Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5283

Introduced by **REPRESENTATIVE AUDREY KAY T. ZUBIRI**

AN ACT
STRENGTHENING THE REGULATORY FRAMEWORK FOR LENDING COMPANIES BY INSTITUTING GOVERNANCE FOR DIGITAL LENDING PLATFORMS, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 9474, OTHERWISE KNOWN AS THE "LENDING COMPANY REGULATION ACT OF 2007', AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Republic Act No. 9474, or the "Lending Company Regulation Act of 2007" was a landmark legislation that provided the foundational rules for the operation of lending companies in the country. However, the financial landscape has undergone a seismic shift since its enactment. The rise of the digitalization, internet, and artificial intelligence has given birth to a prolific online lending industry that operates at a scale and speed unforeseen in 2007.

While beneficial for financial inclusion, this digital revolution has outpaced our existing laws. The current minimum capitalization requirement of a mere PhP1 million is grossly inadequate, allowing for the proliferation of unstable, irresponsible operators who pose a systemic risk. Predatory practices, data privacy violations, and cyber-harassment have become rampant, facilitated by regulatory loopholes in a law not designed for the digital age.

In view of the foregoing, this proposed measure seeks to modernize and fortify RA No. 9474 to address the realities of the modern economy. It introduces critical amendments to increase financial stability, create a unified regulatory command, and introduce digital governance.

By amending the existing law, we provide a seamless, integrated legal framework rather than a fragmented set of rules. This measure will protect Filipino consumers, foster a stable financial system, and ensure that innovation in lending is both responsible and sustainable.

Considering the foregoing, the urgent passage of this bill is earnestly sought.

AUDREY KAY T. ZUBIRI
Representative, 3rd District of Bukidnon

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

SECTION 1. Short Title. - This Act shall be known as the "Philippine Online Lending Act of 2025"

SEC. 2. Section 3 of Republic Act No. 9474 is hereby amended to insert a new paragraph (h) which shall read as follows:

"SEC. 3. Definition of Terms. - For purposes of implementing this Act, the following definitions shall apply:

xxx

(H) ONLINE LENDING PLATFORM (OLP) REFERS TO ANY DIGITAL MEANS, INCLUDING MOBILE APPLICATIONS, WEBSITES, OR OTHER ONLINE PORTALS, THAT FACILITATES ALL STAGES OF THE LENDING PROCESS. THIS SHALL INCLUDE, BUT NOT LIMITED TO, CLIENT ACQUISITION AND MARKETING, LOAN APPLICATION, CREDIT ASSESSMENT AND SCORING, LOAN DISBURSEMENT, AND LOAN COLLECTION. THE TERM SHALL COVER PLATFORMS THAT ACT AS MARKETPLACES CONNECTING BORROWERS AND LENDERS, AS WELL AS THOSE DIRECTLY OPERATED BY A LENDING COMPANY"

SEC. 3. Section 5 of the RA No. 9474, otherwise known as the Lending Company Regulation Act of 2007", is hereby amended to read as follows:

"SEC. 5. CAPITAL. – THE MINIMUM PAID-IN CAPITAL OF ANY LENDING COMPANY WHICH MAY BE ESTABLISHED AFTER THE EFFECTIVITY OF THIS ACT SHALL BE IN ACCORDANCE WITH THE FOLLOWING TIERS:

(A) ONE HUNDRED MILLION PESOS (PHP100,000,000.00) FOR LENDING COMPANIES THAT DO NOT OWN, OPERATE, OR UTILIZE AN ONLINE LENDING PLATFORM (OLP).

(B) ONE HUNDRED FIFTY MILLION PESOS (PHP150,000,000.00) FOR LENDING COMPANIES THAT OWN, OPERATE, MANAGE, OR UTILIZE AN OLP AS DEFINED UNDER THIS ACT.

THE SEC IS HEREBY AUTHORIZED, IN CONSULTATION WITH THE INTER-AGENCY COUNCIL ON ONLINE LENDING, TO PRESCRIBE A HIGHER MINIMUM CAPITALIZATION FOR ANY OR ALL TIERS IF CONDITIONS OR POLICY CONSIDERATIONS SO WARRANT."

SEC. 4. A new Section, designated as Section 12 after *Section 11 on Delineation of Authority between SEC and the BSP*, is hereby inserted into the Republic Act No. 9474 to read as follows:

"SEC. 12. INTER-AGENCY COUNCIL ON ONLINE LENDING (I-COOL). – THERE IS HEREBY CREATED AN INTER-AGENCY COUNCIL TO SERVE AS THE CENTRAL BODY FOR THE POLICY, REGULATION, AND SUPERVISION OF THE DIGITAL LENDING INDUSTRY.

(A) COMPOSITION. – THE COUNCIL SHALL BE COMPOSED OF SENIOR OFFICIALS FROM THE SECURITIES AND EXCHANGE COMMISSION (SEC) AS CHAIRPERSON, THE NATIONAL PRIVACY COMMISSION (NPC), THE BANGKO SENTRAL NG PILIPINAS (BSP), THE PHILIPPINE NATIONAL POLICE (PNP) ANTI-CYBERCRIME GROUP,

PRESIDENTIAL ANTI-ORGANIZED CRIME COMMISSION (PAOCC), AND THE DEPARTMENT OF TRADE AND INDUSTRY (DTI).

(B) POWERS AND FUNCTIONS. – THE COUNCIL SHALL HAVE THE SOLE AUTHORITY TO:

1. **PROMULGATE THE UNIFIED IMPLEMENTING RULES AND REGULATIONS (IRR) FOR ALL MATTERS RELATED TO DIGITAL AND ONLINE LENDING.**
2. **ESTABLISH AND OPERATE A "ONE-STOP-SHOP" COMPLAINT MECHANISM WHERE THE PUBLIC CAN FILE ALL COMPLAINTS RELATED TO LENDING COMPANIES, WHICH THE COUNCIL SHALL THEN INTERNALLY ENDORSE TO THE APPROPRIATE MEMBER AGENCY FOR ACTION.**
3. **COORDINATE AND DIRECT JOINT ENFORCEMENT ACTIONS AGAINST VIOLATORS OF THIS ACT.**
4. **REQUIRE DIGITAL APPLICATION STORES TO REMOVE OR BLOCK LENDING APPLICATIONS REPORTED BY THE COUNCIL AS UNLICENSED OR NON-COMPLIANT."**

SEC. 5. A new Section, designated as Sec. 13, is hereby inserted into the RA No. 9474 to read as follows:

"SEC. 13. THE ONLINE LENDING REGULATION FUND. – ALL REGISTRATION, FEES, FINES, AND PENALTIES COLLECTED UNDER THIS ACT SHALL ACCRUE TO A SPECIAL TRUST FUND TO BE ADMINISTERED BY THE COUNCIL. THIS FUND SHALL BE EXCUSED EXCLUSIVELY TO HIRE PERSONNEL, PROCURE TECHNOLOGY, AND FUND THE OPERATIONS NEEDED TO EFFECTIVELY IMPLEMENT THIS ACT."

SEC. 6. – A new Section, designated as Sec. 14, is hereby inserted into the RA No. 9474 to read as follows:

"SEC. 14. MANDATORY TECHNICAL ASSESSMENT. – THE SECURITIES AND EXCHANGE COMMISSION SHALL REQUIRE ALL LENDING COMPANIES OPERATING AN OLP TO UNDERGO A TECHNICAL AND SECURITY CERTIFICATION FROM THE COUNCIL AS A PREREQUISITE FOR THE ISSUANCE OF ITS LICENSE TO OPERATE AND EVERY TWO (2) YEARS THEREAFTER."

SEC. 7. – A new Section, designated as Sec. 15, is hereby inserted into RA No. 9474 to read as follows:

"SEC. 15. AUTOMATED SYSTEMS FOR CREDIT SCORING. – ANY LENDING COMPANY USING AUTOMATED SYSTEMS FOR CREDIT SCORING MUST ENSURE ITS MODELS ARE TRANSPARENT, FAIR, AND EXPLAINABLE. BORROWERS SHALL HAVE THE RIGHT TO BE INFORMED OF THE JUSTIFICATION BEHIND ANY ADVERSE AUTOMATED DECISION."

SEC. 8. - A new Section, designated as Sec. 16, is hereby inserted into RA No. 9474 to read as follows:

"SEC. 16. DATA PRIVACY AND EXPLICIT CONSENT. – CONSENT FOR DATA PROCESSING MUST BE OBTAINED THROUGH A SEPARATE, STANDALONE FORM, DISTINCT FROM THE PRIMARY LOAN AGREEMENT. IT SHALL NOT BE A PRECONDITION FOR LOAN APPROVAL. FURTHER, IT SHALL BE UNLAWFUL FOR A LENDING COMPANY TO ACCESS A BORROWER'S PHONE CONTACT LIST OR SOCIAL MEDIA ACCOUNTS. FURTHERMORE, IT SHALL LIKEWISE BE UNLAWFUL TO CONTACT ANY THIRD PARTY WHO IS NOT A SIGNATORY TO THE LOAN FOR THE PURPOSE OF DEBT COLLECTION OR SHAMING."

SEC. 9. A new Section, designated as Sec. 17, is hereby inserted into RA No. 9474 to read as follows:

"SEC. 17. PROHIBITED ACTS. – IT SHALL BE UNLAWFUL FOR ANY LENDING COMPANY OR ITS AGENTS TO:

(a) ENGAGE IN THE UNFAIR DEBT COLLECTION PRACTICES ENUMERATED IN REPUBLIC ACT NO. 11765, OR THE "FINANCIAL PRODUCTS AND SERVICES CONSUMER PROTECTION ACT."

(b) DISCLOSE OR THREATEN TO DISCLOSE THE BORROWER'S DEBT INFORMATION TO THIRD PARTIES WHO ARE NOT PRIVY TO THE LOAN AGREEMENT, INCLUDING THROUGH POSTS ON SOCIAL MEDIA.

(c) USE THREATS, PROFANE LANGUAGE, OR MISREPRESENT ONESELF AS A LAWYER OR MEMBER OF LAW ENFORCEMENT TO COLLECT A DEBT.

(d) OPERATE AN OLP WITHOUT THE MANDATORY TECHNICAL AND SECURITY CERTIFICATION REQUIRED BY THIS ACT."

SEC. 10. Section 12 of RA No. 9474 is hereby amended to read as follows:

"SEC. 12. PENALTY. – A fine of not less than **TWO MILLION PESOS (PHP2,000,000.00) BUT NOT MORE THAN TEN MILLION PESOS (PHP10,000,000.00) OR IMPRISONMENT OF NOT LESS THAN TWO (2) YEARS BUT NOT MORE THAN TEN (10) YEARS, OR BOTH, AT THE DISCRETION OF THE COURT, SHALL BE IMPOSED UPON:**

1. Any person who shall engage in the business of a lending company without a validly subsisting authority to operate from the SEC.
2. The president, treasurer, and other officers of the corporation, including the managing officer thereof, who shall knowingly and willingly:
    a. Engage in the business of a lending company without a validly subsisting authority to operate from the SEC;
    b. Hold themselves out to be a lending company, either through advertisement in whatever form, whether in its stationery, commercial paper, or other document, or through other representations without authority;
    c. Make use of a trade or firm name containing the words "lending company" or "lending investor" or any other designation that would give the public the impression that it is engaged in the business of a lending company as defined in this Act without authority; and
    d. Violate the provisions of this Act.

3. Any officer, employee, or agent of a lending company who shall:
    a. Knowingly and willingly make any statement in any application, report, or document required to be filed under this Act, which statement is false or misleading with respect to any material fact; and
    b. Overvalue or aid in overvaluing any security for the purpose of influencing in any way the action of the company in any loan, or discounting line.

4. Any officer, employee or examiner of the SEC directly charged with the implementation of this Act or of other government agencies who shall commit, connive, aid, or assist in the commission of acts enumerated under Subsections 1 and 2 of this Section.

SEC. 11. Transitory Provisions. – All existing lending companies shall be given a period of two (2) years from the effectivity of this Act to comply with the new minimum capitalization requirements prescribed in Section 2 hereof.

SEC. 12. Implementing Rules and Regulations (IRR). – Within ninety (90) days from the effectivity of this Act, the Inter-Agency Council on Online Lending shall promulgate the necessary rules and regulations to implement the provisions of this Act.

SEC. 13. Separability Clause. – If any provision of this Act is held invalid, the other provisions not affected thereby shall remain in full force and effect.

SEC. 14. Repealing Clause. – All laws, decrees, executive orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

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

Approved,