HON. JULIUS G. JAMERO
SB Member

ABSENT
HON. JO VINCENT J. MORPOS
SB Member

HON. DEAN KAISER C. TANGALIN
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HON. DOMINGO M. GINGCO
Ex-Officio Member

HON. KIRBY TRACY V. ESTILLORE
Ex-Officio Member

JESSLI T. PALON
Secretary to the Sanggunian

HON. EDGARDO G. JAMERO
Municipal Vice Mayor

HON. GERRY T. PAGLINAWAN
Municipal Mayor

Republic of the Philippines
PROVINCE OF ZAMBOANGA DEL SUR
Municipality of Dumingag
-oOo-

OFFICE OF THE SANGGUNIANG BAYAN

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EXCERPT FROM THE MINUTES OF THE 65th REGULAR SESSION OF THE 11th SANGGUNIANG BAYAN OF DUMINGAG, ZAMBOANGA DEL SUR HELD AT THE MUNICIPAL SESSION HALL ON FEBRUARY 26, 2024.

OFFICERS/MEMBERS:	*POSITION*	*PRESENT*	*ABSENT*	*OB*	*OL*
Hon. Edgardo G. Jamero	*Municipal Vice Mayor*	/			
Hon. Julius G. Jamero	*SB Member*	/			
Hon. Jo Vincent J. Morpos	*SB Member*		/		
Hon. Dean Kaiser C. Tangalin	*SB Member*	/			
Hon. Francis Joeray T. Gumban	*SB Member*		/		
Hon. Jerson L. Cabahug	*SB Member*	/			
Hon. Julito C. Mandac	*SB Member*	/			
Hon. Percalixia Y. Bazar	*SB Member*	/			
Hon. Efren A. Costanilla	*SB Member*	/			
Hon. Domingo M. Gingco	*Ex-Officio Member, LnB*		/		
Hon. Kirby Tracy V. Estillore	*Ex-Officio Member, SK*	/			

Municipal Ordinance No. 11th-5-2024

AN ORDINANCE PROHIBITING EXCESSIVE LOAN INTEREST RATES, USURIOUS LENDING PRACTICES AND MISUSE OF PANTAWID PAMILYANG PILIPINO PROGRAM (4Ps) AUTOMATED TELLER MACHINE ATM/CASH CARDS AS LOAN COLLATERAL IN THE MUNICIPALITY OF DUMINGAG, ZAMBOANGA DEL SUR.

SECTION 1. TITLE

This ordinance shall be known and cited as "4Ps Usurious Lending Practices and ATM/Cash Card as Collateral for Loans Prohibition Ordinance."

SECTION 2. OBJECTIVE

This ordinance is enacted to safeguard the 4Ps beneficiaries within our municipality from the exploitative practices of loaning institutions, loan sharks, and individuals who enforce interest rates exceeding the legal limits, engage in usurious activities, and demand Pantawid Pamilyang Pilipino Program (4Ps) ATM/cards as loan collateral. Its aim is to ensure the financial protection and welfare of our 4Ps grantees.

SECTION 3. RATIONALE

The municipality of Dumingag, Zamboanga del Sur, recognizing its duty to promote the general welfare and protect its constituents against social injustice as mandated by Section 16 of the Local Government Code of 1991, acknowledges the prevalence of predatory lending practices, specifically the ATM Sangla scheme. Despite the National Advisory Committee (NAC) Resolution No. 20, series of 2014, which penalizes Pantawid Pamilyang Pilipino Programs (4Ps) beneficiaries for pawning their government-issued Cash Cards, there exists a regulatory gap that fails to address the culpability of institutions or individuals accepting these cards as collateral.

Moreover, the Bangko Sentral ng Pilipinas (BSP) issued an advisory in 2018 cautioning against the risks of divulging account information and Personal Identification Numbers to loan creditors, highlighting the potential for unauthorized withdrawals and identity theft. In

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light of these concerns and the municipality's commitment to combatting predatory lending practices, particularly those exploiting vulnerable 4Ps beneficiaries, there is a pressing need for regulatory measures to curb the proliferation of the ATM Sangla scheme within the locality. Through concerted efforts and appropriate regulations, the municipality aims to uphold the integrity of the 4Ps program and safeguard the welfare of its constituents from exploitative loaning practices.

SECTION 4. LEGAL BASES

The legal bases of this Ordinance shall be the following:

a. *Republic Act No.8556 or the Financing Company Act of 1998*
b. *Republic Act No. 9474 or the Lending Company Regulation Act of 2007*
c. *Bangko Sentral ng Pilipinas (BSP) Circular No.1133 Series of 2021 on the Ceilings of Interest rates and Other Fees charged by Lending Companies, Financing Companies and their Online Lending Platform*
d. *Securities and exchange Commission (SEC) Memorandum Circular No. 3 Series of 2022 (SEC MC 3) Guidelines on the Implementation of Bangko Sentral ng Pilipinas (BSP) Circular No. 1133, series of 2021 of the Ceiling/s of Interest Rates and other Fees charged by lending Companies Financing Companies and their Online Lending Platform*
e. *National Advisory Committee (NAC) Resolution No. 20 series of 2014*

SECTION 5. DEFINITION OF TERMS

As used in this ordinance the following terms shall be defined:

a. *4Ps - refers to Pantawid Pamilyang Pilipino Program, a national poverty reduction program of the Philippine government, as implemented by the Department of Social Welfare and Development (DSWD)*
b. *Cash Cards - refers to the ATM cards issued to 4Ps Beneficiaries through which the beneficiaries claim their monthly conditional cash grant from the government*
c. *Conditional Cash Grant - refers to the amount received by the qualified household beneficiaries who comply with the condition's entitlement*
d. *Collateral - refers to an item or property of value, often used as a security that creditor can temporarily seize from the borrower while paying the loan or permanently if the borrower fails to repay the loan according to the terms agreed*
e. *Interest Rate - refers to the amount the lender charges to the borrower which is a percentage of the total amount loaned*
f. *Grantee - refers to the most responsible member of the qualified household beneficiary authorized to receive the conditional cash transfer*
g. *Lending or Loaning institution - refers to an organization or cooperation offering and granting loans*
h. *Loan sharks - refers to an individual who lends money at exorbitant interest rates and often extends to assume the debtor's properties for collateral for loan*

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i. Usury - refers to the act of lending money at an interest rate that unreasonably excessive than the rates permitted by law

SECTION 6. SCOPE AND APPLICATION

The provisions of this ordinance shall apply to loan transactions conducted by lending institutions, loan sharks, or individuals involving Pantawid Pamilyang Pilipino Program (4Ps) grantees, particularly regarding the possession of their government-issued ATM/cash cards. Furthermore, this ordinance prohibits 4Ps beneficiaries from utilizing their ATM/Cash Cards as collateral in availing loans.

SECTION 7. PROHIBITED ACTS

The following acts are prohibited in this ordinance:

- *a. Imposing interest rates by the loaning institutions, loans sharks and individuals beyond the legal rate as provided for by the Bangko Sentral ng Pilipinas (BSP) Circular No.1133 Series of 2021 on the Ceilings of Interest rates and Other Fees charged by Lending Companies, Financing Companies and their Online Lending Platform and its Implementing Rules and Regulations (IRR).*
- *b. Requiring or accepting ATM/cash cards by the loaning institutions loan sharks and individuals as collateral for the loan obligation.*
- *c. Possessing ATM/cash card necessary for claiming Conditional Cash Grant by a person loaning institution or loan sharks other than the intended 4Ps grantee.*
- *d. Facilitating Cash Card Pawning or ATM Sangla Scheme and transferring its possession to other persons involved pawning.*
- *e. Beneficiary grantees of the Pantawid Pamilyang Pilipino program (4Ps) who use their respective ATM/cash cards as collateral for availing loans from loaning institutions loan sharks and individuals.*

SECTION 8. PENALTIES

Loaning institutions, loan sharks or individuals found committing any act enumerated in Section 7 of this Ordinance shall be fined:

- *First Offense - a fine of one thousand pesos (₱ 1,000.00)*
- *Second Offense - a fine of one thousand five hundred pesos (₱ 1,500.00)*
- *Third and Succeeding Offenses - a fine of two thousand five hundred pesos (P2,500.00) or imprisonment for a period of more than three (3) months but not exceeding six (6) months or both at the discretion of a competent court*

4Ps beneficiaries found in violation of this ordinance shall be recommended by the Local Government Unit of Dumingag to the Department of Social Welfare and Development (DSWD) for removal from the roster of 4Ps beneficiaries.

SECTION 9. REPEALING CLAUSE

Any portion of an ordinance, order or memorandum of local effect inconsistent with the provision/s of this ordinance is hereby repealed or modified accordingly.

SECTION 10. SEPARABILITY CLAUSE

If any portion of this ordinance is declared invalid or unconstitutional, other portions hereof not affected by such declaration shall remain in full force and effect.

SECTION 11. EFFECTIVITY CLAUSE

This ordinance shall take effect after fifteen (15) days following the completion of the posting requirements in three (3) conspicuous places in the municipality of Dumingag and its publication in any newspaper of general circulation or posting of copies in all the municipalities and one (1) city within the province of Zamboanga del Sur.

ENACTED: February 26, 2024

SANGGUNIANG BAYAN MEMBERS:

Hon. Julius G. Jamero		*Hon. Jo Vincent J. Morpos*	ABSENT
Hon. Dean Kaiser C. Tangalin		*Hon. Francis Joeray T. Gumban*	ABSENT
Hon. Jerson L. Cabahug		*Hon. Julito C. Mandac*	
Hon. Percalixia Y. Bazar		*Hon. Efren A. Costanilla*	
Hon. Domingo M. Gingco	ABSENT	*Hon. Kirby Tracy V. Estillore*	

ATTESTED AND CERTIFIED TO BE DULY ADOPTED

EDGARDO G. JAMERO
Presiding Officer/Municipal Vice Mayor

APPROVED: March 27, 2024

GERRY T. PAGLINAWAN
Municipal Mayor

I hereby certify that the foregoing Ordinance is true and correct.

JESSYL B. PALON
Secretary to the Sanggunian