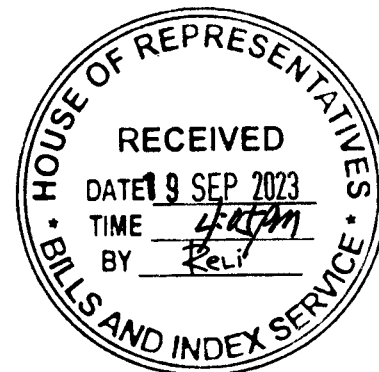


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

NINETEENTH CONGRESS
Second Regular Session

House Bill No. **9262**



Introduced by **HON. NICANOR M. BRIONES**
Representative, AGAP Party List

EXPLANATORY NOTE

The State constitutionally upholds the policy of promoting a just and dynamic social order that frees the people from poverty (1987 Constitution, Article II Section 9). Moreover, under Article XII Section 6, the State is duty-bound to promote distributive justice and intervene, when the common good so demands, in the person's right to own, establish, and operate economic enterprises.

The pandemic has undoubtedly affected the livelihood of many Filipinos. Most struggled to overcome various economic losses. This led to an influx of loan applications to private and public lending institutions. However, instead of easing the plight of Filipinos, some private lending entities took advantage of the situation and imposed unconscionable interest rates and penalty fees. Given the ease of getting loan approvals from them, people are constrained to avail of such loans, turning a blind eye to the unjust terms and conditions out of necessity and desperation.

The Securities and Exchange Commission (SEC) reportedly received numerous complaints from financial consumers about abusive lending practices since 2020. Predatory lenders take advantage of the situation of its clients by imposing interest rates which are excessive, unconscionable, or exorbitant, apart from the penalty interest if debt remains unpaid, contrary to law.

With the issuance of Bangko Sentral ng Pilipinas (BSP) Circular No. 905 in 1982, the implementation of Republic Act No. 2655, otherwise known as the Usury Law, has long been suspended. This effectively removed ceiling on stipulated interest rates for loans or forbearance of any money, goods, or credits.

Hence, this bill is filed with the intent of preventing and addressing the

rampant abusive lending practices, particularly the imposition of exorbitant interest rates, which are inimical to public interest especially in times of great crisis. This bill prescribes a twelve percent (12%) maximum on stipulated interest rate per annum, including commissions, and premiums, on secured loan or forbearance of any money, goods, or credits, regardless of maturity, or any obligations consisting in the payment of sum of money. Meanwhile, for unsecured loans or forbearances stated above, there shall be a ceiling rate of twenty four percent (24%) for interest rates expressly provided. This bill also provides for penalties for the violation of this Act.

Given the extraordinary economic crisis brought by the pandemic, it is imperative that we continue to protect the welfare of our fellow Filipinos while sustaining and reviving economic activities in the country. With the foregoing premises considered, the approval of this bill is earnestly sought.



NICANOR M. BRIONES
Representative
AGAP Partylist

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AN ACT
SETTING THE CEILING INTEREST RATES ON LOANS, FORBEARANCE
OF MONEY, GOODS OR CREDIT, OR ANY MONETARY OBLIGATIONS,
AND PROVIDING PENALTIES THEREFOR

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

SECTION 1 Short Title of Act. - This Act shall be known as "Anti-Usury Law of 2023".

SEC. 2. Declaration of Policy. - It is hereby declared policy of the State to protect, promote, and regulate the economic interest of its citizens. Towards this end, this Act seeks to prevent creditors from imposing unconscionable, excessive, oppressive, and exorbitant interest rates on loans or forbearance of any money, goods, or credits or any obligations consisting in the payment of a sum of money.

SEC. 3. Ceiling Interest Rates on Secured and Unsecured Loans, Forbearance of Money, Goods, or Credit, or Monetary Obligations. -

- a. The rate of stipulated interest, including commissions and premiums, on a loan or forbearance of any money, goods, or credits, where such loan or forbearances is secured in whole or in part by a mortgage upon real property the title to which is duly registered, or by any document conveying such real property or an interest therein, or by a personal property or movable collateral, regardless of maturity, or any obligations consisting in the payment of sum of money, that may be charged or collected by any person, whether natural or juridical, shall not be more than twelve percent (12%) per annum.
- b. In cases of unsecured loan or forbearance of any money, goods, or

credits, regardless of maturity, or any obligations consisting in the payment of sum of money, the rate of stipulated interest, including commissions and premiums that may be charged or collected by any person, whether natural or juridical, shall not be more than twenty four percent (24%) per annum.

For purposes of this Act, juridical persons shall include, but not limited to, lending company as defined under Republic Act No. 9474 or Lending Company Regulation Act of 2007, financing company as defined under Republic Act No. 8556 or the Financing Company Act of 1998, banks as defined under Republic Act No. 8791 or the General Banking Act of 2000, credit card companies, pawnshops, investment houses, savings and loan associations, mortgage companies, insurance companies, cooperatives, operators of Online Lending Platforms (OLPs) as defined under Securities and Exchange Commission Memorandum Circular No. 10, series of 2021, and other similar financial or credit institutions already regulated by law.

Other charges shall include, but not be limited to, transaction fee, finance charges, cash advance service charge, discount charges, and penalties for late payments.

SEC. 4. Penalties. – Any person who shall violate this Act shall be punished by imprisonment of not less than six (6) years but not more than twelve (12) years, or a fine minimum of Three Hundred Thousand Pesos (Php 300,000.00), or both, in the discretion of the court.

In case of a partnership, association, corporation, or any juridical person, the penalty shall be imposed upon the president, treasurer, or any other officer or person responsible for the violation. In addition, the license to operate the business establishment shall be suspended for one (1) year for the first offense and cancelled for the second offense.

If the offender is an alien, he shall, after service of sentence, be deported immediately without further proceedings.

SEC. 9. Implementing Rules and Regulations. – Within sixty (60) days from the effectivity of this Act, the Bangko Sentral ng Pilipinas shall promulgate the necessary rules and regulations to carry out the provisions of this Act.

SEC. 12. Separability Clause. – If any provision of this Act shall be held unconstitutional or invalid, the remaining provisions which are not affected thereby shall continue to be in full force and effect.

SEC. 13. Repealing Clause. – All laws, decrees, executive orders, rules and regulations, and other issuances, or parts thereof, contrary to or inconsistent with this Act are hereby modified, amended or repealed accordingly.

SEC. 14. *Effectivity*. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,