

SEC stamps out unregistered online lending apps

The Securities and Exchange Commission (SEC) continues its campaign against illegal lending by stamping out unregistered lending platforms available for download online.

As of January 30, the Commission has caused the removal of 33 online lending platforms (OLPs) on Google Play Store, with the assistance of Google Philippines. These OLPs have not been reported to the SEC, in violation of SEC Memorandum Circular No. 19, Series of 2019 (SEC MC 19), or the Disclosure Requirements on Advertisements of Financing Companies and Lending Companies and Reporting of OLPs.

Under SEC MC 19, financing and lending companies are required to register their OLPs as business names and disclose their corporate names, SEC Registration Numbers, and Certificate of Authority Numbers in their OLPs and advertisements.

In November 2021, the SEC further issued SEC Memorandum Circular No. 10, Series of 2021 (SEC MC 10), which imposed a moratorium on the registration of new OLPs.

SEC MC 10 provides that only OLPs registered as of November 2, 2021 may operate and be used for online lending or financing, but will remain subject to strict monitoring.

The removal of the OLPs is also in line with the SEC's previous discussions with Google. In May 2022, Google adopted a new policy which required developers with personal loan apps targeting users in the Philippines to submit a Personal Loan App Declaration and necessary documentation before they could publish apps on Google Play Store.

Personal loan apps operating in the Philippines without proper declaration and license attribution will be removed from Google Play Store. In the event where the submitted license, registration or declaration is no longer valid under applicable laws, the developers are required to promptly remove the app from the Google Play Store.

The SEC will continue its efforts to protect existing and prospective borrowers from abusive, unethical, and illegal lenders.

To date, the Commission has revoked the Certificates of Registration of 2,084 lending and financing companies which failed to secure their requisite Certificate of Authority (CA), and canceled the CA of 39 financing and lending companies due to various violations of applicable rules and regulations.

The SEC is looking at engaging with other social media platforms for the adoption of a similar gatekeeping policy imposed by Google Philippines in the interest of customer protection.

To see the list of licensed lending and financing companies, please visit the Lending and Financing Companies corner on the SEC website at bit.ly/SECLendingFinancingCompanies.

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NOTE TO THE EDITOR

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For questions and clarifications, you may contact:

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