

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10887



Introduced by **Representative AGATHA "AGAY" CRUZ**

EXPLANATORY NOTE

A loan application can now be completed in minutes. Unfortunately, so can the harassment that follows it.

Online lending has made credit faster and more accessible to Filipinos who may otherwise have difficulty obtaining funds through traditional channels. The Bangko Sentral ng Pilipinas' 2025 Consumer Finance and Inclusion Survey found that one in four Filipino adults had outstanding loans and noted the growing reach of online lending platforms. The same survey found that speed of loan processing and approval is among the foremost considerations of borrowers. Speed and convenience clearly matter to borrowers, but convenience should not come at the cost of fairness, privacy, or dignity.

In March 2026, the Department of Information and Communications Technology, National Privacy Commission, and Securities and Exchange Commission jointly warned of reports involving online lending platforms engaged in harassment, intimidation, public shaming, and unlawful use of personal data.¹ The advisory reiterated prohibitions against unnecessary access to borrowers' contact lists, contacting persons other than lawful guarantors for debt collection, and using personal data for threatening or unfair collection practices.

Technology has changed not only how quickly people may borrow, but also how much information a lender may attempt to obtain and how easily pressure may be exerted on a borrower. A delinquent loan should not turn a borrower's contact list into a collection directory, a family group chat into a public notice board, or a mobile phone into an instrument of humiliation. A debt is an obligation to pay; it is not a surrender of dignity, privacy, or basic rights.

This bill establishes durable minimum protections for online borrowers without attempting to legislate every technical detail of a rapidly evolving industry. It requires clear disclosure and affirmative acceptance of loan terms; promotes responsible lending;

¹ Joint Public Advisory on Online Lending Platforms (OLPs) issued on 18 March 2026

prohibits undisclosed, excessive, fictitious, and circumvention-based charges; protects borrowers against unnecessary and disproportionate access to personal data; and prohibits harassment, public shaming, false threats, deceptive collection, and demands for payment from persons who never assumed the debt.

This measure likewise ensures that lenders cannot avoid accountability by outsourcing collection or other functions, and extends the core prohibitions to unauthorized online lenders.

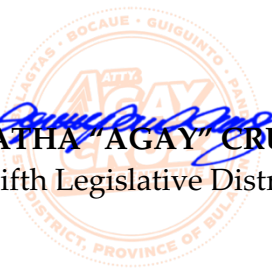
Online lending has made borrowing possible with a few taps on a screen. Our laws must ensure that those few taps do not open the door to hidden charges, harassment, or misuse of a person's private life. Credit may be digital, but the rights on the other side of the screen remain decidedly human.

In view of the foregoing, the immediate enactment of this bill is earnestly sought.



AGATHA "AGAY" CRUZ

Representative, Fifth Legislative District of Bulacan



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HOUSE BILL NO. 10887

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AN ACT
PROTECTING BORROWERS FROM UNFAIR, DECEPTIVE, ABUSIVE, AND
PREDATORY ONLINE LENDING PRACTICES, ESTABLISHING MINIMUM
STANDARDS FOR ONLINE LENDING AND DIGITAL DEBT COLLECTION,
STRENGTHENING ENFORCEMENT AGAINST UNAUTHORIZED ONLINE
LENDING PLATFORMS, AND FOR OTHER PURPOSES

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

1 **Section 1. Short Title.** – This Act shall be known as the “Fair Online Lending Act.”
2

3 **Section 2. Declaration of Policy.** – It is the policy of the State to promote
4 responsible and inclusive access to credit while protecting borrowers from unfair,
5 deceptive, abusive, and predatory online lending practices.
6

7 Towards this end, the State shall promote transparency, responsible lending and
8 pricing, data privacy and security, fair debt collection, effective consumer redress, and
9 accountability of lenders and their service providers, while enabling legitimate innovation
10 and access to credit.
11

12 **Section 3. Definition of Terms.** – As used in this Act:
13

14 (a) *Borrower* refers to a natural person who applies for or obtains a loan through
15 an Online Lending Platform;
16

17 (b) *Collection Agent* refers to any natural or juridical person engaged by or acting
18 on behalf of an Online Lender or Unauthorized Online Lender to collect or
19 recover a loan obligation or communicate with a Borrower for such purpose;
20

21 (c) *Online Lender* refers to a financing company or lending company authorized by
22 law to extend credit and which offers or administers loans through an Online

1 Lending Platform;

2
3 (d) *Online Lending Platform (OLP)* refers to a mobile application, website, digital
4 interface, or other financial technology-enabled platform through which a
5 Borrower may apply for, obtain, manage, repay, or otherwise transact in
6 relation to a loan;

7
8 (e) *Third-Party Service Provider (TPSP)* refers to any person or entity engaged by an
9 Online Lender to perform or facilitate any material activity relating to the
10 offering, processing, servicing, or collection of a loan; and

11
12 (f) *Unauthorized Online Lender* refers to any natural or juridical person that engages
13 in, or holds itself out as engaging in, the business of extending credit to the
14 public through digital means without the registration, Certificate of Authority,
15 or other authorization required by law.

16
17 **Section 4. Scope and Coverage.** – This Act shall apply to financing companies and
18 lending companies under the supervision of the Securities and Exchange Commission
19 (SEC), their OLPs, and their TPSPs.

20
21 An Online Lender shall comply with the affirmative regulatory duties under
22 Sections 6 and 7 of this Act. The prohibitions under such Sections shall likewise apply to
23 an Unauthorized Online Lender. The other borrower protections and prohibitions under
24 this Act shall apply to an Unauthorized Online Lender and to persons acting on its behalf
25 whenever expressly so provided.

26
27 This Act shall apply when an online loan is marketed, offered, extended, serviced,
28 or collected in the Philippines, or when the Borrower resides in the Philippines, subject to
29 applicable rules on jurisdiction and enforcement.

30
31 **Section 5. Authority to Engage in Online Lending.** – No person shall engage in, or
32 hold itself out as engaging in, the business of extending credit to the public through an
33 OLP without the authority required by law.

34
35 No financing company or lending company shall operate or use an OLP unless it
36 possesses a valid Certificate of Authority and complies with applicable SEC requirements
37 governing OLPs.

38
39 Every OLP shall clearly identify the financing company or lending company
40 responsible for the loan and provide sufficient information to enable a prospective
41 Borrower to verify its authority to operate.

42
43 The SEC shall maintain and make publicly accessible an updated registry of duly
44 authorized financing companies and lending companies, together with the OLPs

1 registered, recorded, disclosed, or otherwise recognized by the SEC in accordance with
2 applicable rules.

3
4 **Section 6. Disclosure and Affirmative Acceptance of Loan Terms.** – In addition to
5 the disclosures required under Republic Act No. 3765, otherwise known as the “Truth in
6 Lending Act,” and other applicable laws, an Online Lender shall, before a Borrower
7 becomes bound by an online loan, clearly disclose the material terms of the transaction,
8 including:

- 9 (a) The principal amount of the loan;
- 10 (b) The amount actually receivable by the Borrower after authorized deductions;
- 11 (c) The applicable interest rate;
- 12 (d) All fees, charges, deductions, and other costs;
- 13 (e) The total amount payable;
- 14 (f) The payment schedule; and
- 15 (g) The applicable penalties or charges for late payment or nonpayment.

16
17 The disclosures shall be presented in plain and readily understandable language.

18
19 An Online Lender shall furnish the Borrower a copy of the final loan agreement
20 and applicable disclosure statement in a form that may be retained or subsequently
21 accessed.

22
23 No loan shall be consummated or disbursed without the Borrower’s affirmative
24 acceptance of the final loan amount and material terms. Silence, inactivity, pre-selected
25 consent, continued use of an application, or any other act that does not clearly manifest
26 affirmative acceptance shall not constitute such acceptance.

27
28 **Section 7. Responsible Lending and Loan Administration.** – An Online Lender
29 shall adopt reasonable and proportionate measures to assess a Borrower’s ability to repay
30 and to prevent irresponsible lending and over-indebtedness, consistent with Republic Act
31 No. 11765, otherwise known as the “Financial Products and Services Consumer Protection
32 Act,” and applicable regulations.

33
34 An Online Lender shall disclose the resulting obligation and its material terms
35 before any renewal, refinancing, rollover, or restructuring of a loan.

36
37 It shall be unlawful to:

- 38 (a) Increase an approved loan amount or credit limit, or disburse an amount in
39 excess of that affirmatively accepted by the Borrower, without the Borrower’s
40 separate affirmative acceptance;
- 41 (b) Automatically renew, roll over, refinance, or restructure a loan without the
42 Borrower’s prior, informed, and affirmative consent; or
- 43 (c) Structure a loan or series of transactions for the purpose of evading an
44 applicable interest-rate, fee, penalty, or total-cost ceiling.

Section 8. Interest, Fees, Charges, and Penalties. – All interest, fees, charges, penalties, and other amounts imposed in connection with an online loan shall comply with applicable laws and regulations.

No Online Lender or Unauthorized Online Lender shall demand, collect, or receive any amount that:

- (a) Was not disclosed and agreed upon as required by law or is not otherwise lawfully imposable;
- (b) Exceeds an applicable statutory or regulatory ceiling;
- (c) Is false, fictitious, duplicative, or unrelated to a legitimate cost or service; or
- (d) Is structured, recharacterized, divided, transferred, or otherwise imposed for the purpose of circumventing an applicable ceiling or consumer protection requirement.

Pursuant to the Financial Products and Services Consumer Protection Act, the SEC may determine the reasonableness of interest charges, fees, penalties, and other loan costs within its jurisdiction and prescribe appropriate regulatory measures in accordance with law.

Section 9. Data Privacy and Protection Against Abusive Use of Personal Data. – An Online Lender, Unauthorized Online Lender, TPSP, Collection Agent, or person acting on behalf of any of them shall process personal information and sensitive personal information in accordance with Republic Act No. 10173, otherwise known as the “Data Privacy Act of 2012,” and applicable rules of the NPC.

No such person or entity shall require or obtain unnecessary, disproportionate, bulk, or indiscriminate access to a Borrower’s contact list, address book, call logs, private messages, photographs, media files, social media contacts, or similar information stored in or accessible through the Borrower’s device or account.

Personal information or sensitive personal information obtained from any source shall not be used for harassment, public shaming, reputational pressure, or unlawful disclosure of a Borrower’s indebtedness.

A person identified merely as a character reference shall not become liable for the Borrower’s debt. No person shall be treated as a guarantor, surety, co-maker, or other person liable for the obligation unless such person has separately and expressly assumed such liability in accordance with law.

Section 10. Fair Debt Collection. – An Online Lender, Unauthorized Online Lender, TPSP, Collection Agent, or person acting on behalf of any of them shall employ only reasonable and lawful means to collect an obligation and shall respect the dignity, privacy, and lawful rights of the Borrower and other persons contacted in connection with

1 the debt.

2
3 The following acts are prohibited:

- 4 (a) Using or threatening violence, physical harm, unlawful restraint, or damage to
5 property;
- 6 (b) Using obscene, insulting, degrading, or abusive language intended or
7 reasonably likely to harass, humiliate, or intimidate a Borrower or other
8 person;
- 9 (c) Threatening arrest, criminal prosecution, imprisonment, seizure of property,
10 or any other action that has no lawful basis, or falsely representing that such
11 consequence will automatically result from mere nonpayment of a debt;
- 12 (d) Falsely representing oneself as a court, law enforcement officer, government
13 official, lawyer, or other person possessing authority that the collector does not
14 possess;
- 15 (e) Creating or using any document or communication falsely made to appear to
16 have been issued by a court, law enforcement agency, government office, or
17 other public authority;
- 18 (f) Publishing or threatening to publish a Borrower's identity, personal
19 information, loan information, or alleged delinquency for the purpose of, or
20 with the reasonably foreseeable effect of, shaming, humiliating, harassing,
21 intimidating, or coercing the Borrower;
- 22 (g) Disclosing the existence or details of a Borrower's debt to any person who is
23 not legally liable for the obligation, except when required or authorized by law;
- 24 (h) Demanding payment from a character reference or any person who has not
25 legally assumed liability for the debt;
- 26 (i) Contacting a Borrower or other person repeatedly, excessively, or at
27 unreasonable hours in a manner intended or reasonably likely to constitute
28 harassment or abuse;
- 29 (j) Making a false representation or employing a deceptive means to collect or
30 attempt to collect a debt;
- 31 (k) Collecting or attempting to collect any amount not lawfully due; or
- 32 (l) Using personal data or device access in violation of this Act or applicable data
33 privacy laws.
- 34

35 Nothing in this Section shall prevent a lender or its representative from truthfully
36 informing a Borrower of lawful remedies available for the collection of an obligation or
37 from commencing an action or proceeding authorized by law.

38

39 **Section 11. Responsibility for Third-Party Service Providers.** – The engagement
40 of a TPSP shall not relieve an Online Lender of any responsibility or liability imposed
41 under this Act or other applicable laws.

42

43 The responsibility and liability of an Online Lender for the acts or omissions of its
44 directors, officers, employees, agents, and TPSPs shall be governed by the Financial

1 Products and Services Consumer Protection Act and other applicable laws.

2
3 An Online Lender shall not avoid or diminish any responsibility or liability
4 imposed by law through outsourcing, delegation, contractual allocation of functions, or
5 the use of an affiliate or third party.

6
7 **Section 12. *Non-Waiver of Borrower Rights.*** – Any agreement, consent, waiver,
8 authorization, acknowledgment, or stipulation that waives, limits, defeats, or circumvents
9 a right or protection granted to a Borrower under this Act shall be void and unenforceable
10 to that extent.

11
12 **Section 13. *Consumer Complaints and Redress.*** – Every Online Lender shall
13 provide an accessible mechanism for receiving and resolving Borrower complaints.

14
15 Complaints and claims within the jurisdiction of the SEC shall be handled in
16 accordance with the consumer redress, adjudication, reimbursement, disgorgement, and
17 other enforcement powers granted to the SEC under the Financial Products and Services
18 Consumer Protection Act and other applicable laws.

19
20 For purposes of enforcing this Act, the SEC shall have jurisdiction over
21 Unauthorized Online Lenders with respect to administrative violations of this Act and
22 may, after notice and opportunity to be heard, order the refund, restitution, crediting, or
23 disgorgement of amounts unlawfully obtained or collected from Borrowers. Purely civil
24 claims shall remain subject to the applicable monetary and jurisdictional limits prescribed
25 under the Financial Products and Services Consumer Protection Act and other applicable
26 laws.

27
28 The SEC may order the remedies provided under Section 16 of this Act, together
29 with such restitution, disgorgement, or other relief as it may lawfully grant.

30
31 No Borrower shall recover more than once for the same injury or amount
32 unlawfully collected.

33
34 **Section 14. *Enforcement Against Unauthorized Online Lending.*** – Upon a finding
35 that a person or entity is engaging in online lending without the authority required by
36 law, the SEC may issue a cease-and-desist order.

37
38 Pursuant to a final or otherwise enforceable order, the SEC may require, or seek
39 the assistance of, application marketplaces, digital distribution platforms, payment
40 service providers, advertising platforms, and other intermediaries to discontinue services
41 that directly enable the operation of an Unauthorized Online Lender, subject to applicable
42 law and the jurisdiction of the appropriate regulator.

43
44 Any measure under this Section shall be reasonably necessary and limited to the

1 identified unlawful lending activity.

2
3 **Section 15. *Administrative Enforcement and Other Liabilities.*** – For violations of
4 this Act, the SEC may exercise the enforcement powers and impose the administrative
5 sanctions authorized under the Financial Products and Services Consumer Protection Act,
6 the Financing Company Act of 1998, as amended, the Lending Company Regulation Act
7 of 2007, as amended, Republic Act No. 11232, otherwise known as the “Revised
8 Corporation Code of the Philippines,” and other applicable laws.
9

10 Where an act constitutes an offense or violation under the Data Privacy Act of 2012,
11 Republic Act No. 10175, otherwise known as the “Cybercrime Prevention Act of 2012,”
12 the Revised Penal Code, or any other law, the SEC may refer the matter to the appropriate
13 government agency for investigation, prosecution, or other appropriate action.
14

15 Administrative liability under this Act shall be without prejudice to civil or
16 criminal liability under applicable laws.
17

18 **Section 16. *Effect of Unlawful Charges and Practices.*** – Any interest, fee, charge,
19 penalty, or other amount imposed or collected in violation of an applicable ceiling or
20 prohibition shall be void to the extent of the unlawful or excessive amount.
21

22 Any amount unlawfully collected shall, as appropriate, be credited against the
23 Borrower’s outstanding lawful obligation or refunded to the Borrower, without prejudice
24 to restitution, disgorgement, or other relief available under law.
25

26 In the case of a loan lawfully extended by an authorized lender, the invalidity of
27 an unlawful interest, fee, charge, penalty, collection practice, or contractual stipulation
28 shall not, by itself, extinguish the Borrower’s obligation to repay the principal actually
29 received and any other amounts lawfully due.
30

31 Nothing in this Section shall validate an unauthorized lending operation or confer
32 upon an Unauthorized Online Lender a right to recover that it would not otherwise
33 possess under existing law.
34

35 **Section 17. *Interagency Coordination.*** – The SEC shall coordinate with the BSP,
36 Department of Information and Communications Technology, NPC, Department of
37 Justice, National Bureau of Investigation, Philippine National Police, Cybercrime
38 Investigation and Coordinating Center, and other concerned agencies for the effective
39 enforcement of this Act, particularly against Unauthorized Online Lenders and cross-
40 border online lending operations.
41

42 **Section 18. *Implementing Rules and Regulations.*** – Within ninety (90) days from
43 the effectivity of this Act, the SEC shall promulgate the rules and regulations necessary
44 for its implementation.

1
2 Rules involving matters within the statutory jurisdiction of the BSP or NPC shall
3 be formulated in coordination with the respective agency.
4

5 **Section 19. *Separability Clause.*** – If any part or provision of this Act is held
6 unconstitutional or invalid, the remainder thereof not otherwise affected shall remain in
7 full force and effect.
8

9 **Section 20. *Repealing Clause.*** – All laws, executive orders, presidential decrees,
10 administrative orders, rules and regulations, issuances, or parts thereof inconsistent with
11 or contrary to the provisions of this Act are hereby repealed or amended accordingly.
12

13 **Section 21. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
14 publication in the *Official Gazette* or in a newspaper of general circulation.
15

16 *Approved,*