

■ **Subsection X320.8, MORB; Subsections 4301N.8 and 4337Q.8, MORNBF1,** require that:

- 📎 no late payment or penalty shall be collected unless collection is fully disclosed in the contract between the issuer and the cardholder;
- 📎 late payment or penalty fees may be based on the unpaid minimum amount due or a prescribed minimum fixed amount; and
- 📎 said late payment or penalty fees may be based on the total outstanding balance of the credit card obligation, including amounts payable under installment terms or deferred payment schemes, if the contract between the issuer and the cardholder contains "acceleration clause".

■ **Subsection X320.9, MORB; Subsections 4301N.9 and 4337Q.9, MORNBF1,** require credit card companies to retain confidentiality of information of cardholder **except** under the following circumstances:

- 📎 disclosure of information is with the consent of the cardholder;
- 📎 release, submission or exchange of customer information with other financial institutions, credit information bureaus, credit card issuers, their subsidiaries and affiliates;
- 📎 upon orders of a court of competent jurisdiction or any government office or agency authorized by law, or under such conditions as may be prescribed by the Monetary Board;
- 📎 disclosure to collection agencies, counsels and other agents of the bank or card company to enforce its rights against the cardholder;
- 📎 disclosure to third party service providers solely for the purpose of assisting or rendering services to the bank or card company in the administration of its credit card business; and
- 📎 disclosure to third parties such as insurance companies, solely for the purpose of insuring the bank from cardholder default or other credit loss, and the cardholder from fraud or unauthorized charges.

■ **Subsection X320.10, MORB; Subsections 4301N.10 and 4337Q.10, MORNBF1,** require card issuers to include in their contract with cardholders a provision authorizing the issuer to suspend or terminate the effectivity of the right to use the card, if circumstances warrant.

■ **Subsection X320.12, MORB; Subsections 4301N.12 and 4337Q.12, MORNBF1,** require the credit card issuer to inform/notify the cardholder in the agreement, contract or any equivalent document governing the issuance or use of the credit card that, pursuant to the provisions of Articles 1278 to 1290 of the New Civil Code of the Philippines, as amended, **the use of credit card will subject his/her deposit/s with the bank to offset against any amount/s due and payable on his/her credit card which have not been paid in accordance with the terms of the agreement/contract.**

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Watch out for more primer series in connection with Credit Cards....



Bangko Sentral ng Pilipinas

credit card

✓ Unfair Collection Practices & other credit card laws

series 6 of 7

Building secure Filipino generations through enhanced financial education

