

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

23 DEC -6 P7 53

SENATE

RECEIVED BY: 

P.S.R. No. 882

INTRODUCED BY SENATOR RISA HONTIVEROS

RESOLUTION

**CALLING FOR THE APPROPRIATE COMMITTEE OF THE SENATE OF THE
REPUBLIC OF THE PHILIPPINES TO CONDUCT AN INVESTIGATION IN AID
OF LEGISLATION INTO ABUSIVE AND POSSIBLY ILLEGAL DEBT
COLLECTION PRACTICES OF ONLINE LENDING COMPANIES**

WHEREAS, earlier this year, it was reported that an online lending company had sent a funeral hearse to the residence of one of its debtors with an overdue loan, along with a threat: "Walang nakukulong sa utang, pero may namamatay";

WHEREAS, this kind of harassment is nothing new - for several years, countless Filipinos have found themselves not only deep in debt but also victimized by profane language, a barrage of messages and calls threatening violence, illegal access to contacts lists and file folders, blatant misuse of personal information, public shaming and defamation, and the imposition of ballooning interest rates, often as high as 15% per month;

WHEREAS, the Securities and Exchange Commission ("SEC") exercises regulatory and supervisory authority over lending companies pursuant to Republic Act (R.A.) No. 9474, otherwise known as the Lending Company Regulation Act and, pursuant to this authority, has issued rules prohibiting Unfair Debt Collection Practices (SEC Memorandum Circular No. 18, s. 2019), and setting interest rate ceilings for small, unsecured, general-purpose loans (SEC Memorandum Circular No. 3, s. 2022);

WHEREAS, these abusive acts do not only run contrary to the rules of the SEC, but constitute violations of the Revised Penal Code, the Data Privacy Act (R.A. No. 10173), the Cybercrime Prevention Act (R.A. No. 10175), and the Financial Products and Services Consumer Protection Act (R.A. No. 11765);

WHEREAS, the Philippine National Police Anti-Cybercrime Group (PNP-ACG) has stated even that many perpetrators are foreign-based entities operating lending activities without authorization from the SEC;

WHEREAS, this online lending model apparently originated in the Chinese mainland, with Chinese fintech lenders using the phone contact lists of their borrowers to harass their colleagues, family, and friends;

WHEREAS, despite the effectivity of the SIM Registration Act (R.A. No. 11934) and the efforts of the PNP-ACG, NPC, and SEC to regulate the conduct of online lending companies, illegal and unfair debt collection practices continue to proliferate - seemingly protected by anonymity – adversely affecting the most vulnerable of Filipinos who rely on small short-term loans to meet day-to-day expenses;

WHEREAS, reports indicate that these online money lending operations have also been used to mask illicit cross-border money flows; and

WHEREAS, while debts validly agreed upon must be settled- debtors do not deserve the inhumane turmoil inflicted upon them.

NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED TO CALL FOR THE APPROPRIATE COMMITTEE OF THE SENATE OF THE REPUBLIC OF THE PHILIPPINES TO CONDUCT AN INVESTIGATION IN AID OF LEGISLATION INTO ABUSIVE AND POSSIBLY ILLEGAL DEBT COLLECTION PRACTICES OF ONLINE LENDING COMPANIES

Adopted.


RISA HONTIVEROS
Senator