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**SENATE**

**P.S. RES. No. 21**

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**Introduced by Senator WIN GATCHALIAN**

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**RESOLUTION**

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROLIFERATION OF UNAUTHORIZED ONLINE LENDING APPLICATIONS, AND THEIR EMPLOYMENT OF UNFAIR AND ABUSIVE DEBT COLLECTION PRACTICES**

WHEREAS, in order to curb unfair collection practices in the Philippines employed by financing companies and lending companies, the Securities and Exchange Commission (SEC) has issued Memorandum Circular No. 18 on the "Prohibition on Unfair Debt Collection Practices of Financing Companies (FC) and Lending Companies (LC)" on 19 August 2019;

WHEREAS, in response to complaints from financial consumers that online lending applications (OLAs) are illegally using personal data of clients and those in their contact lists, causing damage to their reputation and violating their rights as data subjects, the National Privacy Commission (NPC) has issued Circular 20-01 in 2020, barring OLAs from harvesting personal information for purposes of harassing delinquent borrowers;[1]

WHEREAS, in 2022, Republic Act (RA) No. 11765 or the "Financial Products and Services Consumer Protection Act" was enacted. The said measure expressly prohibits financial service providers from employing abusive collection or debt recovery practices against financial consumers;

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[1] National Privacy Commission, *Online lenders barred from harvesting borrowers' phone and social-media contact list, says Privacy Commission*, NPC, *at* https://privacy.gov.ph/online-lenders-barred-from-harvesting-borrowers-phone-and-social-media-contact-list-says-privacy-commission/ (last visited July 12, 2025).

WHEREAS, notwithstanding the express prohibition against abusive debt collection practices under RA No. 11765, as well as under other administrative regulations, various law enforcement agencies continue to receive numerous reports and complaints against OLAs that continue to employ unfair and abusive practices in collecting debts;

WHEREAS, during a public briefing last 09 July 2025, the Presidential Anti-Organized Crime Commission (PAOCC) has reported that around 15,000 complaints against abusive online lending apps have already been filed with PAOCC, with numerous victims reporting that they have experienced severe harassment when they struggled to repay their loans. Meanwhile, different law enforcement agencies are receiving as many as 156,000 complaints each month against abusive OLAs;[2]

WHEREAS, according to PAOCC, victims of abusive OLAs are often low-income Filipinos who resort to borrowing from OLAs for emergency cash to pay essentials, such as rent, medical bills, or tuition. Instead of receiving help, these vulnerable individuals fall prey to unscrupulous lenders who employ intimidation, harassment, and abuse during debt collection;[3]

WHEREAS, abusive OLAs not only charge unreasonably high rates of interest, sometimes reaching as high as 50%,[4] some have also been reported to use personal information against borrowers, sending threats on social media or messaging co-workers and relatives of borrowers with obscene or defamatory messages when borrowers fail to pay. Some victims have also reported that some unscrupulous OLAs post edited photos on social media to shame non-paying borrowers;[5]

WHEREAS, the unfair debt collection tactics employed by OLAs have forced many victims to resign from their jobs and isolate themselves, often causing severe mental and psychological distress among borrowers;[6]

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[2] SheryLin Untalan, *PAOCC: 15,000 complaints filed vs. online lending apps*, GMA NEWS ONLINE, *at* https://www.gmanetwork.com/news/topstories/nation/952074/paocc-15-000-complaints-filed-vs-online-lending-apps/story/ (last visited July 13, 2025).
[3] *Id.*
[4] Tatiana Maligro, *PAOCC launches one-stop shop for online lending victims*, RAPPLER, *at* https://www.rappler.com/business/paocc-launches-one-stop-shop-online-lending-victims/ (last visited July 13, 2025).
[5] *Supra* note 2.
[6] *Id.*

WHEREAS, the PAOCC has reported the tragic death of a resident of Valenzuela City who died by suicide on 04 July 2025 after enduring sustained harassment and psychological abuse from an OLA. Initial information reveals that the victim has suffered repeated threats, intimidation, and public shaming in the hands of an OLA, contributing to the victim's emotional distress, loss of employment, and even family problems;[7]

WHEREAS, given the prevalence of abusive debt collection practices employed against vulnerable and cash-strapped Filipinos, the government has formally launched a major campaign to crack down on abusive OLAs. As of February 2025, the PAOCC has successfully banned 27 administrators and 89 online scam loan pages from the internet through coordination with international counterparts. Meanwhile, the SEC has already ordered the removal and blocking of several OLAs found operating without the necessary registration and licenses;[8]

WHEREAS, along with the online gambling boom in the Philippines, the country has also seen an uptick in cases where online gambling has torn families apart, depleted savings, and pushed students into financial ruin.[9] Posts and confessions on various online fora show that OLAs have been used as a last resort by many individuals seeking money to finance their online gambling addiction;

WHEREAS, the often unconscionable loan terms imposed by some OLAs further aggravate the plight of Filipinos struggling with online gambling addiction, trapping them in a vicious debt cycle of turning to OLAs for easy funding for online gambling, and continuously gambling to recoup losses and find a way to pay off excessive interests and surcharges imposed by OLAs. Meanwhile, the unfair and abusive debt collection practices employed by OLAs further add to the emotional and psychological burden already endured by Filipinos struggling with online gambling addiction;

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[7] Presidential Anti-Organized Crime Commission, *PAOCC mourns the death of OLA victim due to abusive online lending apps, at* https://www.facebook.com/paoccgovph/posts/PAOCC-MOURNS-THE-DEATH-OF-OLA-VICTIM-DUE-TO-ABUSIVE-ONLINE-LENDING-APPSthe-presi/122244417356226103/ (last visited July 13, 2025).

[8] Benjamin Pulta, *PAOCC: Crackdown on abusive online lending apps launched*, PNA, at https://www.pna.gov.ph/articles/1252241 (last visited July 14, 2025).

[9] The Straits Times, *One click away: PH grapples with online gambling boom – and doom*, INQUIRER, *at* https://globalnation.inquirer.net/284594/one-click-away-ph-grapples-with-online-gambling-boom-and-doom (last visited July 13, 2025).

WHEREAS, considering that as of 2021, an estimated 34.3 million Filipino adults remain without access to formal financial accounts,[10] there is a need to expand financial inclusion in the Philippines through the establishment of appropriate and accessible financial products and services, and by increasing consumer confidence in financial institutions through the establishment of standards and safeguards that will protect financial consumers against abusive practices of financial institutions;

NOW THEREFORE BE IT RESOLVED, as it is hereby resolved, to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, on (1) the proliferation of unauthorized online lending applications, and (2) the employment of abusive debt collection practices by online lending applications to the detriment of financial consumers, with an end in view of identifying legal and policy gaps, and strengthening measures to protect financial consumers against unfair and abusive debt collection practices.

*Adopted,*

**WIN GATCHALIAN**

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[10] Bangko Sentral ng Pilipinas, *2021 Financial Inclusion Survey*, BSP, *at* https://www.bsp.gov.ph/Inclusive%20Finance/Financial%20Inclusion%20Reports%20and%20Publications/2021/2021FISToplineReport.pdf (last visited July 14, 2025).