholders to further spend beyond their means; 2) household and individual characteristics and propensities to consume beyond their means as a way of making ends meet, and, 3) increasing consumerist culture in the developed world and urban centers of the developing world."

Hence, there is now a need for proper and effective legislation of a 'credit reform bill and the timeliness of awareness-raising and grass advocacy for the proper implementation of these policies' (See-San Juan, 2011). In fact, since credit cards have now substituted for cash in an era marked by the dominance of a consumption-led global market economy, not few financial experts and commentators fear a bubble burst in the credit card industry that could potentially aggravate the current global situation, not the least at the national front.

In this light, the immediate passage of this bill is most earnestly prayed for.

  
**WINNIE CASTELO**

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**AN ACT**  
**INSTITUTIONALIZING AWARENESS AND GRASSROOT ADVOCACY AND TIGHTENING**  
**THE ISSUANCE OF CREDIT CARDS THEREBY AVERTING DELINQUENCY ON THE PART**  
**OF THE CREDIT CARD HOLDERS AND BANKRUPTCY ON THE PART OF THE BANKS**  
**AND OTHER PARTIES INVOLVED IN THE CREDIT CARD SYSTEM AND FOR OTHER**  
**PURPOSES**

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

SECTION 1. This Act shall be known as the “Credit Reform Act of 2016”.

SEC. 2. There shall be institutionalized public awareness on the part of credit card holders and on the part of other parties involved in the credit card system (i.e. merchant establishments, banks) toward strengthening implementation of bank and credit-related laws and policies in the Philippines.

SEC. 3. Toward this end, the Bangko Sentral ng Pilipinas is hereby tasked to oversee closely the credit card system in the Philippines and effect relevant and immediate strategies or schemes that are mutually beneficial to the general public and the credit card industry.

SEC. 4. This Act shall take effect thirty (30) days upon its approval and publication in at least three (3) newspapers of general circulation.

*Approved,*