

## Consumer Protection

### What is consumer protection?

Consumer protection pertains to measures that promote the rights of clients, enable them to make informed choices and protect them from unscrupulous acts that deny them the true value and optimum benefits of microfinance services such as credit, deposits/savings, insurance and remittances and transfers.

Consumer protection is necessary to safeguard the interests of consumers of microfinance services from adverse effects brought about by undesirable practices of providers. Undesirable practices happen because of -

- unfair and undue competition which can encourage conduct of aggressive and inappropriate strategies among providers;
- lack of access to information by clients which can lead to poor transaction decisions; and
- incompatible interests of service providers and consumers (asymmetric information and moral hazard problems).

### How can we ensure consumer protection?

Consumer protection can be ensured through measures such as -

- transparency of transactions;
- implementation of regulations on financial practices;
- promotion of consumer literacy and greater access to information; and
- implementation of mechanisms for filing and handling consumer complaints and grievances.

### What is the Consumer Protection Act?

Republic Act 7394, otherwise known as the Consumer Act of the Philippines of 1991, is the legal basis for consumer protection in the country. It embodies the state policy on the protection of consumers and establishes the standards of conduct for business and industry in the country.

Title IV (Consumer Credit Transaction) of the Act requires the transparency or full disclosure of the true cost of credit transactions and determination of interest and finance charges.

Said provision reiterates the intent of RA 3765 (The Truth in Lending Act) requiring creditors and providers of loans, as well as credit-granting NGOs, to furnish their borrowers, prior to the consummation of any transaction, a clear written statement disclosing the amount, interest and other finance charges relative to their loan.

### What are other existing laws, rules and regulations that provide protection to consumers against unscrupulous acts and practices of financial providers?

- RA 8791 (General Banking Law of 2000)
- RA 7906 (Thrift Banks Act of 1995)
- RA 7353 (Rural Banks Act of 1992)
- RA 6938 (Cooperative Code of 1990)
- RA 3591; RA 3591 as amended (2004)(PDIC Charter)
- RA 8553 (Financing Company Act of 1998)
- RA 9474 (An Act Governing the Establishment, Operation and Regulation of Lending Companies of 2007)
- Batas Pambansa Bilang 68 (Corporation Code of 1980)
- PD 612 (Insurance Code of 1974)
- IC Memorandum Circular 9-2006
- BSP Manual of Regulations for Banks (MORB)
- Related BSP Circulars
- Related SEC Memorandum Circulars

### What information do you need to know when availing of microfinance products or services?

- eligibility and documentary requirements of the transaction
- face amount transacted whether to be financed, deposited, insured, paid or transferred
- interest rate, finance charges & taxes to be paid
- amount of amortization/premiums to be paid for loans and insurance, respectively
- duration/maturity of contract/policy
- penalties and other charges
- benefits & returns from the transaction
- terms of payment including manner and frequency of payments, grace period
- terms and conditions for claiming benefits

## Filing and Handling Consumer Complaints and Grievances

### When does one file a complaint?

One can file a complaint when there is —

- any violation of his/her rights as a consumer;
- willful neglect of duties of financial and insurance providers that results in the loss or non-enjoyment of benefits of clients;
- non-disclosure of material information relative to the transaction; or
- unjustifiable delay in processing of loans or claims that extends beyond the period agreed upon

### Where can complaints be filed?

Area and Nature of Complaint	Where to File Complaints
Financial products and services offered by banks & NBFIs with quasi-banking functions	<b>Consumer Affairs Group</b> 8 <sup>th</sup> Floor Multi-Storey Bldg Bangko Sentral ng Pilipinas A. Mabini St. cor. P. Ocampo St. Malate Manila, Philippines 1004 Tel. No. : 523-3631; 524-7011 loc 2584 & 2780 E-mail address: consumeraffairs@bsp.gov.ph
Deposit accounts in existing banks and claims against closed banks; queries about deposit insurance. It also provides information on queries about deposit insurance.	<b>Depositors Assistance Bureau</b> <b>Philippine Deposit Insurance Corporation</b> PDIC Ayala Extension Office 6/F SSS Building, Ayala Avenue corner V.A. Rufino St., Makati City Tel: 841-4631; 841-4642 Fax: 841-4637 Email: dab@pdic.gov.ph
Corporate activities that violate laws and regulations relating to the Securities Law, Corporation Code and other laws administered by the Commission; and complaints and tips on possible violations	<b>Complaints and Investigation Division or Compliance and Enforcement Department</b> <b>Securities and Exchange Commission</b> 5 <sup>th</sup> Floor SEC Building EDSA, Greenhills Mandaluyong City, Metro Manila, Philippines Email: ced@sec.gov.ph
Products and services of cooperatives	<b>Legal Division</b> <b>Cooperative Development Authority</b> 5th Floor Benlor Building 1184 Quezon Avenue, Quezon City, Philippines Tel No. : (632) 373-6894 or (632) 373-6906; 373-9953 (Legal Unit) Fax : 371-2077 Email : webmaster@cda.gov.ph
Insurance activities	a) <b>Public Assistance and Information Division;</b> b) <b>Regulation Division;</b> c) <b>Claims Adjudication Division</b> <b>Insurance Commission</b> 1071 United Nations Ave. Manila, Philippines P.O. Box 3589, Manila Tel. nos : 523-8462 up to 70 loc 102/103 Direct Line: 4041758 Email: oic@pltdsl.net/ pubassist_ic@yahoo.com.ph
Microfinance products and services	<b>National Anti-Poverty Commission</b> 3 <sup>rd</sup> Floor Agricultural Training Institute Building Elliptical Road, Quezon City Tel No.: 426-5028 Website: www.napc.gov.ph