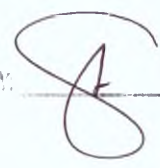


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



23 JUL 12 A10 :09

SENATE
Proposed Senate Resolution No. 675

RECEIVED BY: 

Introduced by Senator Aquilino “Koko” Pimentel III

**A RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO
CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE
HARASSMENT AND UNFAIR DEBT COLLECTION
PRACTICES BY DIGITAL LOAN SHARKS**

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WHEREAS, access to loans through traditional financial institutions have been relatively slow, and for this reason, the use of digital money platforms or loan apps have been in demand in many countries including the Philippines;

WHEREAS, just as fast as the use of digital lending platforms or loan apps have grown, so have digital loan sharks;

WHEREAS, these digital loan sharks are alternative lending platforms who involve in illegal and unethical practices by offensively offering loans to individuals through loan apps. These illegal and unethical practices include violating consumer privacy, ethical loan repayment/recovery practices, fair lending terms, and consumer rights. Shaming of loan defaulters has been found to be particularly flagrant and scandalous¹;

¹ This description came from a report of incidents which took place in Nigeria. As will be demonstrated, these incidents occur in the Philippines as well. See: Senator Ihenyen. *Digital Money Lending and Loan Sharks: Complying with the new registration requirements in Nigeria*. Infusion Lawyers. 16 May 2023. <<https://infusionlawyers.com/digital-money-lending-and-loan-sharks-complying-with-the-new-registration-requirements-in-nigeria/>>

1 **WHEREAS**, the Philippine Center for Investigative Journalism
2 (PCIJ) reports of a certain Mina, a 26-year-old government employee
3 from Bicol who felt compelled to deactivate her Facebook account and
4 changed her phone number early in 2022 after an online lending app
5 revealed her debt in public. The app accessed her phone contacts and
6 texted them. Her relatives and acquaintances received the message²;

7
8 **WHEREAS**, the PCIJ also reports of a certain Chel, 36 years old
9 who received curses, insults, and even threats of rape and death when in
10 March 2022, she missed a payment to the “Kuya Loan” app that lent her
11 P3,500³;

12
13 **WHEREAS**, to instill fear to their debtors, online apps have
14 resorted to fabricating civil and criminal cases, inventing names of
15 supposed police officers, and even using the name of an actual Judge⁴;

16
17 **WHEREAS**, due to these forms of harassment and unfair collection
18 practices, many victims are experiencing anxiety, depression, and other
19 mental health issues⁵;

20
21 **WHEREAS**, former Secretary of Finance Carlos Dominguez III
22 has instructed the Securities and Exchange Commission (SEC) to
23 intensify its crackdown against illegal and abusive lending, which are
24 proliferating and “charging very high interest rates.” He said the SEC has
25 been receiving complaints from consumers about the collection practices
26 of some firms, involving threats or insulting borrowers.⁶ Further, the
27 National Privacy Commission was swamped with complaints of privacy
28 breaches from all over the Philippines, particularly those involving
29 depression, suicide, and miscarriage⁷;

30

² AILEEN MACALINTAL. *Online loan sharks resort to public shaming, privacy breaches and death threats*. Philippine Center for Investigative Journalism. September 15, 2022. <<https://pcij.org/article/9295/online-loan-sharks-prey-on-pandemic-hit-cash-strapped-borrowers>>

³ *Ibid.*

⁴ Post of Judge Marlo B. Campanilla in the *Musta Atty!* Facebook Group. 8 July 2023.

⁵ E-Mail from a certain William, a concerned citizen, to the Office of Senator Aquilino “Koko” Pimentel III. 3 July 2023.

⁶ Iris Gonzales. *SEC to crack down on abusive lenders*. The Philippine Star. March 28, 2022 <<https://www.philstar.com/business/2022/03/28/2170271/sec-crack-down-abusive-lenders>>

⁷ *Supra* at 2.

1 **WHEREAS**, the SEC admits that the growth of online lending
2 applications had left lenders' debt collection practices unchecked⁸;

3
4 **WHEREAS**, if digital loan sharks are not urgently curbed, the
5 digital money lending space in the Philippines may fast become a
6 predatory marketplace;

7
8 **WHEREAS**, the question of where and how the victims can seek
9 relief from these predatory practices remains unsettled;

10
11 **NOW, THEREFORE, BE IT RESOLVED** as it is hereby
12 resolved, to direct the appropriate Senate committee to conduct an
13 inquiry, in aid of legislation, on the harassment and unfair debt collection
14 practices by digital loan sharks.

Adopted,


AQUILINO "KOKO" PIMENTEL III

⁸ AILEEN MACALINTAL. *Regulators need to swim faster than online loan sharks*. Philippine Center for Investigative Journalism. September 15, 2022. <<https://pcij.org/article/9294/regulators-need-to-swim-faster-than-online-loan-sharks>>