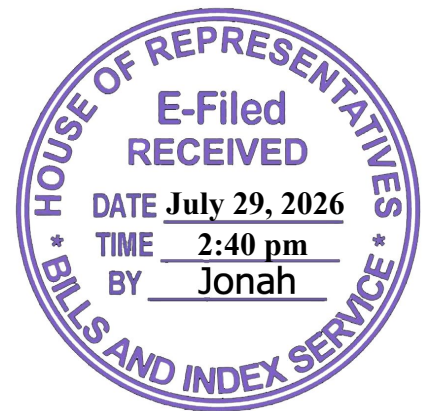


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City
Twentieth Congress
Second Regular Session



House Bill No. 10366

Introduced by Honorable Representatives
JOSE MANUEL TADEO “CHEL” I. DIOKNO (Akbayan Partylist)
PERCIVAL V. CENDAÑA (Akbayan Partylist)
DADAH KIRAM ISMULA (Akbayan Partylist)
KAKA BAG-AO (Dinagat Islands)

AN ACT
PROTECTING CONSUMERS FROM UNFAIR, DECEPTIVE, AND
ABUSIVE ONLINE LENDING PRACTICES, ESTABLISHING THE
VICTIM COMPENSATION BOARD FOR ONLINE LENDING ABUSES
FOR THE PURPOSE, PROVIDING PENALTIES FOR VIOLATIONS
THEREOF, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The rapid growth of digital technology has created a new market for money lending in the Philippines. Through mobile applications, websites, and digital installment platforms, Filipinos gain easy access to emergency funds as needed. With just a phone or mobile device and genuine identification, any Filipino can loan from recognized online lending platforms. For many Filipinos in need, online lending has become an accessible and convenient source of funds.

The online lending market is not entirely unregulated. Existing laws already provide an important baseline framework for the operation of lending businesses and the protection of borrowers. Republic Act No. 3765, or the Truth in Lending Act, requires creditors to disclose all charges and costs of the loan, including interest rates, charges, and the total amount payable. This information is given to enable borrowers to make informed financial decisions. Republic Act No. 9474, or the Lending Company Regulation Act of 2007, governs the establishment and operation of lending companies and requires their registration and supervision by the Securities and Exchange Commission. Republic Act No. 11765, or the Financial Products and Services Consumer Protection Act, imposes standards of fair dealing, transparency, responsible pricing, and consumer protection in the offering of financial

products and services. Republic Act No. 10173, or the Data Privacy Act of 2012, regulates the collection, processing, storage, use, disclosure, and protection of personal information or sensitive personal information, including borrower information obtained through digital lending platforms.

However, the digital lending market still remains vulnerable to abuse. Despite the existing laws and other regulations, predatory practices continue to persist on a disturbing scale.¹ These include threats, the use of obscene or abusive language, public shaming, the dissemination of personal information, fabricated legal notices, and the use of borrowers' contact lists or private data to intimidate family members, friends, co-workers, and employers.² Borrowers remain exposed to excessive and unconscionable interest rates, deceptive pricing structures, hidden service charges, and loan designs that trap them in cycles of rollover and over-indebtedness.

The continued proliferation of unregistered online lending applications further aggravates the problem. According to the Cybercrime Investigation and Coordinating Center, from January to February 2026 alone, more than ₱8 million has already been lost from the pockets of citizens due to abusive and fraudulent online lending applications.³

In light of these troubling circumstances, the law must evolve to address the realities of modern credit delivery. It is no longer sufficient to regulate electronic transactions and to require only formal disclosures. The State must also ensure that digital loan or lending products are fair in structure, transparent in cost, proportionate in their collection and use of personal information, and humane in enforcement.

Further, individuals most affected by abusive online lending practices are frequently those with limited financial resources and financial literacy. Among them are domestic workers, construction workers, vendors, and drivers. Given their limited access to legal and financial information, it is imperative that

¹ Department of Information and Communications Technology, National Privacy Commission & Securities and Exchange Commission, Public Advisory on Online Lending Platforms (Mar. 2026), <https://privacy.gov.ph/wp-content/uploads/2026/03/DICT-NPC-SEC-Public-Advisory-on-Online-Lending-Platforms.pdf>

² Mary Joy Salcedo, Around 300 complaints filed vs abusive online lending apps — PAOCC, INQUIRER.net (Sept. 10, 2025, 4:46 PM), <https://newsinfo.inquirer.net/2107335/around-300-complaints-filed-vs-abusive-online-lending-apps-paocc>

³ Andrea Taguines, Gov't Cracks Down on Unregistered Online Lending Apps as More Filipinos Fall Victim to Modus, ABS-CBN News (Feb. 27, 2026, 7:07 PM), <https://www.abs-cbn.com/news/business/2026/2/27/gov-t-cracks-down-on-unregistered-online-lending-apps-1907>

loan agreements and disclosures be provided in a language familiar to them and expressed in plain, clear, and understandable terms.

Hence, the Anti-Online Lending Abuse Act which seeks to: (1) define and protect the rights of borrowers of online lending platforms; (2) define the duties and responsibilities of online lending platforms; (3) limit the charges and total repayment amounts in online lending; (4) enumerate the prohibited acts in online lending and debt collection; and (5) establish a Victim Compensation Board for Online Lending Abuses.



JOSE MANUEL TADEO “CHEL” I. DIOKNO
Akbayan Representative



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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 will be known as the “Anti-Online Lending Abuse Act.”

CHAPTER I

GENERAL PROVISIONS

Section 2. Declaration of Policy. —It is the policy of the State that:

- a. The dignity, privacy, and financial welfare of borrowers must be protected from abusive, deceptive, and predatory practices in the provision and collection of loans.
- b. Online lending services must operate within a fair, transparent, and accountable regulatory framework.
- c. Effective safeguards must be in place against unlawful debt collection practices and the misuse of personal information or sensitive personal information.
- d. Online lending platforms must promote financial inclusion while adhering to consumer protection standards and responsible lending practices.

Section 3. Definition of Terms. - For purposes of this Act, the following terms shall mean:

- a. **Borrower** - refers to any natural person who obtains or applies for a loan through an online lending platform.
- b. **Collection agent** - refers to any natural or juridical person authorized, contracted, or engaged by an online lender to collect payments, communicate with borrowers regarding outstanding obligations, or otherwise perform debt collection activities on behalf of the online lender.
- c. **Covered online lending activities** - refer to the offering, marketing, facilitation, origination, servicing, or collection of loans through an online lending platform where the borrower resides within the Philippines.
- d. **Hidden charges** - refer to any fee, charge, or cost imposed in connection with a loan that is not clearly and fully disclosed to the borrower prior to the execution of the loan agreement or prior to the disbursement of the loan proceeds.
- e. **Online lender** - refers to any natural or juridical person or entity engaged in the business of extending credit through an online lending platform, including lending or financing companies or any entity that holds itself out to the public as offering or facilitating loans through digital means.
- f. **Online lending platform** - refers to any mobile lending application, website, or other financial technology-enabled program or system where the services and products of a financing or lending company are made available.
- g. **Personal information** - refers to any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual.
- h. **Sensitive personal information** refers to personal information:

- (1) About an individual's race, ethnic origin, marital status, age, color, and religious, philosophical or political affiliations;
- (2) About an individual's health, education, genetic or sexual life of a person, or to any proceeding for any offense committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings;
- (3) Issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers, previous or current health records, licenses or its denials, suspension or revocation, and tax returns; and
- (4) Specifically established by an executive order or an act of Congress to be kept classified.

Section 4. Scope and Coverage. - The provisions of this Act apply to all covered online lending activities.

This Act does not apply to banks and financial institutions regulated by the Bangko Sentral ng Pilipinas (BSP), except insofar as such institutions operate online lending platforms that function independently from their regulated banking activities or that are offered through separate digital lending applications.

Nothing in this Act shall be construed to prevent or limit the exercise of regulatory authority over online lending activities by the Securities and Exchange Commission (SEC), the Department of Trade and Industry (DTI), the National Privacy Commission (NPC), or any other relevant agencies.

CHAPTER II

RIGHTS AND OBLIGATIONS

Section 5. Rights of Borrowers. - Borrowers have the following rights:

- a. Right to Transparent Loan Terms. - The borrower has the right to clear and transparent loan terms, including but not limited to the duration of the loan agreement, the applicable interest rate, the mode and schedule of payment, and all applicable fees and charges.

- b. Right to Data Transparency and Protection. - The borrower has the right to be informed, in concise language they are familiar with, of the purpose of the collection of their personal information or sensitive personal information, the manner in which such data will be stored or processed, and the identity of the entity responsible for storing or processing such data. In no case shall the data be disseminated to collection agents or any other third party without the borrower's express lawful consent, except as may be authorized by law.
- c. Right to Proper Accounting of Obligations. - The borrower has the right to receive, before and during the loan, a clear and itemized disclosure of all payments due, including the principal, interest rate, penalties, and all other charges imposed in a manner that allows full understanding of the cost of credit.
- d. Right to Fair and Dignified Debt Collection. - The borrower has the right to be treated with dignity and respect in the collection of debts and shall not be subjected to any acts of harassment, coercion, public shaming, threats, intimidation, or other abusive collection practices.
- e. Right to a Cap on Total Loan Cost. - In no case shall a borrower be required to pay, in the aggregate, interest, fees, charges, penalties, and any other amounts and hidden charges incident to the loan in an amount exceeding one hundred percent (100%) of the original principal actually extended to and received by the borrower. Accordingly, the total amount payable by the borrower for any online loan, inclusive of principal and all interest, fees, charges, penalties, and other amounts and hidden charges, shall not exceed two hundred percent (200%) of the original principal. Any stipulation or collection in excess thereof is void, and the excess must be refunded or credited in favor of the borrower.

Section 6. Duties and Responsibilities of Lenders. - Online lenders shall observe the following duties and responsibilities:

- a. Duty of Fair Dealing. - Online lenders shall deal fairly and in good faith with borrowers at all stages of the lending transaction, including marketing, loan approval, disbursement, servicing, and collection. They shall not employ any false, misleading, deceptive, or unfair act or omission that is likely to mislead or prejudice a borrower.

- b. Duty of Full Disclosure. - Prior to the consummation of any online loan, every online lender shall clearly and conspicuously disclose to the borrower, in concise language that is understandable to the borrower and in an accessible format, the true cost of credit. The disclosure must include the stated interest rate and all fees, charges, penalties, deductions, or other costs or hidden charges required as a condition for the approval, disbursement, renewal, restructuring, servicing, or collection of the loan.
- c. Duty to Assess Ability to Repay. - Online lenders must establish and implement reasonable procedures, including automated checks where appropriate, to determine prior to loan approval whether the borrower has the capacity to repay the loan without suffering serious financial hardship. The extent of such assessment should be proportionate to the size, duration, and repayment structure of the loan, as well as the borrower's borrowing pattern.
- d. Duty to Obtain Informed Consent. - Online lenders must obtain the borrower's express and informed consent to all material loan terms, and such consent should be recorded and made retrievable for verification. Where personal information or sensitive personal information is collected, the lender shall clearly disclose the purpose of such collection, using concise language the borrower is familiar with, and shall ensure that the data will not be disclosed to any collection agent or third party without the express lawful consent of the borrower, except as may be required by law.

CHAPTER III

PROHIBITED AND UNLAWFUL ACTS

Section 7. Prohibited Acts in Online Lending - It shall be unlawful for any online lender or any director, trustee, officer, partner, employee, agent, or third-party service provider thereof to commit or cause the commission of any of the following acts:

- a. Operating without a license;
- b. Misrepresentation regarding the interest, fees, charges, penalties, or any hidden charges on an online loan; or

- c. Rollover or automatic extensions without the borrower's prior specific, informed, and express consent given after full disclosure of the revised loan terms.

Any automatic rollover or renewal made in violation of this Section is void, without prejudice to the borrower's liability for the unpaid principal and lawful charges under the original loan agreement.

Any permissible extension or refinancing shall require a separate and affirmative act of consent by the borrower, preceded by clear disclosure of the total amount due, the additional interest, fees, charges, penalties, and hidden charges to be imposed, the new due date or schedule of payments, and the borrower's right to refuse the rollover and instead settle the obligation under the original terms or avail of lawful restructuring options.

Section 8. Abusive collection methods - It shall be unlawful for any person or entity, including the online lender or its collection agent, to commit, authorize, tolerate, or cause the commission of any act of harassment, intimidation, coercion, public humiliation, or other abusive conduct against a borrower in connection with the payment or collection of an online loan, including the following:

1. Calling, messaging, chatting with, or otherwise making contact with the borrower outside business hours from eight o'clock (8:00) in the morning to five o'clock (5:00) in the afternoon;
2. Public shaming or humiliation;
3. Unauthorized access, use, disclosure, or processing of personal information or sensitive personal information;
4. Calling, messaging, chatting with, or otherwise making contact with any person other than the borrower in connection with the borrower's debt, except solely for the limited purpose of obtaining or verifying the borrower's contact information or address; or
5. Threatening the borrower, his or her relatives, or any of the borrower's contacts, verbally or in writing, including through text messages or social media, with criminal charges or prosecution, including estafa, swindling, and other deceits under the Revised

Penal Code or any other special laws, if it can be reasonably inferred that the same will not prosper.

CHAPTER IV

VICTIM COMPENSATION BOARD

Section 9. Creation of the Board. There is hereby created a Victim Compensation Board for Online Lending Abuses (VCBOLA), hereinafter referred to as the “Board,” which shall be attached to the SEC for administrative supervision.

Section 10. Composition of the Board. - The Board shall be composed of the following:

- a. The SEC Chairperson as Chairperson of the Board;
- b. The DTI Secretary, or an Undersecretary;
- c. The Department of Information and Communications Technology (DICT) Secretary, or an Undersecretary;
- d. The NPC Commissioner, or a Deputy Commissioner;
- e. The BSP Governor, or a Deputy Governor;
- f. One (1) representative from a consumer protection organization; and
- g. One (1) representative from the Integrated Bar of the Philippines (IBP).

Section 11. Powers and Functions. — The Board shall have the following powers and functions:

- a. Receive and adjudicate claims for monetary compensation filed by borrowers who are victims of unlawful, abusive, deceptive, or predatory online lending practices;
- b. Determine the entitlement of borrowers to compensation, including actual damages, moral damages, exemplary damages, and other appropriate reliefs, based on substantial evidence;
- c. Order restitution or refund of unlawfully collected amounts in favor of a borrower, including interest, fees, penalties, charges, and other hidden charges imposed in violation of this Act;

- d. Administer the Victim Compensation Fund as provided under this Act;
- e. Issue subpoenas and require the production of documents, digital records, and other relevant evidence;
- f. Require the assistance of government agencies for the enforcement of its orders; and
- g. Promulgate rules of procedure for the expeditious disposition of claims.

Section 12. Victim Compensation Fund. — A Victim Compensation Fund is hereby established, to be administered by the Board, which shall be used exclusively for the payment of approved claims.

The Fund shall be sourced from:

- a. Fines, penalties, and administrative sanctions collected under this Act;
- b. A mandatory contribution equivalent to one percent (1%) of gross loan disbursements from all registered online lenders, as may be adjusted by the SEC;
- c. Proceeds from forfeited assets of entities found to have engaged in illegal online lending operations; and
- d. Such appropriations as may be provided by Congress.

Section 13. Eligibility and Filing of Claims. — Any borrower who has suffered loss, injury, harassment, unauthorized processing of personal information or sensitive personal information, or financial damage arising from a violation of this Act may file a claim before the Board within three (3) years from the occurrence of the violation.

Section 14. Nature of Proceedings. — Proceedings before the Board shall be summary and non-litigious. They shall not be strictly bound by technical rules of evidence, provided that administrative due process is observed.

Section 15. Relief and Awards. — The Board may grant:

- a. Refund of excess payments;
- b. Compensation for actual financial loss;

- c. Moral and exemplary damages in cases involving harassment, coercion, or public shaming;
- d. Attorney's fees;
- e. Cease-and-desist orders;
- f. Protection orders; and
- g. Such other reliefs as may be just and equitable for the protection of borrowers.

Section 16. Enforceability. — Decisions of the Board shall be final and executory after fifteen (15) days from notice to the parties. A final decision may be enforced by way of a writ of execution.

Section 17. Non-Exclusivity of Remedy. — Recourse to the Board shall not preclude the filing of civil, criminal, or administrative actions under existing laws: *Provided*, That the borrower cannot recover damages twice for the same act or omission.

CHAPTER V

PENALTIES AND LIABILITIES

Section 18. Criminal Liability. Any person who violates the provisions of this Act shall, upon conviction, be punished with imprisonment of not less than three (3) years but not more than six (6) years or a fine of not less than One hundred thousand pesos (₱100,000.00) but not more than One million pesos (₱1,000,000.00), or both at the discretion of the court. If the harassment leads to severe psychological injury, loss of livelihood, or loss of life, the court may impose double the penalties provided herein.

If the offender is a corporation, partnership, or other entity, the penalty shall be imposed upon the responsible officers, directors, partners, or agents.

If the offender made use of an unlicensed or unregistered online lending platform in the commission of the offense, the maximum penalty of imprisonment of six (6) years and a fine of One million pesos (₱1,000,000.00) shall be imposed.

Section 19. Administrative Sanctions. The SEC and the BSP may suspend or permanently revoke the registration or certificate of authority of an online

lender found to have committed a violation of this Act or its implementing rules and regulations.

The NPC may also impose fines for any violation of the Data Privacy Act of 2012, including the malicious act of publicly revealing personal information or sensitive personal information and the unauthorized harvesting of contact lists.

Section 20. Civil Liability and Borrower Redress.

- a. Any provision in a loan agreement found to be unfair, including unconscionable interest rates, hidden charges, or automatic rollovers without prior specific, informed, and express consent shall be rendered void and unenforceable.
- b. Any loan agreement entered into by an unlicensed or unregistered online lending platform shall be deemed unenforceable.
- c. The courts shall have the power to reopen or set aside unjust transactions where the online lender failed to assess if the loan was affordable or suitable for the borrower.

Section 21. Intelligence Gathering. The Presidential Anti-Organized Crime Commission (PAOCC), or its organizational successor-in-interest, is mandated to actively gather intelligence on online lending platforms for the speedy investigation and prosecution of unlicensed or unregistered online lenders in the Philippines. Solely for this purpose, the Philippine National Police, the National Bureau of Investigation, the DICT, and the SEC are mandated to maintain a secure, real-time, and interoperable information-sharing system with PAOCC, which shall include the sharing of information based on complaints and reports received by the agencies. PAOCC is also authorized to coordinate with and enlist the assistance of any department, agency, or instrumentality of government, including government-owned and -controlled corporations, local government units, the private sector, and civil society organizations for the purpose of intelligence gathering under this Section.

Section 22. Cease-and-Desist Order. Upon its finding that an online lending platform is being operated by an online lender in the Philippines without the registration, license, certificate of authority, or other authorization required by law, the SEC shall issue a cease-and-desist order and serve the same upon the

application marketplace, internet intermediary, or other service provider facilitating the availability of such online lending platform in the Philippines. The SEC shall likewise coordinate with the DICT and relevant agencies to cause the delisting, removal, disabling, blocking, or restriction of access to such online lending platform.

CHAPTER VI

FINAL PROVISIONS

Section. 23. Appropriations. – This Act will be implemented initially within the framework of the budgets of the SEC, BSP, DTI, DICT, and NPC, for the year it is enacted into law. Thereafter, the amounts as may be necessary for the implementation of this Act will be included in the budget of these government agencies in the annual General Appropriations Act.

Section. 24. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the SEC, BSP, DTI, DICT, NPC, PAOCC, and representatives of consumer protection organizations must promulgate the necessary rules and regulations to implement its provisions.

Section 25. Separability Clause. – If any part or provision of this Act is declared unconstitutional or invalid, other parts or provisions thereof not affected thereby will continue to be in full force and effect.

Section 26. Repealing Clause. – All laws, presidential decrees, executive orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

Section 27. Effectivity. – This Act takes effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.