

ISSUES ON REVENUE RECOGNITION PRACTICES OF SELECTED PHILIPPINE CREDIT CARD COMPANIES

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Past due credit card receivables as a ratio of total receivables of Philippine banks have increased to 22.5% in 2004 from 18% in 2003. Furthermore, credit card receivables that are 180 days past due have dramatically increased to 62.1% of total past due accounts in 2004 from 12.3% in 2003. Given the nature of the credit card business, accounts receivables comprise a significant portion of a credit card company's total current assets as well as its total assets. Likewise, interest income and other financing charges are generally major components of a credit card firm's total revenues.

The following accounting practices of credit card firms were examined in this paper: 1) recognition of late payment fees (LPPFs) as income; 2) accrual of interest income; and 3) allowance for probable losses.

The impact of the above-mentioned accounting practices on the quality of earnings and receivables reported in the financial statements of selected credit card companies for the period 2001-2003 is discussed in this paper. The relevant Philippine and International Accounting Standards and other rules issued by Philippine regulatory agencies were used to ascertain the quality of earnings and assets reported by the credit card firms.

I. INTRODUCTION

In 2004, there were 15 credit card companies in the Philippines with the five largest accounting for approximately 74 percent of 4.5 million cards in activation (see Table 1). Gross billings of the industry amounted to P152.1 billion for the same year.¹ The top 5 firms accounted for 80.4 percent of gross billings in 2004 (see Table 2).

As of September 2004, total credit card receivables of the banking system (inclusive of credit card subsidiaries of the banking industry) were estimated at P62.5 billion of which P14.03 billion were past due.² Past-due credit card receivables as a ratio of total receivables of Philippine banks increased to 22.5 percent in September 2004 from 18 percent in September 2003. (See Table 3).

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Table 1
Active Card Base (2004)

Card Company	Number of Cards in Force	Market Share
Equitable	1,084,698	23.85%
Citibank	974,182	21.42%
BPI Card	573,048	12.60%
HSBC	385,216	8.47%
Metrobank	354,289	7.79%
American International Group (AIG)	311,538	6.85%
Standard Chartered	229,674	5.05%
Bankard	222,852	4.90%
Union Bank	176,917	3.89%
SB Cards	123,251	2.71%
Banco de Oro	65,491	1.44%
PNB Visa	22,740	0.50%
Eastwest	10,006	0.22%
American Express	8,186	0.18%
OneCard	5,912	0.13%
TOTAL 15	4,548,000	100%
TOP 5	3,371,433	74%

Source: Credit Card Association of the Philippines

Table 2
Total Gross Billings (2004)

Card Company	Gross Billings (in Philippine Pesos)	Market Share
Citibank	47,831,431,200	31.43%
Equitable	28,595,373,600	18.79%
BPI Card	21,153,576,000	13.90%
Metrobank	12,479,088,000	8.20%
HSBC	12,326,904,000	8.10%
Standard Chartered	7,533,108,000	4.95%
American International Group	7,457,016,000	4.90%
Bankard	6,437,383,200	4.23%
SB Cards	4,048,094,400	2.66%
Union Bank	2,069,702,400	1.36%
Banco de Oro	1,065,288,000	0.70%
PNB Visa	700,046,400	0.46%
OneCard	167,402,400	0.11%
American Express	152,184,000	0.10%
Eastwest	136,965,600	0.09%
TOTAL	152,153,563,200	100%
TOP 5	122,385,000,000	80.4%

Source: Credit Card Association of the Philippines

Table 3
Credit Card Receivables: Past Due and Current
(in billion pesos)

	Sept 2001	Sept 2002	Sept 2003	Sept 2004
Total Receivables	P 43.536	P 50.742	P 51.778	P 62.450
Past Due	P 9.619	P 8.667	P 9.297	P 14.032
% of Past Due to total receivables	22.1%	17.1%	18.0%	22.5%
Current	P 33.918	P 42.899	P 42.481	P 48.418
% of Current to total receivables	77.9%	84.5%	82.0%	77.5%

Source: Bangko Sentral ng Pilipinas

Credit card receivables that are over 60 days past due significantly increased from 65.3 percent of total past due accounts in 2003 to 79.9 percent in 2004 (see Table 4). As shown in Table 4, over 180 days past due credit card receivables dramatically increased to 62.1 percent of total past due

accounts in 2004 from 12.3 percent in 2003. Beyond 2004, past due accounts are expected to increase further as a result of recent material increases in household expenses such as power, water and food costs.

Table 4
Aging Schedule – Past Due Credit Card Receivables
(in billion pesos)

	Sept 2001	%	Sept 2002	%	Sept 2003	%	Sept 2004	%
1-30 days past due	2.304	24.0%	1.721	19.9%	1.985	21.4%	1.793	12.8%
31-60 days past due	0.980	10.2%	1.076	12.4%	1.247	13.4%	1.031	7.3%
61-90 days past due	0.752	7.8%	0.742	8.6%	0.833	9.0%	0.787	5.6%
91-180 days past due	2.009	20.9%	1.868	21.6%	4.089	44.0%	1.709	12.2%
Over 180 days past due	3.573	37.1%	3.261	37.6%	1.143	12.3%	8.712	62.1%
Total Past Due	9.618	100.0%	8.668	100.0%	9.297	100.0%	14.032	100.0%

Source: Bangko Sentral ng Pilipinas

Given the nature of the credit card business, accounts receivables comprise a significant portion of a credit card company's total current assets as well as its total assets (see Table 5). Likewise, interest income and other financing charges are generally major components of a credit card firm's total revenues.

This paper discusses revenue recognition practices for the period 2001-2003 in the Philippine credit card sector and the impact of these practices on the quality of earnings and receivables reported in the financial statements of credit card companies.

Table 5
Receivables as a Percentage of Total Assets
(in Philippine Pesos)

Company	Receivables	Total Assets	Receivables to Total Assets (%)	Year
Bankard, Inc.	4,911,976,327	5,396,682,740	91	2003
BPI Card Finance Corporation	4,628,019,429	4,850,157,705	95	2001
Equitable Card Network, Inc.	5,837,911,252	7,846,149,890	74	2003
SB Card Corporation (formerly Security International Card Corporation)	1,138,530,920	1,284,066,519	89	2003
Metrobank Card Corporation	3,077,438,158	3,929,109,281	78	2003
AIG Credit Card Company Phils., Inc.	1,966,402,017	2,471,040,298	79	2003

Source: Company Financial Statements

II. COMPANY ACCOUNTING PRACTICES – REVENUE RECOGNITION AND PROVISIONING FOR LOSSES/WRITE-OFFS

Credit card companies provide cardholders with monthly statements which contain, among others, the following information:

1. Beginning balance or previous period's balance;
2. Purchases during the current month;
3. Financing charges or interest due on beginning balance;
4. Late payment charge or fees (LPFs); and
5. Minimum amount due.

The late payment charge is a penalty imposed for failure to pay at least the minimum amount due on or before the payment date indicated in the monthly statement. LPFs charged are quite high. Table 6 shows that the LPFs charged by the top 5 credit card firms in the Philippines range from 3 percent to 7.5 percent of total amount due per month. Cardholders who are delinquent in their payments continue to be sent their statements until their balances are written-off. At this point, the credit card companies' lawyers take over.

Table 6
Late Payment Fees and Interest Charges:
Top 5 Credit Card Companies

Firm	Late Payment Fee (per month)	Interest Charges (per month)
Equitable Card Network, Inc.	5.5%	3.5%
Citibank (Silver)	7.5%	3.25%
Citibank (Gold)	7.5%	3.25%
Bankard, Inc.	7.0%	3.5%
BPI (Express)	3.0%	2.9%
BPI (Classic)	3.0%	3.0%
BPI (Gold)	3.0%	3.0%
HSBC	P300	3.5%
Metrobank Card Corporation	7.5%	3.5%

Sources: Interviews

Philippine Daily Inquirer, January 29, 2005. p. 182

Cayanan, A. and C. Ledesma, "An Analysis of the Credit Card Industry in the Philippines", in Analysis of Selected Philippine Industries, 2005.

Practices on the recognition of interest and LPFs as income in the books vary from one company to another. Some companies recognize LPFs as income only upon collection of the amounts from the cardholder. Other firms recognize LPFs as income when the receivables are outstanding for a predetermined number of days. (See Table 7).

LPFs charged to clients are generally booked to the Deferred Income account. Companies recognize a portion of deferred income as earnings during the year based on company policies which vary. Appendix A shows selected financial data of Equitable Card Network, Inc., Bankard, Inc., BPI Card Finance Corporation, AIG Credit Card Company Philippines, Inc., and SB Cards Corporation (formerly Security International Card Corporation) on receivables and income earned.³

Table 8 shows the accounting practices of selected companies in provisioning for probable losses for accounts receivables. Prior to 2003, provisioning for probable

losses for accounts receivable was based solely on the receivables' reaching a predetermined number of days of aging (see Table 8). For example, BPI Card Finance Corporation provided full provision for accounts with balances which are more than 90 days past due. In the case of Bankard, Inc., the allowance for doubtful accounts was estimated based on the credit card receivable balances which were outstanding for 180 days and above. On the other hand, AIG Credit Card Company Phils., Inc. and SB Cards Corporation wrote-off accounts receivables against the allowance when the receivables have become past due for at least 180 days. Allowance for probable losses were also determined by AIG Credit Card Company Phils., Inc. and SB Cards Corporation as a percentage of receivables' predetermined number of days old although the number of days was not disclosed in the financial statements.

Table 7
Company Accounting Practices – Revenue Recognition

Equitable Card Network, Inc.	<p>Income is recognized to the extent that it is probable that economic benefits will flow to the company and that income can be reliably measured.</p> <p>Late payments charged based on past due balances are reversed against income when deemed uncollectible based on predetermined number of days old.</p>
Bankard, Inc.	<p>Finance charges on revolving accounts, other than those classified as installment accounts, are recognized as income as long as those outstanding accounts are not 90 days past due or older.</p> <p>Late payment fees are billed on delinquent credit card receivable balances until 179 days past due. Starting 2003, these LPFs are recognized as income upon collection, while in 2002 and 2001, these LPFs were recognized as income on accounts 1 to 59 days past due and 1 to 119 days past due.</p>
BPI Card Finance Corporation	<p>Interest and penalty fees on past due accounts are recognized as income only upon collection from cardholders.</p>
MIG Credit Card Company Phils., Inc.	<p>Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Past due accounts receivables are nonaccruing.</p>
SB Cards Corporation (formerly Security International Card Corporation)	<p>Income is recognized to the extent that it is probable that economic benefits will flow to the company and that income can be reliably measured.</p> <p>Interest and penalties are recognized as income upon collection from cardholders.</p>

Source: Company Financial Statements; Annual Reports (2001-2003).

Table 8
Company Accounting Practices – Allowance for Probable Losses

Equitable Card Network, Inc.	Allowance for probable losses is maintained at a level considered adequate to cover potential losses on accounts receivable based on the review and evaluation of the status of the accounts receivable and guidelines issued by BSP.
Bankard, Inc.	Previous to the effectivity of the Bangko Sentral ng Pilipinas (BSP) Memo Circular No. 398 on December 1, 2003, the allowance for doubtful accounts was estimated based on the credit card receivable balances which were outstanding for 180 days and above.
BPI Card Finance Corporation	Full provision of total cardholders' accounts with balances which are more than 90 days past due and/or under litigation plus 2% of total receivables, net of accounts already covered with full provisions. Estimated losses on foreclosed collaterals based on periodic examination and evaluation by management of existing risks affecting the assets (2001 Financial statements). ⁴
AIG Credit Card Company Phils., Inc.	Generally, allowance is provided as a percentage of a predetermined number of days old receivables. Accounts receivables are written off against the allowance for probable losses when management believes that the collectibility of the receivables is unlikely or when the receivables have become past due for at least 180 days.
SB Cards Corporation (formerly Security International Card Corporation)	Generally, allowance is provided as percentage of a predetermined number of days old receivables. Accounts receivables are written off against the allowance for probable losses when management believes that the collectibility of the receivables is unlikely or when the receivables have become past due for at least 180 days.

Source: Company Financial Statements; Annual Reports (2001-2003).

III. RELEVANT ACCOUNTING STANDARDS

In the Philippines, the Accounting Standards Council (ASC) issues the accounting standards and other prescribed financial reporting rules that govern the preparation of financial statements. For all firms required to submit their financial statements to the SEC, the SEC prescribes the financial reporting standards and rules. The SEC adopts the ASC (now the Financial

Reporting Standards Council) pronouncements and issues additional requirements. ASC is composed of eight members representing the Philippine Institute of Certified Public Accountants (PICPA), Securities and Exchange Commission (SEC), the Bangko Sentral ng Pilipinas, (BSP), the Board of Accountancy and the Financial Executive Institute of the

Philippines (FINEX). Four members represent PICPA while the other member institutions are represented by one person each.

The relevant accounting standards for the recognition of revenues by credit card firms are the Statement of Financial Accounting Standard (SFAS) No. 28 and SFAS No. 37 as follows:

SFAS 28 Paragraph 19, Revenue⁵

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognized in reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- a) *The amount of revenue can be measured reliably;*
- b) *It is probable that the economic benefits associated with the transaction will flow to the enterprise;*
- c) *The stage of completion of the transaction at the balance sheet date can be measured reliably; and*
- d) *The costs incurred for the transaction and the costs to complete the transaction can be measured reliably."*

SFAS37/IAS37 Paragraphs 31 to 33 – Provisions, Contingent Liabilities and Contingent Assets (effective 2003)

An entity shall not recognize a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity... Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related

asset is not a contingent asset and its recognition is appropriate.

Furthermore, provisioning for doubtful accounts must comply with SFAS No. 3 (Receivables).

SFAS No. 3 – Receivables

Paragraph 4. Receivables balances should be valued at their face amounts minus, if appropriate, allowances set up for doubtful accounts and for any anticipated adjustments which, in the normal course of events, will reduce the amount receivable from the debtor to estimated realizable values.

Paragraph 5. The allowance for doubtful accounts should be provided in an amount determined after a study of the estimated collectibility of receivable balances and evaluation of such factors as aging of the accounts, collection experience of the company in relation to the particular receivables, past and expected loss experiences, and identified doubtful accounts.

In addition to the SFAS issued by the Accounting Standards Council, the Bangko Sentral ng Pilipinas (BSP)⁶ also prescribed in its Memo Circular 398 (effective December 1, 2003) the following classification of Past Due Accounts for credit card companies:

Past Due Accounts	Classification
91 – 120 days	Substandard
121 – 180 days	Doubtful
181 – over	Loss

Per BSP Circular No. 164 Series of 1998, allowance for probable losses on loan accounts and other risk assets should be set up as follows:

Classification	Allowance
Substandard	25%
Doubtful	50%
Loss	100%

Furthermore, BSP Circular No. 164 also requires a two (2%) percent general loan loss provision over and above the provisions for substandard, doubtful and loss accounts.

IV. FINANCIAL REPORTING ISSUES

1. Recognition of LPFs as income

The LPF rate per month is higher than regular interest charges as shown in Table 6. For some firms, the LPF rate is twice the interest rate charged on unpaid balances. Since LPFs are penalties charged on past due accounts, credit card companies should be more conservative in booking LPFs either as Deferred Income or as Earned Income prior to collection.

Effective December 2003, BSP Memo Circular No. 398 issued clear guidelines to credit card companies regarding the allowance for probable losses to be set-up in their balance sheets. Following BSP Memo Circular No. 398, the industry as a whole should have a total allowance for probable losses as of September 2003 of P3.6 billion as estimated in Table 9.

Table 9
Estimated Allowance for Probable Losses – Total Industry

Aging	Receivables (2003) (in million pesos)	Estimated Allowance for Probable Losses per BSP Memorandum Circular No. 398 (in million pesos)
91 – 120 days past due	P 2,365	591 (25%)
121 – 180 days past due	P 1,724	862 (50%)
Over 180 days past due	P 1,143	1,143 (100%)
Total Accounts Receivable	P51,778	1,036 (2%)
Total Estimated Allowance for Probable Losses		P3,632

Comparing the P3.6 billion estimated allowance for probable losses for the industry with the actual provisioning of six firms in the amount of P724 million (representing 58.7 percent of total industry based on active credit cards as of 2004), the additional provisioning for probable losses to be set-up to comply with the BSP memo is quite large, about P3.0 billion (see Table

10). In fact, one credit card company with P3.6 billion of 180 days past-due receivables has an allowance for probable losses in the balance sheet of P45.2 million only for 2004. To comply with the BSP memo, this company needs to book P3.6 billion more for its allowance for probable losses based on the disclosure in its financial statements for calendar year 2004.

Table 10
Selected Firms' Allowance for Probable Losses (2003)

Firms	Allowance for Probable Losses (in Philippine pesos)
Equitable Card Network, Inc.	75,933,958
Bankard, Inc.	45,274,952
BPI Card Finance Corporation	391,196,254
Metrobank Card Corporation	140,703,227
AIG Credit Card Company Phils., Inc.	41,586,734
SB Cards Corporation (formerly Security International Card Corporation)	29,662,922
Total	724,358,047

2. Accrual of Interest Income

Prior to 2003, the accrual of interest on past due accounts differed among companies. Generally, credit card loans are non-collateralized. Thus, the collection rate of past due accounts is lower than collateralized loans. In view of this, some firms (BPI Card Financial Corporation, SB and AIG) recognized interest and LPFs on past due accounts as income only upon

collection. Bankard, Inc. accrued interest until accounts were 90 days past due.

Since BSP Memorandum no. 398 requires credit card companies to set up an allowance for probable losses for over 90 days past due accounts, the interest accrued for accounts up to 90 days past due must be carefully analyzed as regards their collectibility. The appropriate amount for allowance for probable losses must be set up for the accrued interest.

V. CONCLUSIONS

The extent of 'catch-up' provisioning required of credit card companies as a consequence of BSP memo no. 398 appears to indicate that the industry had significantly inadequate provisions for doubtful accounts in the years prior to 2003. This implies overstatement of receivables and revenues in those years.

There are differences in the treatment of late payments fees in the industry. Most recognize that LPFs are contingent in nature and should be recognized as income upon collection. At least 2 companies in the survey done in this paper deviated from this practice.

Disclosures of credit card companies regarding their most material asset, receivables, are inadequate. No breakdown of the receivables as to age and source is provided by any company surveyed in this paper (although the information was provided to the BSP). This information, now required by IAS 32 to be provided by all Philippine companies, would have allowed readers of the credit card companies' financial statements to determine the impact on the company's future cash flows on the profile of its receivables, and its revenue recognition policies.

APPENDIX A
COMPANY SELECTED FINANCIAL DATA

1. Equitable Card Network, Inc.

	2003	2002	2001	2000	1999	1998
Cardholders	5,834,763,370	5,568,289,030	4,066,060,326	3,987,521,797	3,187,040,535	3,383,227,517
Others	139,865,697	148,686,652	162,139,573	135,421,865	186,787,462	58,444,792
Deferred income	5,974,629,067 (60,783,857)	5,716,975,682 (43,356,071)	4,228,199,899 (45,832,721)	4,122,943,662 (50,063,669)	3,373,827,997 (53,795,588)	3,441,672,309 (38,368,620)
Allowance for probable losses	(75,933,958)	(45,553,490)	(44,070,012)	-	(55,684,099)	(55,684,099)
Accounts receivable - net	5,837,911,252	5,628,066,121	4,138,297,166	4,072,879,933	3,264,348,310	3,347,619,590
Commissions	657,819,956	626,526,432				
Interest and service fees from cardholders	443,999,305	571,633,703				
Membership and interchange fees	272,368,795	246,128,681				
Total commissions and fees	1,374,188,056	1,444,288,816	1,501,602,011	1,507,937,891	1,461,498,953	1,189,709,059

Source: Company Financial Statements

2. BPI Card Finance Corporation

	2001	2000	1999	1998
Accounts Receivable-Cardholders Loans & Receivables Financed Receivables on Equipment Leases	5,144,611,433	4,361,775,711	2,492,000,990	2,139,277,246
Less: Unearned Interest Income	(128,508,998)	(136,290,777)	(77,929,905)	(72,479,908)
Less: Allowance for Probable Losses	(391,196,254)	(264,515,401)	(183,508,879)	(208,802,642)
Total Accounts Receivable - Net Interest & Financing Charges	4,624,906,181	3,960,969,533	2,230,562,206	1,857,994,696
	1,215,436,462	882,680,419	599,336,216	493,873,674

Source: Company Financial Statements

3. Metrobank Card Corporation

	2003	2002	2001	2000	1999	1998
Accounts Receivables	3,399,928,201	2,950,644,416	3,256,538,096	1,657,617,016	962,655,336	715,613,785
Less: Deferred income	(181,786,816)	(145,550,468)	(155,148,286)	(33,013,115)	(42,231,561)	(47,249,702)
Less: Allowance for probable losses	(140,703,227)	(168,261,241)	(189,327,268)	(101,933,951)	(37,499,809)	(25,475,137)
Accounts Receivables – net	3,077,438,158	2,636,832,707	2,912,062,542	1,522,669,950	882,923,966	642,888,946
INCOME	1,105,515,752	1,081,875,871	1,209,243,635	377,777,215	324,751,742	263,151,307

Note: In 2001, AB Card and Solidbank Products Corporation (Solidcard) merged with the company.

Source: Company Financial Statements

4. AIG Credit Card Company Philippines, Inc.

	2003	2002	2001	2000	1999	1998
Accounts Receivables	2,034,840,529	2,420,613,226	2,496,769,400	2,431,521,709	1,276,794,935	317,171,189
Less: Deferred Income			(34,252,599)	(41,597,745)	(27,718,743)	(9,406,604)
Less: Unearned Interest & Discounts	(26,851,778)	(42,199,674)	(16,680,971)	(29,220,481)	(8,464,456)	
Less: Allowance for Probable Losses	(41,586,734)	(84,273,679)	(404,078,943)	(192,182,429)	(41,467,424)	(5,764,137)
Accounts Written-Off			324,080,989	146,690,043	30,332,489	
Total Accounts Receivable - Net Net Sales (including late charges and other income)	1,966,402,017	2,294,139,873	2,365,837,876	2,315,211,097	1,229,476,801	302,000,448
Late charges and other income	90,522,989	49,305,091	195,306,711	83,404,043	16,394,378	1,467,610

Source: Company Financial Statements

5. Bankard, Inc.

	2003	2002	2001	2000	1999	1998
Accounts receivable	5,131,063,833	4,740,176,215	3,730,743,294	2,794,988,059	2,084,260,732	1,531,385,600
Deferred income			(716,809,580)	(844,977,971)	(437,721,327)	(76,131,542)
Reserves and allowances:						
Reserves for penalties and others	(106,262,970)	(145,921,532)				
Reserve for uncollected output value-added tax (VAT)	(27,891,022)	-				
Less: Allowance for doubtful accounts	(45,274,952)	(65,268,151)	(105,633,734)	(161,840,172)	(144,813,015)	(110,498,771)
Total accounts receivable - Net	4,911,976,327	4,568,645,094	2,908,299,980	1,788,169,916	1,501,726,390	1,344,755,287
Financing and other fees (including LPF)	2,536,395,110	2,289,083,227	1,531,595,566	932,305,020	841,451,805	1,002,263,462
LPF	135,593,661	387,562,362	551,972,818	n.a.	n.a.	n.a.

Source: Company Financial Statements

6. SB Cards Corporation
(formerly Security International Card Corporation)

	2003	2002	2001	2000	1999	1998
Accounts Receivables from Cardholders	1,261,408,112	1,347,217,421	1,280,390,192	1,253,955,870	968,979,917	1,093,271,167
Receivables from Foreign Franchises	14,413,375	25,372,212	28,741,114	31,177,496	36,754,019	37,031,675
Past Due Receivables			209,600,000		197,000,000	152,000,000
Deferred Income	(107,627,645)	(86,716,164)	(73,164,941)	(54,887,862)	(56,047,740)	(70,713,935)
Less: Allowance for Doubtful Accounts	(29,662,922)	(43,960,032)	62,703,870	71,555,320	36,322,099	31,661,451
Total Accounts Receivable - Net Income on Interest and Service Fees	1,138,530,920	1,241,913,437	1,382,862,495	1,158,690,184	1,110,364,097	1,179,927,456
	509,211,308	530,178,914	332,703,309	304,077,299	305,920,496	307,048,056

Source: Company Financial Statements

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NOTES

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- ¹ "Gross billings" refer to total transaction values billed to cardholders.
- ² Doris Dumlao, "Bad Credit Card Loans Surge to P14 B." *Philippine Daily Inquirer*, B1, January 29, 2005.
- ³ On March 8, 2002 the credit card operations of BPI Card Finance Corporation was transferred to the parent company, Bank of the Philippine Islands.
- ⁴ On March 8, 2002 the credit card operations of BPI Card Finance Corporation was transferred to the parent company, Bank of the Philippine Islands.
- ⁵ SFAS 28 is based on International Accounting Standard (IAS) No. 18 on Revenue.
- ⁶ Bangko Sentral ng Pilipinas is the country's central monetary authority. The credit card operations of banks and credit card subsidiaries of banks are regulated by BSP. The Securities and Exchange Commission regulates credit card companies that are not affiliated with banks.