



HOUSE OF REPRESENTATIVES

House Bill No. **7698**

Introduced by Representative Victor A. Yap

EXPLANATORY NOTE

The President's marching order is clear. Protect our people and clear the country of loan sharks.

For decades, Filipinos particularly those of lower income groups have been held hostage by persons and companies offering to loan money and credit accommodations with low security requirements but high interest rates. Since poor people cannot comply with the requirements of banks, they are forced to engage with loan sharks. Instead of being able to use the money to improve their lives, our people are being buried in a debt trap.

The Securities and Exchange Commission has intensified the implementation of Republic Act No. 9474 or the Lending Company Regulation Act of 2007, yet this does not seem to deter the loan sharks from continuing their criminal activities. Informal lenders responsible for 5-6 schemes persist to peddle in low income areas of the country. These parasites enrich themselves through fraudulent machinations at the expense of our poor citizens.

We, as legislators, need to do more. We have to put and end to this savage practice that destroys the lives of the poorest of our people.

This bill seeks to penalize any natural or juridical person that offers credit or engages loaning activities that charges an interest rate of more than Three Percent (3%) per month to individuals that has an income that does not exceed Two Hundred Fifty Thousand Pesos (P250,000). Those that will be found guilty of violating this Act shall suffer the penalty of One (1) year to Five (5) years imprisonment and a fine of One Hundred Thousand Pesos (P100,000.00) to Five Hundred Thousand Pesos (P500,000) at the discretion of the Court.

Our economy is on the rise. Progressive development requires that each and every Filipino feel the economic development of our country. To achieve this, we must protect the people from the evils that prey on our society.

In the interest of justice and equity, the immediate approval of this legislation is earnestly sought.


REP. VICTOR A. YAP
Second District, Province of Tarlac

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AN ACT
PENALIZING UNCONSCIONABLE LENDING ACTIVITIES OF LOAN SHARKS, AND
PROVIDING PENALTIES THEREFOR

Be it enacted by the Senate and House of Representatives in Congress assembled:

SECTION 1. Title. - This Act shall be known as the “*Protection Against Loan Sharks Act of 2018*”.

SECTION 2. Declaration of Policy.— The State has constitutionally-declared policies to serve and protect the people, particularly the poor. To this end, the State shall outlaw credit and lending activities of loan sharks and ensure that the people are protected from accruing unconscionable indebtedness.

SECTION 3. Prohibited Acts. –Any person, natural or juridical, soliciting, undertaking credit or loaning activities that charges an interest rate of more than Three Percent (3%) per month to individuals that has an income that does not exceed Two Hundred Fifty Thousand Pesos (P250,000) shall be guilty of illegal credit or lending and upon conviction shall be penalized as provided in Section 4 hereof.

SECTION 4. Penalties – Any person found guilty of violating the provisions of this Act shall suffer the penalty of One (1) year to Five (5) years imprisonment and a fine of One Hundred Thousand Pesos (P100,000.00) to Five Hundred Thousand Pesos (P500,000) at the discretion of the Court.

SECTION 5. Implementing Rules and Regulations. – The Department of Justice (DOJ), in coordination with the Securities and Exchange Commission (SEC), shall have the joint responsibility for the adoption of the implementing rules of this Act

1 **SECTION 6. *Separability Clause*** – If any section or provision of this Act shall be
2 declared unconstitutional or invalid, the sections or provisions not affected thereby shall remain
3 in full force and effect.

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5 **SECTION 7. *Repealing Clause*** – All laws, acts, decrees, executive orders, rules and
6 regulations or other issuance or parts thereof, which are not consistent with this Act, are hereby
7 modified and repealed.

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9 **SECTION. 8. *Effectivity***– This Act shall take effect fifteen (15) days after its
10 publication in two (2) newspapers of national circulation.

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12 Approved,