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SENATE
P.S. RES. No. 217

Introduced by Senator WIN GATCHALIAN

**A RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY IN AID OF LEGISLATION ON THE LOAN AND SALE OF MOBILE
WALLET OR E-WALLET ACCOUNTS WITH THE END IN VIEW OF
PROTECTING CONSUMERS IN THE COUNTRY FROM CYBERCRIMINALS**

1 WHEREAS, it is the policy of the State to "protect the interests of the consumer,
2 promote his general welfare and to establish standards of conduct for business and
3 industry;¹

4 WHEREAS, mobile wallet, electronic wallet or e-wallet, interchangeably used
5 herein, is commonly defined as "a virtual wallet that stores information from a credit
6 card, a debit card, coupons, and loyalty cards on a mobile device";²

7 WHEREAS, mobile wallets or e-wallets offer many advantages enticing
8 consumers to use them. E-wallets are viewed to address local issues such geographic
9 disunity and low financial inclusion in the country.³ Moreover, e-wallets are said to
10 offer faster, safer and more diverse services to consumers;⁴

¹ Republic Act No. (RA) 7384 otherwise known as the Consumer Act of the Philippine. Article 2.
² Corporate Finance Institute. Mobile Wallet. Available at
<https://corporatefinanceinstitute.com/resources/knowledge/ecommerce-saas/mobile-wallet/>. Accessed on
September 12, 2022.
³ Business Mirror. Cashless economy drives high e-wallet penetration. Available at
<https://businessmirror.com.ph/2022/04/14/cashless-economy-drives-high-e-wallet-penetration/>. Accessed on
September 1, 2022. (Citing Digido Finance Corp. CEO Nikita Saigutin)
⁴ Id.

1 WHEREAS, the users of mobile wallets or e-wallets in the country have
2 increased through the years. In 2017, there are approximately nine (9) million
3 registered e-wallet accounts.⁵ In 2020, the usage of e-wallet in the country is three
4 (3) times higher than that in 2017.⁶ It is projected that by 2025, the number of e-
5 wallet users will rise to 75.5 million.⁷ Two of the leading e-wallets in the country are
6 PayMaya and GCash;⁸

7 WHEREAS, with the pandemic accelerating the use of mobile or electronic
8 wallets and other online financial services, cybercriminals also started taking
9 advantage of technologies to transfer illicit or stolen funds across e-wallets and other
10 online financial services or to steal the identity of their victims by offering financial
11 incentives in exchange for lending their mobile or electronic wallet accounts to covertly
12 launder money or to conceal their attempts at committing financial crimes;

13 WHEREAS, on 7 July 2022, the Philippine National Police Anti-Cybercrime Group
14 warned the public of selling of prepaid cards with verified e-wallet accounts.⁹ This
15 was after it arrested a man selling mobile SIM cards with verified GCash accounts
16 inside a supermarket in Pasig City. In the possession of the man was ninety-three (93)
17 verified GCASH accounts;¹⁰

18 WHEREAS, on 21 July 2022, PNP Regional Anti-Cybercrime Unit 1 arrested two
19 individuals in Pangasinan for selling twenty-two (22) SIM cards with GCash accounts;¹¹

20 WHEREAS, according to the PNP, based on their investigation, syndicates
21 purchase SIM cards with e-wallet accounts to facilitate online scams.¹² They use SIM

⁵ Supra note 3.

⁶ Id.

⁷ Id, citing Statista.

⁸ Philstar. Yearender: E-wallets here to stay, fuel e-commerce boom. Available at <https://www.philstar.com/business/2021/12/28/2150394/yearender-e-wallets-here-stay-fuel-e-commerce-boom>. Accessed on September 1, 2022.

⁹ GMA News. Anti-cybercrime group warns vs. sale of SIM cards with e-wallet accounts. Available at <https://www.gmanetwork.com/news/topstories/metro/837431/anti-cybercrime-group-warns-vs-sale-of-sim-cards-with-e-wallet-accounts/story/>. Accessed on September 1, 2022.

¹⁰ Id.

¹¹ Manila Bulletin. Two suspects involved in rampant selling of alleged 'simcard with Gcash verified account' on social media arrested. Available at <https://mb.com.ph/2022/07/22/two-suspects-involved-in-rampant-selling-of-alleged-simcard-with-gcash-verified-account-on-social-media-arrested/>. Accessed on September 1, 2022.

¹² Supra note 9.

1 cards with other individuals' GCASH accounts in scamming money to hide their
2 identities;¹³

3 WHEREAS, based on the simulation tests made by the PNP and the National
4 Bureau Investigation (NBI), culprits in the proliferation of the smishing scams in the
5 country may have used GCASH to obtain the names of subscribers.¹⁴ Smishing is a
6 "scam where fraudsters use mobile phone text messages to trick you into opening
7 malicious attachment or link" claiming to come from a reputable or legitimate
8 organization;¹⁵

9 WHEREAS, according to the PNP Anti-Cybercrime Group, fraudsters are
10 interested with e-wallets because of the valuable user information these e-wallets
11 contain which can in turn be sold at a high price when resold to the dark web.¹⁶
12 Moreover, since the contents of these e-wallets are valuable, these can be potentially
13 used for crimes such as money laundering and identity theft.¹⁷

14 WHEREAS, mobile wallet owners may also serve as money mules. A money
15 mule is "someone who transfers or moves illegally acquired money on behalf of
16 someone else," including those who are unaware of a larger criminal scheme.¹⁸
17 Criminals often target students, those looking for work, or those on dating website,
18 by lending or selling their mobile or e-wallet accounts;

19 WHEREAS, early this year, during the hearing conducted by the Senate
20 Committee on Public Order and Dangerous Drugs on the disappearance of 30 men
21 involved in online or e-sabong, it was revealed that digital wallets were used to
22 execute bets.¹⁹ This raised a concern that online payment platforms including mobile
23 wallets facilitate gambling activities;²⁰

¹³ Supra note 11.

¹⁴ Malaya. Smishing scams may have used e-wallet, messaging apps to identify users. Available at https://malaya.com.ph/news_special_feature/smishing-scams-may-have-used-e-wallet-messaging-apps-to-identify-users/. Accessed on September 12, 2022.

¹⁵ Central Bank of Ireland. Explainer-What is smishing and how can I avoid it? Available at <https://www.centralbank.ie/consumer-hub/explainers/what-is-smishing>. Accessed on September 12, 2022.

¹⁶ PNP Anti-Cybercrime Group. ACG-Cyber Security Bulletin NR 251: Stay Safe in Digital Wallet Transaction. Available at <https://acg.pnp.gov.ph/main/cyber-security-bulletin/443-acg-cyber-security-bulletin-nr-251.html>. Accessed on September 12, 2022.

¹⁷ Id.

¹⁸ United States Federal Bureau of Investigation. Scams and Safety. Available at <https://www.fbi.gov/scams-and-safety/common-scams-and-crimes/money-mules>. Accessed on September 12, 2022.

¹⁹ Philippine Daily Inquirer. E-wallets and illegal activities. Available at <https://opinion.inquirer.net/150851/e-wallets-and-illegal-activities>. Accessed on September 12, 2022.

²⁰ Id.

1 WHEREAS, as the number of mobile or electronic wallet users in the country is
2 growing, it is the duty of the government to ensure that consumers are not victimized
3 by cybercriminals who look for ways to take advantage of mobile wallets or e-wallets
4 for the valuable user information they contain, which can serve as a gateway to other
5 malicious activities such as money laundering and identity theft. Hence, it is important
6 that the government through relevant government agencies come up with an effective
7 intervention to stop this practice of lending or selling SIM cards with verified mobile
8 or e-wallet accounts;

9 NOW THEREFORE BE IT RESOLVED, as it is hereby resolved, to direct the
10 appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the loan
11 and sale of mobile wallet or e-wallet accounts with the end in view of protecting
12 consumers in the country from cybercriminals.

Adopted,



WIN GATCHALIAN