

**LAW 81**

Dated 31 December 2009

**Whereby the rights of holders of credit cards and other financing cards are protected**

**THE NATIONAL ASSEMBLY**

**DECREES:**

**Chapter I**

**Purpose and Definitions**

**Article 1. Purpose.** This Law governs the credit cards and other financing cards business, in order to ensure the rights of consumer when conducting this business, and has the following general objectives:

1. Govern the credit card and other financing cards contract, as well as its use in the national and international market;
2. Protect the rights of the cardholders with respect to the system and financing cards operators;
3. Govern the relationships between the cardholder, the issuer and affiliated businesses to guarantee respect and protection of users' right;
4. Establish the rules for the resolution of disputes arising from the contract and the use of credit cards and other financing cards.

**Article 2. Basic Concepts.** For the purposes of this Law, the following terms will be understood as:

1. *Affiliate.* Any business, financial, industrial or service establishment where the primary and supplementary cardholder may use the credit card or other financing card provided by the issuer to withdraw money or lease or purchase goods or services;
2. *Charges.* Sum or sums derived from the credit and financing activity owed by the cardholder to the issuer or operator for the issuance and use of the credit card in any business;

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3. *Credit card contract.* Refers to the contract agreed to between a financial entity and another person, whereby the latter is granted the right to use one or more credit cards or other financing cards to facilitate the acquisition of goods, money or services in the businesses affiliated with the system. This contract may also be called the opening of credit usable through a credit card or any other manner, without losing its essence;
4. *Commercial contract.* Refers to any contract agreed to verbally or in writing between the cardholder and the affiliated business, by means of which the former withdraws money or leases or purchases goods or services from the latter.
5. *Issuer or operator.* An entity involved in a card contract with the cardholder in the Republic of Panama whereby the former provides one or more credit cards or other financing cards to be used in national or international businesses as agreed.
6. *Statement of account.* A document issued by the issuer containing a detailed description of the different transactions using the credit card and other financing cards, which will be sent to the cardholder as agreed and must comply with the requirements provided herein and other existing regulations.
7. *Statement closing date.* The scheduled deadline to close consumptions and payments made by the cardholder in a given period.
8. *Payment due date.* The deadline by which the cardholder must pay the entire, partial or minimum payment due stated by the credit card issuer which to not be considered in default.
9. *Interest rate.* Sum or sums that will be collected or paid in any way or under any name for the money used.
10. *Minimum payment due.* Minimum payment in legal tender of the Republic of Panama that the cardholder shall pay to the issuer for the credit granted to cover the amortization of the main balance according to the maximum financing term and interest rate agreed to.
11. *Price.* Amount of money paid for the withdrawal of money or for the lease or purchase of goods or services.

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12. *Amount over credit line.* Sum or sums that, under any denomination, the cardholder must pay to the issuer or operator for exceeding the credit limits agreed or not making the payments on time.
13. *Shopping card.* A credit card issued and granted by a commercial establishment to the consumers for the exclusive purchase or lease of goods or services at the issuer's establishment or business.
14. *Credit card.* A magnetic, electronic or other technology device provided for the execution of a credit contract held between a financial broker and another person, in order to facilitate the lease or purchase of goods or services or withdrawal of money from the businesses affiliated with the system.
15. *Debit card.* A magnetic, electronic or other technology device that allows the cardholder to use or withdraw cash automatically charged to his bank account, and issued after the bank account holder requests it.
16. *Financing card.* A magnetic, electronic or other technology device resulting from the execution of a contract between a financial company and another person, in order to facilitate the withdrawal of money or lease of goods or purchase of goods or services from businesses affiliated with the system. For this type of card the issuer agrees to a financing contract and transfers the proceeds of the loan to the card of this person in order to use it.
17. *Supplementary cardholder.* A person to whom the issuer issues and delivers a credit card authorized by the primary cardholder, to be used in the same way and under the same conditions provided to the primary cardholder.
18. *Primary cardholder.* A person who has entered into the relevant agreement with a financial broker and has received one or more cards for his use and is the main person responsible for the owed balances.

**Article 3.** Credit card or financing card system. The credit card or financing card system consists on a complex and systematic set of individual contracts aimed at permitting the cardholder to withdraw money or lease or purchase goods or services in affiliated national or international shops, with the issuer financing the cardholder's transaction and deferring

the responsibility of paying the sums involved or financed in accordance with the conditions agreed to in the credit contract.

## **Chapter II** Use and Contents of the Credit Card and other Financing Cards

**Article 4. Personal use.** The credit and other financing cards are solely for the personal use of the cardholder and whomever he authorizes, under the same conditions and limitations agreed upon with the issuer.

**Article 5. Contents.** All cards must contain, as a minimum, the following data:

1. Names and surnames of the primary or supplementary cardholder, if applicable.
2. Card identification number.
3. Card expiration date.
4. Digital or handwritten signature of the primary or supplementary cardholder.
5. Identification of issuer and financial broker.

## **Chapter III** Credit and other Financing Cards Contract

**Article 6. Duration of the Contract.** The credit cards and other financing cards contract, as well as their renewals and extensions, will be valid for the period the parties may freely set. The duration of the credit card and financing card will be determined by the issuer under the agreement and must be entered on the card.

**Article 7. Ability of the parties.** Any company engaged in providing lines of credit for the procurement of goods, services and cash may enter, as issuer, into a commercial contract for credit cards and other financing cards.

The issuer is required to inform the Financial Analysis Unit of such transactions, in accordance with Law 42 of 2000 and its regulations. Banks established in Panama have the

authority derived from the applicable banking law and shall follow the provisions herein regarding this regulation.

**Article 8. Completion of the Contract.** The credit card and other financing card contract must be made in writing, without which it has no legal validity. However, it will only enter into effect when: it is signed by the parties; the respective card is issued; the primary cardholder receives it and has full use of it.

The mere request for a card is not an obligation or responsibility to the parties nor completes the contract. Nor will a card accept charges until it has been received and accepted by the cardholder.

**Article 9. Content of contract.** The card issuance contract must have, besides the other data the parties may agree, as a minimum, the following ones:

1. Date of commencement of the contract;
2. Method used for the calculation of the minimum payment due, pursuant to transactions;
3. Deadline for payment of obligations by the holder, including statement closing date and payment due date, describing the charges involved;
4. Description of interests, charges and surcharges;
5. Approved credit limit, including fees for exceeding it;
6. Procedure and responsibilities in case the cards are lost or stolen;
7. Life insurance and other insurances fees, as well as charges for lost or stolen cards;
8. Signature of the primary cardholder and of the authorized person of the issuer company;
9. Fixed or variable fees charged to the primary cardholder for cash withdrawal;
10. Charges and late fees and their consequences;
11. Grounds for suspension, termination and/or cancellation of the card agreement;

**Article 10. Conditions of the contract.** The credit card and other financing card issuance contract must meet the following conditions:

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1. Be written in plain Spanish or another language as expressly requested by the customer, in sets to the same tenor to the issuer, the primary cardholder, the primary cardholder's personal guarantor, and the supplementary or authorized user to be responsible before the issuer or suppliers;
2. Be written clearly and in easily readable typography;
3. The clauses where the primary cardholder transfers the responsibility to the supplementary cardholder must be written using underlined or highlighted characters;
4. The models of the contracts the issuer uses will be reviewed by the Superintendency of Banks, in case that the issuer is a bank and in other cases these contracts will be reviewed by the Authority for Consumer Protection and the Defense of Competition.

**Article 11.** Duration, extension and renewal of contract. The credit cards and other financing cards contract will be valid as agreed to by the parties. Unless is expressed otherwise, it will be automatically extended for an equal period to the previous one, if neither of the parties have communicated, in writing, to the other the decision of not extending it.

When the contract has no express duration for its validity, the issuer may cancel it at any moment, and shall communicate to the cardholder, at least, thirty calendar days in advance from the sending date of the last statement of account. However, this duration will not be necessary in the event where the cardholder is involved in activities connected with money laundering or any other activity whose proceeds are from illicit operations.

**Article 12.** Non-requested issuance of card. No issuer may issue a card without being previously requested in writing. As a consequence, he cannot grant the use of the card to a person that has not requested it. The violation of this regulation will cause the nullity of the issued card.

**Article 13. Termination of contract.** The cardholder may terminate the card contract appearing personally to the offices of the issuer or communicating to the latter, in writing or electronically through the means the latter has made available. Once this communication is received by the issuer, he cannot make any charge or surcharge for any concept, unless for the earned interests for the use of the money until the contract termination date. Once the issuer receives the termination notice and after five days, he may transfer the credit card balance to a personal loan to be held by client, at the interest rate maintained for this kind of obligations, until the total payment of the liability and for a minimum term of thirty-six months. Should not be applied surcharges, commissions or initial handling fees to this loan.

In the event the issuer does not want to have a loan contract and decides to maintain the credit or financing card, the former may only charge the cardholder with the interests up to the settlement, without the possibility of applying extra charges.

For banks, this type of loan will be classified as indicated by the Superintendency of Banks.

**Article 14. Ownership and Cancellation.** Credit cards and other financing cards are owned by the issuer, unless agreed otherwise; as a result, the issuer may request the cardholder to return it or instruct the affiliated shops to retain it and send it to him and/or destroy it, in accordance with the uses.

**Article 15. Cardholder duties.** The cardholder will have the following duties to the credit card and other financing card issuer:

1. Safeguard the card with due diligence;
2. Make timely payments for the use of the card with the due diligence;
3. Identify himself and personally use his credit card and not to trust anyone his PIN numbers to ATMs and other electronic systems;
4. Check the amount and accuracy of information before signing payment vouchers;
5. Request and keep payment vouchers and other documents that prove the purchasing of goods and services until the statement of account is well received and is in good order:

6. Watch for the correct use of the supplementary cards that were duly requested or authorized;
7. Procure maintaining and keeping the credit limit granted by the bank or financial institution;
8. Inform the bank or financial entity the address or P.O. box assigned to the card, for the purposes of sending the statements of accounts or any other relevant information;
9. Inform the bank or financial broker when the statement of account is not received according to the established period of time;
10. Verify the interest rates and other charges applied by the issuer, as well as the procedures to timely file a claim of the products or services bought through the card;
11. File claims within the period established in the contract;
12. Immediately inform the bank or financial broker if the card is stolen or lost.

**Chapter IV**  
Cardholder Protection Rules

**Article 16.** Implementation of consumer protective rules. The provisions of Law 45 of 2007 and its implementation will be applied to the nonbanking credit card issuers. In case of credit cards issued by banks, furthermore the rules of Law 45 of 2007 will apply, besides Decree Law 9 dated 26 February 1998 and its regulations, whichever is the most favorable to the consumer.

**Article 17.** Consumer financial education. The credit cards or other financing cards issuers are required to keep cardholders and consumers informed, oriented and educated on the features of the products and financial services offered, as well as the different mechanisms established for the defense of their rights.

**Article 18.** Credit Limits. The issuers or financial brokers must establish maximum limits to the general amount a cardholder can use through the credit card or financing card.



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For each bank or financial entity, the limit amount should not be higher than an amount equal to three times the monthly income showed by the cardholder, as informed and proved before the issuer in the credit contract application form, unless the latter has shown sufficient payment ability in his credit record or extra income. Said indicator should be periodically reviewed or modified by the Authority for Consumer Protection and the Defense of Competition, in case of nonbanking entities, and by the Superintendency of Banks, in case of banks.

The cardholder may exceed his credit limit in the percentage or amount established by the issuer bank or credit entity in accordance with its parameters and limits as long as said percentage or amount is expressly agreed to in the contract.

Any proven violation to the provisions herein will deserve an economic sanction the Superintendency of Banks will impose in case of banks, and the Authority for Consumer Protection and the Defense of Competition will impose in case of financial entities, in connection with the claim filed by the primary cardholder. Such sanction will consist on an amount equal to the quantity exceeding the maximum limit hereby established. Before proceeding with the sanction, the punishing authority shall carry out the proper investigations and assure to the issuer his right of being listened.

The issuers cannot request cautionary measures against retirees and pensioners, who were granted with credit facilities, breaching breaches what is provided in the first paragraph of this article.

**Article 19. Interest rate.** The issuers may freely fix the interest rate amount that cardholders must pay periodically. The effective interest rate shall be stated clearly and unmistakably on the statement of accounts, contractual documents and when the cardholder may request so. Likewise, when the issuer states a nominal interest rate on advertisements, it must be accompanied with the corresponding effective interest rate.

The nominal interest rate cannot be modified or varied without previous notice, of at least thirty calendar days, which shall appear on the statement of account of the previous cycle during the entry into force of the new rate. The first modification that increases the rate cannot be before the first year of validity of the contract.

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**Article 20.** Charges for exceeding the credit limit. The charges in the event the primary or supplementary cardholder exceeds the maximum credit limit when using the card may be established in the contract, as long as the primary cardholder had expressly authorized so. Nevertheless, the charge for this concept may be applied only once a month, calculated from closing date to closing date, even though the cardholder had exceeded more than once during that month.

In any case, a charge cannot be applied more than once for the same concept in the same monthly period.

The interest charges, default charges, membership fees, and other charges cannot be added to the balances used by the cardholder exclusively to configure the credit limit excess.

**Article 21.** Default charges. The contract may establish charges for the event in where the cardholder stops making the minimum payments, as previously agreed.

This charge must be applied in a determined percentage, calculated up to a percentage of the owed balance by the cardholder and proportionally to the default days, as long as the primary cardholder has expressly authorized so in the contract. In any case, the charge must be higher than the one originating an overdue balance.

**Article 22.** Limitations on the collection of interests and charges. When the cardholder notifies and proves to the issuer his payment inability, the latter may add charges and surcharges to the cardholder account only up to ninety days. After that period, the issuer shall proceed according to the procedure provided in Article 13 herein.

When the credit card or financing card issuer is a bank, it will be ruled by the provisions of Decree Law 9 dated 26 February 1998 and its regulations.

**Article 23.** Interest calculation and application. The interest over the sums resulting from the use of the credit card or other financing cards will be calculated and applied as follows:

1. The current interests, i.e. the ones applied to the balances used by the cardholder, will be calculated over the financed balances by the payment due date of the current statement of account and the statement of account of the previous month where the owed balance appeared;
2. In case of sums of money obtained from ATMs or directly from a financial entity, the interest will be calculated in the period between the withdrawal or receipt date and the maturity date of the monthly statement of account;
3. Interests will be applied when payments are not made on the payment due dates and will be calculated from the default payment or payments;
4. When installments are made between the current statement of account date and the previous month, in said installment must be reflected the interest calculation.

**Article 24. Charge allocation.** When the cardholder makes his payment in cash to pay for the owed balance of his credit or financing card, the amount paid must be registered the same payment day.

In case that the installment is made through check or another negotiable document, it will be registered as made on the payment day. However, interest may be calculated until the date in which the represented amount in that document is effectively accredited in favor of the issuer.

**Article 25. Insurance policy charges.** The issuer cannot charge the cardholder for the life insurance, fraud or other risks policies cost, unless the cardholder accepts it with his signature in the document attached to the contract. Neither can make any type of charge of this nature when there is no evidence that the cardholder has got from the bank or financial entity his card nor card renewal.

**Article 26. Grounds for rescission of contract.** It will be understood as the contract was rescinded, unless evidence or agreement otherwise, in any of the following grounds:

1. When renewing the credit card or other financing cards the cardholder has not received such renewal;

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2. When the issuer notifies in writing to the primary cardholder the unilateral rescission of the contract due to any cause or informs the decision of not renewing the contract;
3. When the primary cardholder notifies, in writing, electronically or otherwise, to the issuer his decision of terminating the contract;
4. When any of the unilateral rescission causes expressly established in the contract occurs.

**Article 27.** Nullity of credit card or other financing cards contract. Under penalty of nullity of the respective contract, all contracts entered into, extended or renewed during the enforcement of this Law must comply with the provisions herein. All contracts entered into before the entry into force of this Law will be maintained in accordance with the agreed by the parties until the maturity of the duration period, unless the primary cardholder requests to the issuer, in writing, the adequacy of the contract to the legal regime herein established.

**Article 28.** Nullity of clauses. In the credit card or other financing card contract the following clauses will be void:

1. The ones involving the resignation, from the primary cardholder, of any right granted herein, by Law 45 of 2007 and other consumer protection regulations;
2. The ones empowering the issuer to modify the increase of interest rates before the first year of entry into force of the contract and the breach of the provisions of Article 19 herein;
3. The ones empowering the issuer to unilaterally rescind this contract;
4. The ones allowing the direct authorization by executive means for the collection of liabilities skipping the collection management and the provisions of Article 13 herein;
5. The tacit adhesions to systems attached to the credit card or other financing card systems;

6. Any previous or contemporary act to this contract that suggested or coerced the cardholder in order to give his advance authorization for the issuer to modify the clauses of the contract.

**Article 29.** Difference for card payments. Suppliers of goods and services will not make any distinction between sales paid with credit cards and the ones paid in cash nor add to the consumer any amount for paying with the card.

## **Chapter V** Statements of Account

**Article 30.** Contents of the statement of account. The statement of account must contain as a minimum:

1. Identification of the issuer and the bank, business or financial entity operating on his behalf;
2. Identification of the primary cardholder and supplementary cardholders;
3. Current statement closing date and previous closing date;
4. Transaction date;
5. Reference number of the registered transaction;
6. Identification of the supplier;
7. Amount of each transaction;
8. Current payment due date;
9. Purchasing limit granted to the primary cardholder or supplementary cardholders;
10. Credit limit granted by the issuer;
11. Agreed interest rate the issuer will apply to credit, purchase or contracted service;
12. Date from which the compensatory or financial interest is applied;
13. Agreed interest rate over unpaid balances and date in which it is applied;
14. Minimum payment due which excludes interest charge;
15. Previous balance specifying the classification and amount of charged interests;
16. Period to object the statement of account, stated in a visible place and with highlighted characters;

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17. Amount and description of all expenses the primary cardholder is liable for;
18. Update date of the credit record before the concerning data information agency.

**Article 31.** Receipt of statement of account. The primary cardholder must receive the monthly statement of account, at least, five business days before the payment due date.

The issuer must provide the cardholder a fast telephone or electronic communication channel, 24 hours a day, which will allow him to get information about the account balance, as well as amounts and minimum payment due dates, that he will use in case he did not receive the monthly statement of account.

**Article 32.** Period to object the statement of account. The primary cardholder may have a period to object the monthly statement of account. In case of not establishing said period, it will be of seven business days from the date he received the statement of account. The issuer should provide the cardholder an evidence for the submittal of the claim.

**Article 33.** Consequences from claims. While the impugment procedure lasts, the following effects will be given:

1. The issuer cannot impede or obstacle the credit card or other financing card use while it does not exceeds the purchase limit;
2. The cardholder must pay the agreed minimum payment due for the unquestioned liquidation items.

**Article 34.** Acceptance of explanation. After the proper explanations were given by the issuer, the cardholder must say if he is satisfied or not, which will be in a seven business day period after receiving such. If the holder did not make any remarks, after this period, it will be understood that the explanations were satisfactory.

If the cardholder files any claim to the explanations given by the issuer, the latter must solve them out in a duly based way, within ten business days, in case the credit cards were issued by local issuers. In case the credit card was issued by an international issuer,

the term arrangement will be according to the agreement reached for claim effects by the issuer in the Republic of Panama and the international issuer.

When these periods are expired, the legal action will be clear for both parties.

In case of bank issuers, the procedure established in Decree Law 9 dated 26 February 1998 and its regulations will be taken into account.

**Article 35.** Payments before the expiration of the claim period. The minimum payment due made by the cardholder before the expiration of the period to claim on the statement of account or while the decision is made does not involve the cardholder has accepted said statement of account, unless it is expressly otherwise in writing or electronically.

**Article 36.** Sanctions. The Superintendency of Banks will sanction the issuers that do not comply with the obligation of informing or, in any case, do not comply with the provisions on rates that must be applied according to the provisions herein. In case the issuers are nonbanking entities, the respective sanction will be applied by the Authority for Consumer Protection and the Defense of Competition.

**Article 37.** Issuers duties. The credit card or other financing cards issuers, without being expressly required, are required to provide to the Authority for Consumer Protection and the Defense of Competition or to the Superintendency of Banks, as a sworn statement, the necessary information to make quarterly the comparative survey on cards. The issuers must provide the following information for all cards issued:

1. Full corporate name of issuer or issuers;
2. Name and trademark of credit cards or other financing cards;
3. Cost of membership for the primary cardholder (amount and coverage period);
4. Cost of membership for the additional cards;
5. Interest rate applied in the corresponding month;
6. Interest rate applied to credit cards or other financing cards and items over which are included;
7. Description of fees applied to cardholders;

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8. Other charges applied to cardholders duly detailed;
9. Additional benefits granted free of charge to the cardholder;
10. Payment term, starting from the closure date;
11. Financing period;
12. Coverage or geographical or sector market where the credit card can be used;
13. Requirements and description of offers, promotions, and prizes;
14. Issuer's valid certification, issued by the Registry Public;
15. Statement of place for receiving notices;
16. Any other information related to the characteristics of the product and that are of interest for the user.

**Article 38. Comparative survey.** The Authority for Consumer Protection and the Defense of Competition will publish, at least in two printed media of nationwide circulation, a comparative survey on credit cards or other financing cards. This survey must include, as a minimum, the financial and default interest rates, fees and other charges, additional benefits free of charge to the cardholder, coverage, payment terms, and degree of acceptance.

The publications will be made on the months of February, May, August, and November of each year and strictly attached to the information supplied by issuers. The credit cards or other financing cards issuers are required to cooperate with the aforementioned authority, for the latter to spread out the surveys or press releases, whereby consumer information programs will be developed. The repeated refusal to cooperate is punishable by suspending the authorization to market contracts.

**Article 39. Foreign currency.** If there is no written agreement between the parties, the applicable exchange rate for transactions made by the cardholder in foreign currency will be the existing exchange rate the date in which the cardholder pays the issuer. It is considered as foreign currency the one that is not of legal tender in Panama.



**Article 40.** Information on debit cards statement of account. The debit card issuers must inform the cardholder, in writing or electronically, the statement of account describing the consumption information of his bank account.

## Chapter VI

### Relationships between the Affiliated and the Cardholder

**Article 41.** Contractual relationship. The contractual relationship between the affiliated and the cardholder will be the one originating the obligation of paying a certain amount of money. The relationship does not come from the card use but from the transaction that promotes its use.

The card use to pay for the respective debit has the same effects of a cash payment and not of a term transaction, even though the issuer does not pay the respective amount to the affiliated.

**Article 42.** Consumer protection. The transactions, made between the affiliated and the cardholder, are subject to Law 45 of 2007 and other legal and regulatory norms in regards to consumer protection. Therefore, the affiliate is the supplier and the cardholder is the consumer when both act as such in accordance with said laws.

**Article 43.** Online shopping. The cardholder will be responsible for purchases made either from secure websites as from insecure websites in the Internet, and must watch that his security information is not exposed in Internet public sites, as well as in internal communication networks (intranet). Online shopping is subject to Law 51 of 2008 on e-commerce, as applicable.

The issuers and affiliated businesses are required to watch for the confidentiality and completeness of systems used to transmitting, handling, processing, and storing the credit cards or other financing cards information. The issuers and affiliated businesses do not transfer this responsibility to third parties used to transmitting, handling, processing or storing the credit cards or other financing cards information.

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**Article 44. Obligation of information.** The cards issuing companies must distribute to their cardholders informative brochures on the Internet safety use, including passwords, secure websites characteristics, delivery process of purchase goods, mail and P.O. Box use in other countries, as well as any other mechanism related to security when using credit cards in this system.

**Article 45. Security measures.** The issuing company must establish security measures that allow tracking credit, debit and other financing methods record. In case of nonbanking issuers, the Authority for Consumer Protection and the Defense of Competition will be responsible for their supervision.

**Article 46. Internet shopping records.** The statement of account must contain the information of the purchases the cardholder made on the Internet; besides, it must indicate the website from which the transaction was made.

**Article 47. Security of confidential information.** The credit card issuers are required to watch for the security of confidential information in the system. That is, they will implement security system that will allow safekeeping of that information.

The issuer and/or affiliated business will be responsible for, where applicable, informing the cardholder when he has reasons to believe that the confidential information, listed in Articles 5 and 9 herein, were accessed and/or modified by unauthorized personnel, whether in his information system or in those systems subcontracted for transmitting, handling, processing or storing of information.

This notice must be made within thirty business days.

**Article 48. Purchase accredited.** The issuer cannot make the debit to the online or phone shopping, if the credit cardholder files any claim within five business days following the day the statement of account was received. The issuer cannot collect any charge or additional rate for the purchase made.

**Article 49. Minimum purchase amount.** The affiliated business cannot require from the cardholder to make a minimum purchase amount to be charged to the credit card or other financing card. If so, the relevant authority will apply the corresponding sanction.

## Chapter VII Sanctions

**Article 50. Sanctions.** The competent authority, depending on the seriousness of the faults and recidivism in these or repeated irregularities, may apply to issuers the following alternative sanctions:

1. Individual penalties up to thirty times the amount of the transaction involved;
2. Cancellation of his authorization to operate with credit cards;
3. In case the issuer is a bank, the Superintendency of Banks will apply the corresponding sanctions in accordance with the provisions of Decree Law 9 dated 26 February 1998 and its regulations.

**Article 51. Cancellation of authorization.** The cancellation does not impede the cardholder to start civil and criminal proceedings to obtain the corresponding compensation and to apply the relevant criminal sanctions.

## Chapter VIII Final Provisions

**Article 52. Dispute between the cardholder and affiliate.** The issuer is not a part of the relationship and dispute between the cardholder and supplier derived from the execution of the agreed benefits.

The cardholder will keep his consumer rights before the supplier regardless of the relationship between the issuer and the supplier or from any dispute between them. To that effect, the rules of Law 45 of 2007 and its regulations will be applicable.

**Article 53. Disclaimer clauses.** Clauses providing disclaimers of responsibility for any of the parties directly or indirectly involved in any of the various contractual relationships deriving from the credit card or other financing cards shall have no effect.

**Article 54. Relevant Authority.** For the purposes of this Law, the following entities shall act as relevant authorities:

1. The Superintendency of Banks, when the issuer is a bank.
2. The Authority for Consumer Protection and the Defense of Competition, if the issuer is a nonbanking institution.

**Article 55. Complaints system.** To ensure transactions and minimize risks of transactions with stolen or lost cards, the issuer must have a telephone system for receiving complaints operating twenty-four hours a day to identify and record each one of them.

**Article 56. Confidentiality.** The credit card issuing companies, banks, financial or credit institutions cannot add personal financial backgrounds, of the primary cardholders and beneficiaries of credit cards or other financing cards to databases when the primary cardholder has not settled his obligations or is in default or at a refinancing stage, unless there is a written authorization from the cardholder, without prejudice to the obligation of informing the relevant authorities provided herein, as well as the Attorney's General Office, in criminal cases under investigation.

The informing entities shall be responsible, severally and without limitation, for the damages and prejudice resulting from the information provided breaching this provision.

**Article 57. Compliance officer.** All card-issuing companies must have a compliance officer and comply with the regulations for the prevention of money laundering and the financing of terrorism and are required to inform suspicious transactions and cash transactions in accordance with Law 42 of 2000 and its amendments. This information will be sent to the relevant entity to be provided to the Financial Analysis Unit.

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**Article 58. Period of Adaptation.** The card issuing companies that, at the moment of the enactment of this Law, are not complying with these provisions will have a ninety-day period to conform to this Law otherwise or cease operations.

If the issuer is a bank, the Superintendency of Banks will apply the generic sanctions regarding the seriousness of the fault, the recidivism and magnitude of the damage and prejudice caused to third parties in accordance with Decree Law 9 dated 26 February 1998 and the regulations that modify and develop it.

**Article 59. Application of accounting standards.** In the case of credit cards issued by banks, this Law shall apply in everything not contrary to accounting, technical and financial prudential standards provided in Decree Law 9 dated 26 February 1998 and the rules that modify and develop it.

**Article 60. Enactment.** This Law shall enter into force the next day after its enactment.

## FOR COMMUNICATION AND PUBLICATION.

Bill 50 of 2009 approved on third reading in the Palacio Justo Arosemena, Panama City, on the thirtieth day of December, two thousand nine.

The President,  
José Luis Varela R.

The Secretary General,  
Wigberto E. Quintero G.

**NATIONAL EXECUTIVE BRANCH, PRESIDENCY OF THE REPUBLIC,  
PANAMA, REPUBLIC OF PANAMA, 31 DECEMBER 2009.**

RICARDO MARTINELLI B.  
President of the Republic

ALBERTO VALLARINO CLÉMENT  
Minister of Economy and Finance