

REPUBLIC OF THE PHILIPPINES  
HOUSE OF REPRESENTATIVES  
QUEZON CITY

EIGHTEENTH CONGRESS  
First Regular Session



HOUSE RESOLUTION NO. 542

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Introduced by REPRESENTATIVES ENRICO A. PINEDA and  
MICHAEL ODYLON L. ROMERO, PhD.

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RESOLUTION DIRECTING THE COMMITTEE ON INFORMATION AND  
COMMUNICATION TECHNOLOGY AND COMMITTEE BANKS AND  
FINANCIAL INTERMEDIARIES, AND OTHER APPROPRIATE COMMITTEES TO  
CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON THE  
SUPPOSED VIOLATIONS OF ONLINE LENDING INSTITUTIONS ON THE  
PROVISIONS OF REPUBLIC ACT NO. 10173, ALSO KNOWN AS THE DATA  
PRIVACY ACT OF 2012

*WHEREAS*, it is the policy of the State to protect the fundamental human right of privacy, of communication while ensuring free flow of information to promote innovation and growth; and likewise, recognizes the vital role of information and communications technology in nation-building and its inherent obligation to ensure that personal information in information and communications systems in the government and in the private sector are secured and protected;

*WHEREAS*, several online and mobile lending applications have been developed wherein users may readily borrow small amounts of money with minimal requirements compared to banks which has been alleged to have made unreasonable and abusive collection practices;

*WHEREAS*, use of such to obtain online loan application approval purportedly require access to contact information, photos, files and documents saved in the borrower's phone and if the borrower fails to pay on time, all of their contacts will receive a text message or call stating the amount owed and identity of the borrower, subjecting the latter to public humiliation and ridicule;

*WHEREAS*, Section 11 of Republic Act No. 10173, also known as the Data Privacy Act of 2012, provides that personal information must be collected for specified and legitimate purposes determined and declared before, or as soon as reasonably practicable after collection, and later processed in a way compatible with such declared, specified and legitimate purposes only;

*WHEREAS*, Section 31 of the same law protects and penalizes any individual or institutions who shall use the personal information of any person with malice or in bad faith, including unwarranted disclosure of such personal information;

*WHEREAS*, hundreds of complaints of alleged harassment and shaming by online lending operators have been brought before the National Privacy Commission (NPC),

where the online lending operators have allegedly misused the borrower's information and publicly shame borrowers to get them to pay their loans;

*WHEREAS*, the Security and Exchange Commission (SEC) has already ordered the closure of some online lending institutions citing high pressure methods of collection, misrepresentations, and unreasonable terms and conditions imposed by said online lending operators and their agents and representatives;

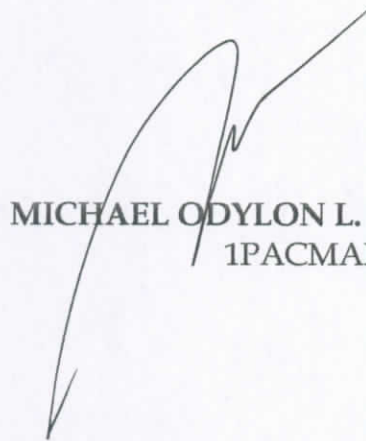
*WHEREAS*, there is a need to examine the processes and machinations being made and used by these online lending institutions in consideration of the protection of the borrowing public, specifically those entering into small loan agreements, from harassment and unnecessary public debt shaming;

*NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED*, by the House of Representatives that the Committee on Information and Communication Technology and Committee Banks and Financial Intermediaries, and other appropriate committees to conduct an investigation, in aid of legislation, on the supposed violations of online lending institutions on the provisions of Republic Act No. 10173, also known as the Data Privacy Act of 2012.

*Adopted.*



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