

**NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)**

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**SENATE
P.S. RES. No. 626**

Introduced by SEN. WIN GATCHALIAN

**A RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY IN AID OF LEGISLATION ON THE PROLIFERATION OF
UNAUTHORIZED ONLINE LENDING APPLICATIONS AND ABUSIVE
LENDING CORPORATIONS WITH THE END IN VIEW OF STRENGTHENING
MEASURES THAT PROTECT THE CONSUMERS' RIGHT TO PRIVACY,
SECURITY AND PROPERTY**

1 WHEREAS, the 1987 Philippine Constitution recognizes the need to protect the
2 rights of consumers from trade malpractices, substandard products, false and
3 misleading advertisements and other types of misrepresentations;

4 WHEREAS, Section 2 of Republic Act No. (RA) 3765 or the "Truth in Lending
5 Act" sets as the policy of the State the protection of "its citizens from a lack of
6 awareness of the true cost of credit to the user by assuring a full disclosure of such
7 cost with a view of preventing the uninformed use of credit to the detriment of the
8 national economy";

9 WHEREAS according to a study, as of 2022, digital lending platforms operating
10 in the country obtained through the iOS App Store or Google Play had a combined
11 total of 14.2 million downloads. This amounts to 3.4% of total downloads from
12 finance-related categories across device and platforms. This is also a 35% or 3.7
13 million increase from the 2021. The same study also found that in 2022, active users
14 have spent a total of 75,305 hours in these online lending applications;¹

¹ Philstar, Filipinos spent nine years' worth of time on digital lending apps in 2022. Available at <https://qa.philstar.com/lifestyle/the-budgetarian/2023/01/25/2240167/filipinos-spent-nine-years-worth-time-digital-lending-apps-2022>. Accessed on April 21, 2023.

1 WHEREAS last February 10, 2023, the Securities and Exchange Commission
2 (SEC) has removed 33 online lending platform on Google Play Store with the help of
3 Google Philippines. The reasons for removal of these mobile apps were due to their
4 false advertisements and their failure to register. SEC Memorandum Circular No. 19,
5 series of 2019 requires financing and lending companies to register their online lending
6 platforms as business names and disclose their corporate names as well as certificate
7 of authority numbers in their platforms and advertisements;²

8 WHEREAS, according to SEC, there are some online lending applications doing
9 unfair debt collection practices wherein the "operators breach the information of the
10 clients and contact the latter's network of acquaintances and relatives of the
11 outstanding debts to be collected"³.

12 WHEREAS, there are also allegations that some agents of the online lending
13 applications harass and threaten through text messages some debtors who fail to pay
14 their debts on time which cause anxiety and fear to the debtors;

15 WHEREAS, there are some claims that the interest rates of some online lending
16 applications are unconscionable which further burden the debtors with the penalties
17 and surcharges upon their failure to pay their debts on time. Some consumers are
18 also not informed of these additional costs and charges prior to their transactions;

19 WHEREAS, with rapid technological advancements and innovations in the way
20 we normally do things such as online lending applications which aim to make lending
21 more accessible to the consumers, it is important that measures are in place that will
22 safeguard the interests of the consumers against trade malpractices, false and
23 misleading advertisements and other types of misrepresentations. It is equally
24 important that we make sure that such measures are properly implemented and
25 complied with, including ensuring that these applications are authorized to operate by
26 proper government authorities and that they are operating in accordance with the
27 rules and regulations, fair practices and responsible lending;

² Philstar, SEC removes 33 online lending apps on Google Play Store. Available at <https://www.philstar.com/business/2023/02/10/2243790/sec-removes-33-online-lending-apps-google-play-store>. Accessed on February 22, 2023.

³ Philippine News Agency, SEC vows to run after unregistered online loan apps. Available at <https://www.pna.gov.ph/articles/1190866>. Accessed on February 22, 2023. (Citing EC Cagayan de Oro Extension Office supervising officer Jeshier Radaza).

1 NOW THEREFORE BE IT RESOLVED, as it is hereby resolved, to direct the
2 appropriate Senate Committee to conduct an inquiry, in aid of legislation on the
3 proliferation of unauthorized online lending applications and abusive lending
4 corporations with the end in view of strengthening measures that protect the
5 consumers' right to privacy, security and property.

Adopted,



WIN GATCHALIAN