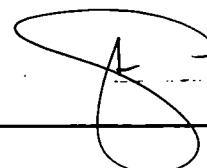


SENATE

P.S.R. No. 1234



INTRODUCED BY SENATOR RISA HONTIVEROS

RESOLUTION

CALLING FOR THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INVESTIGATION IN AID OF LEGISLATION INTO RECENT INCIDENTS OF UNAUTHORIZED OR FRAUDULENT DEDUCTIONS AND TRANSFERS INVOLVING FINTECH SERVICES, AS WELL AS EXISTING RULES AND REGULATIONS GOVERNING THE FINTECH SECTOR

WHEREAS, in a report published by the World Bank Group, financial technology – commonly referred to as “fintech” – is defined as the application of digital technology to the provision of financial services, examples of which include e-money, peer-to-peer lending, credit scoring and decisioning, automated advisory services, and distributed ledger technology;

WHEREAS, in the Philippines, Globe Fintech Innovation, Inc., an affiliate of the Ant Group, Ayala Corporation, and Globe Telecom, Inc., owns and operates (through G-Xchange, Inc. or GXI, a subsidiary) GCash - arguably the leading mobile financial service provider in the country - with its estimated 76 million registered users posting 6 Trillion Pesos-worth of transactions in 2022;

WHEREAS, from November 8 to 9, 2024, a number of GCash users reported what they described as unauthorized transactions or transfers, with Php1,000 or Php2,000 being deducted from their accounts “while they were sleeping,” often in quick succession, and transferred to accounts connected to unknown phone numbers;

WHEREAS, this followed similar incidents in 2023, wherein multiple GCash accounts were compromised using “phishing attacks” staged through various online gambling platforms;

WHEREAS, GXI denied that the incidents were caused by “hackers” or other malicious actors, and attributed the “unauthorized deductions” to errors in its on-going system reconciliation process;

WHEREAS, the DICT’s Cybercrime Investigation and Coordinating Center (“CICC”) also recently warned the public of phishing attempts disguised as text messages originating from GCash or PayMaya, the latter being another fintech e-wallet service operated by Maya Philippines, Inc.;

WHEREAS, these messages were apparently sent using an International Mobile Subscriber Identity ("IMSI") catcher, a device used to monitor – and intercept – mobile data traffic by posing as a cellsite;

WHEREAS, in the Philippines, the nascent fintech sector – as well as the broader financial services industry – is regulated primarily by the Bangko Sentral ng Pilipinas ("BSP"), Securities and Exchange Commission ("SEC"), and the Insurance Commission ("IC"), with certain aspects of the sector falling under the jurisdiction of the Department of Information and Communications Technology ("DICT"), Anti-Money Laundering Council ("AMLC"), and National Privacy Commission ("NPC"), among others; and

WHEREAS, while the aforementioned regulators have promulgated – or are in the process of promulgating – issuances regulating various aspects of the fintech sector, such as virtual asset offerings, digital banking, and crypto-currency exchanges, there is, as of yet, no legislative framework in place to ensure stability and transparency, build public trust, and promote inclusion *vis-à-vis* this class of services.

NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED TO CALL FOR THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INVESTIGATION IN AID OF LEGISLATION INTO RECENT INCIDENTS OF UNAUTHORIZED OR FRAUDULENT DEDUCTIONS AND TRANSFERS INVOLVING FINTECH SERVICES, AS WELL AS EXISTING RULES AND REGULATIONS GOVERNING THE FINTECH SECTOR.

Adopted.


RISA HONTIVEROS
Senator