

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



'16 JUL 20 P 3:25

SENATE
S.B. No. 677

RECEIVED BY:

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

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

EXPLANATORY NOTE

You found that you are out of cash without your preferred Automated Teller Machine (ATM) in sight, worrying about what charges you may incur should you use a rival bank's ATM. Yet, you refuse to keep a large sum of cash on hand for fear of theft or robbery.

The most convenient ATM however is often one of a different bank than the ATM cardholder who is unknowingly charged PhP15.00¹ for each withdrawal at a non-native bank or PhP2.00 for a balance inquiry. Whilst banks incur costs to facilitate interbank transactions, it is a cardholder's right to be informed of the exact extra charge they will incur before every point of transaction, and to be able to cancel the transaction to avoid incurring the extra charge.

This bill proposes that all financial institutions be required to inform cardholders of extra charges they will incur during each ATM transaction. In addition, this bill proposes to minimize the cost of using ATMs by ensuring that during interbank transactions, only one fee will be charged to the cardholder instead of both banks charging the customer. Lastly, this bill proposes to limit any additional fee to 1% of the total transaction value.

This bill would safeguard ATM cardholders from surprise fees and would allow them to make the decision to opt out of an ATM transaction should they be unwilling to pay the extra fee. With the passing of this bill, both cardholders and financial institutions will benefit from the availability of safe, convenient transactions at an efficient cost.

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

Senator Paolo Benigno "Bam" A. Aquino IV

¹ Average withdrawal fee, <http://www.bsp.gov.ph/banking/servicefee.pdf>

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FEES FOR AUTOMATED TELLER MACHINES

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

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

3 **SEC. 2. Declaration of Policy.** – It is the policy of the State to promote the
4 general welfare of the people. Pursuant to this policy, this Act seeks to uphold the
5 people's right to be informed of ATM fees before they are charged with the same.

6 **SEC. 3. Definition of Terms.** – For purposes of this Act, the following terms
7 shall mean:

8 (a) *ATM* – an automated teller machine; and

9 (b) *Financial Institution* – a national bank, savings bank, savings and loan
10 association, federally chartered credit union, credit union and any entity
11 that owns or operates an automated teller machine.

12 **SEC. 4. Fees Disclosure.** – Financial institutions shall disclose the total
13 transaction fee or surcharge to be imposed for each transaction on the screen of the
14 ATM prior to the completion of the transaction. The customer shall have the right to
15 cancel the transaction after the fee or surcharge is disclosed.

16 Financial institutions shall provide a written notice to its account holders that
17 a fee may be imposed when the account holder uses ATMs owned or operated by
18 another financial institution or any national, regional or local ATM network
19 whenever a card, code or other means of ATM access is issued by the financial
20 institution for the purpose of initiating ATM transactions.

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

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

8 b) **Telephone or Mobile Phone Transactions** – No customers shall be charged
9 any fee or surcharge for any ATM transaction initiated via telephone or
10 mobile phone.

11 c) **Single Fee per Transaction** – No customer shall be billed for more than
12 one fee per ATM transaction regardless of the number of financial
13 institutions involved in the transaction.

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

16 e) **Cap on Transaction Fees.** – No ATM transaction fee shall exceed 1% of the
17 total transaction amount.

18 **SEC. 6. Implementing Rules and Regulations.** – Within sixty (60) days from
19 the effectivity of this Act, the Department of Finance (DoF) and Bangko Sentral ng
20 Pilipinas (BSP) shall promulgate the necessary rules and regulations to implement
21 the provisions of this Act.

22 **SEC. 7. Separability Clause.** – If any provision of this Act shall be held
23 unconstitutional, the remainder of this Act not otherwise affected shall remain in full
24 force and effect.

25 **SEC. 8. Repealing Clause.** - All other existing laws, presidential decrees,
26 executive orders, proclamations or administrative regulations that are inconsistent
27 with the provisions of this Act are hereby amended, modified or repealed
28 accordingly.

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

31 *Approved,*