



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1052

Series of 2019

Subject: Dissemination of Relevant Information Relative to "Truth in Lending Act" Disclosure Requirement

The Monetary Board, in its Resolution No. 1397 dated 12 September 2019, approved the amendments to the relevant provisions of the Manual of Regulations for Banks (MORB)/Manual of Regulations for Non-Bank Financial Institutions (MORNBFi) to provide guidance to banks, quasi-banks (QBs), Non-Stock Savings and Loan Associations (NSSLAs), pawnshops and non-bank financial institutions (NBFIs) as well as banks/non-banks operating as credit card issuers in disseminating relevant information about the "Truth in Lending Act" through various channels of communication.

Section 1. Section 306 of the MORB and Sections 4307Q/4307S of the MORNBFi are hereby amended to read as follows:

"Section 306/4307Q/4307S "TRUTH IN LENDING ACT" DISCLOSURE REQUIREMENT

Banks/QBs/NSSLAs are required to strictly adhere to the provisions of R.A. No. 3765, otherwise known as the "Truth in Lending Act", and shall make the disclosure of the true and effective cost of borrowing an integral part of every credit transaction contract.

xxx

Inspection of contracts covering credit transactions. xxx

Dissemination of Relevant Information. Banks/QBs/NSSLAs shall ensure that all persons to whom credit is extended are well informed of the salient provisions of Republic Act No. 3765, otherwise known as the "Truth in Lending Act" as contained in the revised format of disclosure statement in *Appendix 16/Q-11/S-4* through any acceptable medium of communication such as, but not limited to, posters, brochures, pamphlets, leaflets, educational videos, corporate websites, infographics and social media platforms. Said information must be conspicuously displayed and made available at all times, in physical or electronic format, to all persons to whom credit is extended by banks/QBs/NSSLAs subject to the consumer protection standards and social media risk management guidelines. Such medium of communication shall include an explicit notification that the disclosure statement in writing is a required attachment to the credit transaction contract which banks/QBs/NSSLAs shall provide all persons to whom credit is extended with a copy of said disclosure statement prior to the consummation of the credit transaction.

Sanctions and penal provisions. xxx"

Section 2. Section 312 of the MORB is hereby amended to read as follows:

"Policy Statement. The Bangko Sentral shall foster the development of consumer credit through innovative products such as credit cards under conditions of fair and sound consumer credit practices. The Bangko Sentral likewise encourages competition and transparency to ensure more efficient delivery of services and fair dealings with customers.

xxx

Information to be disclosed. xxx

xxx

Dissemination of Relevant Information. Banks operating as credit card issuers shall ensure that all persons to whom credit is extended are well informed of the salient provisions of Republic Act No. 3765, otherwise known as the "Truth in Lending Act" as contained in the revised format of disclosure statement in *Appendix 16* through any acceptable medium of communication such as, but not limited to, posters, brochures, pamphlets, leaflets, educational videos, corporate websites, infographics and social media platforms. Said information must be conspicuously displayed and made available at all times, in physical or electronic format, to all persons to whom credit is extended by banks operating as credit card issuers subject to the consumer protection standards and social media risk management guidelines. Such medium of communication shall include an explicit notification that the disclosure statement in writing is a required attachment to the credit transaction contract which banks operating as credit card issuers shall provide all persons to whom credit is extended with a copy of said disclosure statement prior to the consummation of the credit transaction.

Accrual of interest earned on loans xxx.

xxx"

Section 3. Applicability to pawnshops, NBFIs and non-banks operating as credit card issuers. The amended provisions on 'Dissemination of Relevant Information' under Sections 1 and 2 above shall likewise apply to NBFIs as follows:

- a) Amendment to Section 306/4307Q/4307S of the MORB/MORNBFi under Section 1 above shall be adopted under Section 4303P/4312N of the MORNBFi.
- b) The amendment to Section 312 of the MORB under Section 2 above shall be adopted under Section 4101C of the MORNBFi.

Section 4. Appendices 16/Q-11/S-4 of the MORB/MORNBFi are hereby amended as shown in Annex A. This format shall also be adopted as Appendix P-15/N-15/C-3 of the MORNBFi.

Section 5. Effectivity

This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

MA Cyd N. Túaño - Amador
MARIA ALMASARA CYD N. TUAÑO-AMADOR
Officer-In-Charge

2 October 2019

FORMAT OF DISCLOSURE STATEMENT ON SMALL BUSINESS/RETAIL/CONSUMER CREDIT
(Appendix to Sec. 306/312/4307Q/4307S/4303P/4312N/4101C on
"Truth in Lending Act" Disclosure Requirement)

 (Business Name of Creditor)

DISCLOSURE STATEMENT ON CREDIT TRANSACTION
 (As Required under R.A. No. 3765, Truth in Lending Act)

NAME OF BORROWER _____
 ADDRESS _____

1. CREDIT TRANSACTION AMOUNT

P XXX

2. OTHER BANK CHARGES/DEDUCTIONS COLLECTED¹

P XXX

- a. Documentary/Science Stamps
 b. Mandatory Credit Insurance
 c. Others (Specify)

P _____

3. NET PROCEEDS OF CREDIT TRANSACTION (Item 1 less Item 2)

P XXX

4. SCHEDULE OF PAYMENTS

- a. Single payment due on
 b. Installment Payments

date	P XXX
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(Please see attached amortization schedule)

5. EFFECTIVE INTEREST RATE (Interest and Other Charges)

XXX%

Explanation: The effective interest rate is higher than the contractual interest rate of _____ % because of Item 2 deductions above.

6. CONDITIONAL CHARGES THAT MAY BE IMPOSED (if applicable). Please specify manner of imposition:

- a. Late Charge
 b. Prepayment (penalty/refund)
 c. Others (Specify)

P _____

CERTIFIED CORRECT:

 (Signature of Creditor/Authorized
 Representative Over Printed Name)

 Position

I ACKNOWLEDGE RECEIPT OF A COPY OF THIS STATEMENT PRIOR TO THE CONSUMMATION OF THE CREDIT TRANSACTION.

 (Signature of Borrower over
 Printed Name)

 Date

Notes:

- Small Business/Retail/Consumer loans include microfinance, auto (motor), salary, personal, educational, and other loans of similar nature.
- This document contains the minimum information required to be disclosed to the borrower/person to whom credit is extended and may be enhanced to improve client information.

¹ Itemize all charges including advance deductions.

AMORTIZATION SCHEDULE
(Sample Only)

Installment (A)	Loan (B)	Principal (C)	Interest (D)	Total (E)	O/S Balance (F)
	xxx				xxx
1		xxx	xxx	xxx	xxx
2		xxx	xxx	xxx	xxx
3		xxx	xxx	xxx	xxx
4		xxx	xxx	xxx	xxx
5		xxx	xxx	xxx	xxx
6		xxx	xxx	xxx	xxx
7		xxx	xxx	xxx	xxx
8		xxx	xxx	xxx	xxx
9		xxx	xxx	xxx	xxx
10		xxx	xxx	xxx	xxx
11		xxx	xxx	xxx	xxx
12		xxx	xxx	xxx	xxx
	Total	xxx	xxx	xxx	

Legends:

- A - Number of installment periods based on loan term
- B - Gross amount of loan
- C - Installment payment on the principal
- D - Installment payment on the interest
- E - Total amortization payment for the installment period
- F - Outstanding principal balance of the loan