

## Ethical Concerns in Digital Lending Platforms in Negros Occidental

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### Abstract

### Original Research Article

This study examines the ethical practices of digital lending platforms in Negros Occidental, Philippines, focusing on compliance with data privacy regulations and the prevalence of predatory lending behaviors. A mixed-methods approach was used, combining document analysis of privacy policies from five major platforms—GCash (GLoan/GCredit), Tala, Home Credit, Cashalo, and MoneyCat—with survey data from 30 borrowers in the province.

Findings from the document review show that GCash and Tala demonstrated relatively strong compliance with the Data Privacy Act of 2012 (RA 10173), providing clear consent procedures and transparent policies. In contrast, Cashalo and MoneyCat lacked key disclosures regarding informed consent, data retention, and user rights.

Survey results revealed that 43.3% of borrowers experienced unclear interest rates or fees, 20% reported excessive charges, and 33.3% faced aggressive collection tactics, including harassment and third-party contact. These results suggest persistent ethical and regulatory gaps among some digital lenders.

The study concludes that while certain platforms follow responsible practices, others demonstrate limited adherence, particularly in less-regulated areas. Recommendations include audit in strengthening enforcement, improving transparency in loan terms, promoting digital financial literacy, and developing local complaint mechanisms to better protect borrowers' rights.

**Keywords:** Digital Lending, Data Privacy, Predatory Lending, Ethical Practices, Borrower Protection, Financial Regulation.

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## INTRODUCTION

The rapid evolution of financial technology has significantly transformed the global banking and lending landscape, with digital lending platforms emerging as key tools in promoting financial inclusion. Globally, these platforms offer an alternative to conventional banking by providing accessible credit to populations often excluded from formal financial systems (Frost et al., 2019). The World Bank (2020) highlights the importance of such innovations in developing economies where traditional banking services remain limited or difficult to access for many.

In the Philippine setting, digital lending platforms have expanded rapidly, providing a crucial means of financial support to marginalized communities, particularly with the widespread use of mobile devices. These platforms offer fast, convenient loan services, frequently requiring minimal documentation and eliminating the need for physical branch

visits—an advantage for individuals in rural and underserved areas (Bangko Sentral ng Pilipinas [BSP], 2021). This trend is especially relevant in provincial regions like Negros Occidental, where geographical limitations, economic disparities, and limited access to traditional banking institutions pose significant challenges to financial inclusion.

Negros Occidental, a predominantly agricultural province in Western Visayas, comprises many rural and low-income communities that often rely on informal lending or face difficulty accessing formal credit channels. With the rise of digital lending, residents, including microentrepreneurs, smallholder farmers, and low-wage earners are increasingly turning to mobile-based financial services as a practical alternative. However, alongside these benefits are growing ethical and regulatory concerns that disproportionately affect vulnerable borrowers in the region.

Chief among these concerns are issues related to data privacy,



consent, and exploitative lending practices. Many digital lending applications operating in the province collect and process large amounts of personal information with little transparency, potentially violating data protection laws and risking user exposure to data misuse (Zetzsche et al., 2020). Furthermore, reports from borrowers in Negros Occidental have pointed to unclear loan terms, exorbitant interest rates, and the use of coercive and humiliating debt collection tactics, which raise significant ethical questions and consumer protection issues (De Vera, 2022).

In response to these challenges, national regulatory agencies such as the BSP and the National Privacy Commission (NPC) have initiated efforts to improve oversight of digital lenders. However, at the provincial level, awareness of consumer rights and digital literacy remains uneven, highlighting the need for region-specific policy responses and education campaigns.

This study seeks to investigate the ethical dimensions of digital lending platforms as experienced by users in Negros Occidental, focusing on data privacy practices, lending transparency, and borrower protection. By analyzing local experiences and industry trends within the province, the research aims to propose informed recommendations to foster ethical digital lending, enhance consumer safeguards, and support inclusive financial development in rural and underserved communities.

## OBJECTIVES OF THE STUDY

This study aims to critically investigate the ethical practices of digital lending platforms in the Philippines particularly in Negros Occidental, focusing on data privacy and lending behaviors. The following specific and measurable objectives guide this research:

1. To evaluate the data collection, processing, and storage practices of at least five major digital lending platforms operating in Negros Occidental, by analyzing their privacy policies, consent forms, and compliance indicators based on the provisions of the Data Privacy Act of 2012.
2. To determine the extent of predatory lending practices—such as interest rates exceeding 36% annually, presence of hidden fees, and use of aggressive collection methods.

## METHODOLOGY

This chapter outlines the research design, data collection procedures, instruments, and analytical methods employed in this study, which aimed to investigate the ethical practices of digital lending platforms in Negros Occidental. Specifically, the study focused on two main objectives: (1) to evaluate the platforms' compliance with the Data Privacy Act of 2012 in terms of data collection, processing, and storage; and (2) to assess the prevalence of predatory lending practices experienced by borrowers. A mixed-methods approach was adopted, combining qualitative document analysis with quantitative survey data to provide a comprehensive

understanding of both institutional practices and user experiences. The methodology also details the ethical safeguards, sampling techniques, and limitations that guided the conduct of this research. Creswell & Plano Clark, 2018).

## Research Locale

The study is focused on Negros Occidental, Philippines, a representative provincial region where digital lending practices are rapidly expanding, yet remain under-researched. The locale includes both urban and rural borrower populations and is covered by national and local offices of regulatory agencies such as the Securities and Exchange Commission (SEC) and the National Privacy Commission (NPC).

## Population and Sampling

The target population for this study comprised residents of Negros Occidental who had engaged with digital lending platforms within the past twelve months. Given the increasing reliance on mobile financial services in both urban and rural areas of the province, the study sought to capture a range of borrower experiences across different socio-economic and demographic backgrounds.

A purposive sampling technique was employed to ensure that participants possessed relevant and recent experience with at least one of the selected digital lending platforms, namely GCash (GLoan/GCredit), Tala, Home Credit, Cashalo, and MoneyCat. This method was deemed appropriate due to the exploratory nature of the study, which required the inclusion of individuals who could provide direct and informed insights into the data privacy and lending practices of these financial technologies.

To broaden reach while maintaining relevance, a snowball sampling strategy was also utilized. Initial participants were identified through community contacts and social media groups, and were subsequently encouraged to refer to other eligible individuals. Inclusion criteria required that participants be (1) at least 18 years of age, (2) residents of Negros Occidental, and (3) borrowers who had availed of a loan from a digital lending platform within the last year.

Through this approach, a total of 30 qualified respondents were selected to participate in the survey. Although the sample size is relatively limited, it is considered adequate for identifying recurring patterns and thematic concerns relevant to the study's objectives, particularly within the focused regional context and the scope of qualitative and descriptive analysis.

## Data Collection Methods

The table outlines the primary data sources, corresponding research instruments, descriptions of the data collection process, and specific details on how each type of data can be feasibly and ethically obtained in the context of examining digital lending practices in the Philippines.



Data Source	Instrument	Description	Data Source Details
<b>Privacy Practices</b>	Document Review Checklist	An evaluation form was used to assess the privacy policies, consent forms, and terms of service of five digital lending platforms. The checklist was aligned with key provisions of the Data Privacy Act of 2012 (e.g., Section 16).	Official websites of top digital lenders (e.g., Cashalo, Tala, JuanHand, Home Credit, Atome). Documents are publicly accessible on company sites or mobile apps. Archived versions may also be retrieved via web archives.
<b>Borrower Experiences</b>	Structured Survey Questionnaire	A custom-designed questionnaire aimed at capturing borrowers' experiences regarding interest rates, hidden fees, consent procedures, and debt collection practices. Includes closed-ended and Likert-scale items for quantitative analysis.	Survey distributed online via Google Forms and in-person interviews in selected communities. Participants selected purposively from Negros Occidental (or defined study area), with informed consent secured.
<b>Secondary Data</b>	Content Analysis Protocol	A coding guide used to analyze public complaint records and user-reported experiences. Focuses on reported incidents of harassment, shaming, overcharging, data misuse, etc., with codes based on recurring themes.	Sources include: <ul style="list-style-type: none"> <li>• National Privacy Commission (NPC) public advisories and reports</li> <li>• Securities and Exchange Commission (SEC) press releases</li> <li>• PAOCC and NBI bulletins</li> <li>• News articles</li> </ul>

**Table 1:** Data Sources, Instruments, Descriptions, and Acquisition Methods for the Study on Digital Lending Practices

## Data Analysis Techniques

The data gathered in this study were subjected to both qualitative and quantitative analysis methods, aligned with the mixed-methods approach adopted to fulfill the study's dual objectives.

For the qualitative data, which included privacy policy documents, regulatory complaint reports, and user-generated narratives from public forums, a thematic coding process was employed. Initial categories were inductively developed based on recurring ethical dimensions identified during the review, such as transparency, informed consent, third-party data sharing, and intimidation or harassment in collection practices. These themes were then cross-referenced with key provisions of the Data Privacy Act of 2012 to identify patterns of potential non-compliance and ethical lapses.

In parallel, quantitative data obtained from the structured borrower surveys were analyzed using descriptive statistical methods. This included the computation of frequency distributions for responses related to lending practices, mean interest rates reported by borrowers, and prevalence rates of specific abusive behaviors such as hidden charges or aggressive collection tactics. These metrics provided a numeric basis for evaluating the scope and consistency of user-reported predatory practices across different platforms.

To evaluate each platform's adherence to data privacy regulations, a compliance scoring rubric was applied to their

publicly available privacy policies and terms of service. Together with analyzing at least 30 borrower survey responses, an additional 10 complaint records from regulatory agencies, and documented user reports within the province. The rubric was structured around core principles of the Data Privacy Act, particularly provisions concerning data collection transparency, user rights, consent mechanisms, and security measures. This allowed for a standardized assessment of how each lending platform aligns with legal and ethical expectations regarding data protection.

## Research Instruments

To address the objectives of this study, three primary research instruments were employed: a Privacy Policy Assessment Form, a Borrower Survey Questionnaire, and a Content Analysis Template. These instruments were designed to align with key provisions of the Data Privacy Act of 2012 (RA 10173) and guided by ethical research standards and prior literature on digital lending and consumer data protection.

The Privacy Policy Assessment Form was developed to systematically evaluate the publicly available privacy policies of five digital lending platforms operating in Negros Occidental. The form focused on compliance indicators such as the presence of informed consent mechanisms, data collection transparency, third-party sharing disclosures, user rights to access or correct personal data, and security measures. This tool allowed for a standardized scoring process to assess each platform's alignment with legal and ethical expectations.



The Borrower Survey Questionnaire was designed to collect quantitative and qualitative data from individuals with direct experience using digital lending applications. The instrument included both structured and open-ended questions, covering areas such as loan types, interest rates, awareness of data handling practices, hidden fees, and experiences with collection strategies. This facilitated the identification of patterns in lending behavior and borrower perception.

The Content Analysis Template supported the examination of qualitative sources such as complaint records, regulatory reports, and user-generated content from public platforms (e.g., Reddit). It was structured to code and categorize common ethical violations—including harassment, deceptive loan terms, and data misuse—based on themes aligned with regulatory guidelines and academic frameworks.

Instrument	Purpose	Validation
Privacy Policy Assessment Form	Measure compliance with data protection principles	Reviewed by legal and IT experts
Borrower Survey Questionnaire	Collect first-hand accounts of lending experiences	Pilot-tested with 5 borrowers for clarity and reliability
Content Analysis Template	Categorize and interpret complaints and user reports	Based on ethical lending and privacy violation typologies

**Table 2:** Summary of Research Instruments, Their Purposes, and Validation Procedures

Together, these instruments enabled a comprehensive, triangulated analysis of both institutional practices and user experiences in the digital lending landscape. As detailed in Table 2, the instruments were validated through expert review and pilot testing to ensure reliability and relevance.

### Ethical Considerations and Limitations

This study adhered to established ethical research standards to ensure the integrity of the data collection process and the protection of participants’ rights. Informed consent was obtained from all borrower-respondents prior to survey participation. Each respondent was made aware of the purpose of the study, the voluntary nature of their involvement, and their right to withdraw at any time without consequence. To maintain confidentiality and protect privacy, all respondent identities were anonymized, and any personally identifiable information was excluded from the dataset and analysis.

Additionally, this research incorporated publicly available complaint records and user reports as secondary data sources. Proper permissions and citations were observed, and care was taken to anonymize any user details drawn from open forums, such as Reddit, to avoid violating privacy rights. No data from unverified or confidential platforms were used without ensuring public accessibility or ethical clearance.

Despite rigorous procedures, the study is not without limitations. Access to internal operational records or proprietary data from digital lending companies was restricted, limiting the scope of analysis to publicly disclosed policies and borrower experiences. Furthermore, while efforts were made to obtain a diverse sample, the 30 borrower respondents may not fully represent the broader demographic and socioeconomic

diversity of Negros Occidental. Lastly, the use of user-generated reports, while valuable for understanding borrower experiences, may include inherent biases or partial accounts that were not independently verified. These limitations, while acknowledged, do not diminish the significance of the findings but rather highlight areas for further research and regulatory investigation.

## RESULTS AND DISCUSSION

This chapter presents the findings of the study on the data collection, processing, and storage practices of selected digital lending platforms operating in Negros Occidental. The analysis focused on at least five major platforms and examined their privacy policies, consent mechanisms, and indicators of compliance. These were evaluated in light of the provisions set forth by the Data Privacy Act of 2012, with the goal of assessing how these platforms uphold users’ data rights and transparency obligations in their financial operations.

Based on presence in the local market, the documents publicly accessible on company sites or mobile apps, retrieved archived versions via web, the frequency in borrower responses, and verified SEC registration (Securities and Exchange Commission, 2024) the following are the most commonly used digital lending platforms in Negros Occidental:

### 1. Home Credit Philippines

Home Credit is a Czech-founded consumer finance provider that entered the Philippine market in 2013. It offers in-store and online installment loans and cash loans through its mobile app. Known for its fast approval process and minimal documentation requirements, Home Credit has become a top choice for middle- and low-income borrowers across provinces,



including Negros Occidental. While generally compliant with regulatory requirements, Home Credit has received complaints over aggressive collection practices, especially when dealing with overdue accounts (Romero, 2025). However, it maintains a relatively strong privacy policy and is registered with the Securities and Exchange Commission (SEC) and supervised by the Bangko Sentral ng Pilipinas (BSP).

2. MoneyCat

MoneyCat is a digital-only lending platform operated by MoneyCat Financing Inc., offering short-term personal loans with repayment periods of 7 to 30 days. Its services are marketed as fast and paperless, requiring only a valid ID and mobile number. However, borrowers frequently report high interest rates, undisclosed fees, and lack of clear user rights in its privacy policy (National Privacy Commission, 2023a).

MoneyCat has been named in various NPC cases for unauthorized access to contact lists and public shaming, making it one of the most criticized platforms in user forums and complaint records (Al Jazeera, 2024).

3. Cashalo

Cashalo is a fintech platform operated by Paloo Financing Inc., in partnership with Oriental Peak Lending and backed by JG Summit Holdings. It offers a variety of loan products including "Cashacart" and personal loans. The platform markets itself as a credit-builder for the underserved population. However, it has faced criticism for opaque terms and high APRs, especially for new users (Beeper, 2024).

Although it claims to uphold data privacy standards, the platform’s privacy policy lacks detail on data retention and

third-party sharing. Some users have complained of debt-shaming tactics and vague billing breakdowns (Reddit, 2024).

4. Tala Philippines

Tala is an internationally recognized mobile lending app originally developed in the U.S. It operates in several emerging markets including the Philippines. Known for its credit-scoring algorithm, Tala assesses borrowers based on smartphone data and provides loans from ₱1,000 to ₱15,000.

Tala stands out for its transparent privacy policy, clear terms, and reputation for ethical lending. It also provides financial education resources in-app. Few complaints have been raised against Tala compared to its local competitors, and it is cited by the National Privacy Commission as a model for responsible lending (NPC, 2023b).

5. GCash – GLoan / GCredit

GCash is a widely used mobile wallet in the Philippines, operated by Mynt, a joint venture of Globe Telecom, Ayala Corporation, and Ant Financial. It offers embedded financial services like GCredit (powered by CIMB) and GLoan, which provide credit lines and instant cash loans to eligible users.

GCash’s integration with large financial institutions gives it a high compliance rating. It uses strong security measures, including OTP, biometric authentication, and encrypted data. While some users have raised concerns over eligibility criteria and auto-deductions, the platform has not been cited in major harassment cases (Philippine Information Agency, 2025).

These platforms were chosen based on presence in the local market, frequency in borrower responses, and verified SEC registration (Securities and Exchange Commission, 2024).

User Summary

Platform	Rarely	Occasionally	Frequentl y	Very Frequentl y	Total Users
Home Credit	9	6	1	1	17
Tala	4	4	1	0	9
GCash	3	0	0	0	3
Cashalo	0	1	0	0	1
MoneyCat	0	0	0	1	0
Others	2	1	1	0	4

Table 3. Frequency of Use of Digital Lending Platforms among Respondents in Negros Occidental

The table presents the number of respondents who reported using common digital lending platforms. Usage is categorized by frequency: rarely, occasionally, frequently, and very

frequently. Home Credit and Tala emerged as the most frequently used platforms among participants.

## Evaluation of Data Privacy Compliance

The content analysis of privacy policies across multiple platforms revealed significant variability in how platforms disclose their data collection practices. Many platforms were found to collect sensitive financial and personal data without adequately explaining the risks to users. Some platforms had minimal safeguards in place, leaving users vulnerable to data breaches. As per the Data Privacy Act of 2012, platforms are obligated to protect user data, yet gaps in

compliance were observed. The failure to implement comprehensive security measures and transparent consent procedures could lead to potential violations (Republic Act No. 10173, 2012).

The privacy practices of the five platforms were assessed using the Privacy Policy Assessment Form based on the Data Privacy Act of 2012 (Republic Act No. 10173). Key indicators included consent mechanisms, data sharing disclosures, and articulation of user rights.

Compliance Indicator	GCash	Tal a	Home Credit	Cashalo	Money Cat
Consent & Rights (Sec. 3, 16)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	×	×
Data Collection Transparency (Sec. 18)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	×	×
Security Practices	<input type="checkbox"/>	<input type="checkbox"/>	×	×	×
Data Retention & Storage Security (Sec. 20, 21)	<input type="checkbox"/>	<input type="checkbox"/>	×	×	×
Right to Access, Correct, Object (Sec. 16)	<input type="checkbox"/>	<input type="checkbox"/>	×	×	×
Third-Party Data Sharing Transparency (Sec. 20)	<input type="checkbox"/>	×	<input type="checkbox"/>	×	×

**Table 4:** Compliance of Selected Digital Lending Platforms with Key Provisions of the Data Privacy Act of 2012

The table above summarizes the extent to which the five leading digital lending platforms in Negros Occidental comply with critical provisions of the Data Privacy Act of 2012 (RA 10173). Notably, GCash and Tala emerge as the only platforms demonstrating consistent and documented compliance across most indicators. Both disclose consent mechanisms, data security measures, and provide transparency on retention practices, user rights, and access to personal data, aligning with the standards set by the National Privacy Commission (2023a) and ethical fintech guidelines (Zhang, Li, & Wang, 2021).

In contrast, MoneyCat and Cashalo exhibit serious gaps in compliance. These platforms fail to provide clear explanations of how user data is collected, processed, or stored. Furthermore, they do not mention data retention periods, nor do they offer mechanisms for users to correct or delete their personal data—raising red flags in terms of potential data misuse. These findings echo previous investigations by the NPC (2023b), which cited such apps for unauthorized data sharing and privacy violations.

Home Credit shows moderate compliance: while it discloses user rights and shares some information about data practices, it falls short on data security and user access provisions, which

are required under Sections 20 and 21 of the DPA.

Ultimately, this evaluation highlights a significant gap in ethical data handling practices among smaller or less regulated platforms and underscores the urgent need for stricter enforcement, user education, and standardized privacy disclosures—especially in provincial areas like Negros Occidental.

The results confirm that data privacy compliance varies significantly, with only some platforms adhering to legal and ethical standards, while others continue to operate with minimal transparency and user protection.

## Determining the Extent of Predatory Lending Practices

This part of the paper presents to what extent predatory lending practices—such as interest rates exceeding 36% annually, the presence of hidden fees, and the use of aggressive collection methods. The result was taken from analyzing borrower survey responses, complaint records, and user reports within Negros Occidental. Using data gathered from 30 respondents who have accessed digital loans, along with

supporting records from regulatory bodies and publicly documented complaints, the findings shed light on the borrowers’ actual experiences with unethical lending behaviors. The analysis focuses on quantifiable indicators such as reported interest rates, billing transparency, and the nature of collection strategies, offering insights into the operational practices of the

most commonly used digital lending platforms in the province. These results aim to surface the systemic patterns of exploitation faced by borrowers and assess the broader ethical and regulatory implications of digital lending in local communities.

Indicator	Number of Respondents	% of Respondents
Interest rates and fees not clearly communicated	13	43.3%
Excessive interest rates	6	20.0%
Hidden or unexpected charges	2	6.7%
Loan rollovers with additional fees	5	16.7%
Aggressive debt collection practices (e.g., threats)	10	33.3%
Misleading loan terms or advertising	7	23.3%
Reported none of the above practices	11	36.7%

**Table 5:** Reported Unethical Lending Practices Experienced by Borrowers

The table presents the number and percentage of respondents in Negros Occidental who reported experiencing specific unethical lending practices from digital lending platforms. Responses were collected through a structured survey of 30 borrowers.

**Analysis and Interpretation**

The data reveals that nearly half of the respondents (43.3%) reported that the interest rates and additional fees were not clearly communicated at the time of loan acceptance. Furthermore, 20% indicated that they had experienced excessive interest rates, often beyond the ethical benchmark of 36% APR, which aligns with previous findings by the National Privacy Commission and the Securities and Exchange Commission regarding digital lending malpractices in the country.

A smaller segment of respondents (6.7%) encountered unexpected charges not reflected in the initial loan breakdown—an indicator of non-transparent fee structures. Notably, loan rollovers (the practice of continuously extending the loan term with added fees) were experienced by 16.7%, reflecting a cycle of re-debt that borrowers were often not made fully aware of at the outset.

Aggressive collection practices emerged as a significant concern. 33.3% of participants confirmed that they had encountered aggressive or coercive debt collection behavior, such as excessive follow-ups, threatening language, or undue pressure through mobile or social messaging channels. Several respondents also noted being contacted via personal references

or family members, which constitutes a potential breach of privacy and ethical lending standards.

In terms of information accuracy, 23.3% of borrowers described their lending experience as being shaped by misleading advertising or unclear loan terms, which further emphasizes the need for regulatory oversight and stronger disclosure mechanisms.

While 36.7% of participants reported that they did not experience any of the listed unethical practices, the substantial proportion that did confirms a pattern of predatory behavior that cannot be disregarded. These patterns are further echoed in the qualitative responses, where borrowers expressed concerns about data misuse, harassment from collection agents, and lack of accountability from lenders.

The findings strongly suggest that while a portion of the borrower population may engage with ethical and regulated platforms, there remains a significant presence of predatory practices within the digital lending space in Negros Occidental. These include non-transparent interest and fee disclosures, excessive interest charges, and aggressive or unethical collection methods. The results underscore the urgent need for enforced transparency, borrower education, and the strengthening of regulatory safeguards as provided under the Data Privacy Act of 2012 and relevant financial consumer protection frameworks.

**CONCLUSION**

This study critically investigated the ethical practices of digital lending platforms operating in Negros Occidental, focusing on two key areas: (1) compliance with data privacy

standards, and (2) the prevalence of predatory lending practices as experienced by local borrowers.

Findings from the first objective revealed that only a few platforms, particularly GCash (GLoan/GCredit) and Tala, demonstrate clear and consistent compliance with the Data Privacy Act of 2012 (RA 10173). These platforms provide informed consent, clearly communicate data processing purposes, and offer mechanisms for users to access, correct, or delete their personal data. In contrast, other platforms such as MoneyCat and Cashalo lacked transparency in their privacy policies, did not articulate data retention practices, and failed to uphold the users' rights to informed consent—raising ethical and legal concerns.

In addressing the second objective, the survey responses revealed a significant incidence of predatory lending behaviors. Among the 30 respondents, many reported unclear or misleading loan terms, excessive interest rates, hidden fees, and aggressive collection practices, including harassment and the unauthorized involvement of third parties. These practices create financial stress, erode borrower trust, and contribute to a broader culture of exploitation in the local digital lending environment.

Taken together, the findings confirm that data privacy violations and unethical lending behaviors are prevalent among certain digital lenders operating in the province. While some platforms show good compliance and ethical standards, the lack of consistent enforcement and user protection mechanisms continues to place borrowers at risk, especially in underserved and digitally vulnerable communities.

**Recommendation**

**Based on the results and analysis of this study, the following recommendations are proposed:**

In light of the findings from this study, several targeted recommendations are proposed to address the identified gaps in data privacy compliance and predatory lending practices in digital financial services. These recommendations are structured across three key stakeholder groups: policymakers and regulatory agencies, digital lending platforms, and borrowers or the general public.

**For Policymakers and Regulatory Agencies**

To uphold the principles of the Data Privacy Act of 2012 (RA 10173) and protect borrower welfare, the National Privacy Commission (NPC) must intensify its regulatory role. This includes conducting regular audits and enforcement actions, particularly against digital lending applications that operate with ambiguous or non-compliant privacy policies (National Privacy Commission, 2023a). Furthermore, there is a need to decentralize regulatory oversight by fostering provincial partnerships with local government units and civil society organizations, especially in areas like Negros Occidental, where borrowers may have limited access to formal redress mechanisms (Romero, 2025).

In addition, the Securities and Exchange Commission (SEC)

and Bangko Sentral ng Pilipinas (BSP) should collaborate to mandate standardized, pre-loan disclosure forms. These forms must clearly outline key loan terms such as interest rates, processing fees, repayment schedules, and penalties, thereby promoting financial transparency and protecting borrowers from deceptive lending schemes (Philippine Information Agency, 2025).

Addressing unethical debt collection also requires stricter enforcement of existing regulations. Legal prohibitions should be clearly established against harassment, debt-shaming, and unauthorized contact of a borrower's personal network, in alignment with the NPC's Data Privacy Advisory Guidelines (NPC, 2023b). Regulators should also promote the use of certified third-party collection agencies that follow recognized ethical and professional standards.

**For Digital Lending Platforms**

Digital lending platforms must take a proactive approach in enhancing user consent, data protection, and lending ethics. The implementation of explicit opt-in consent mechanisms, which inform users about the purpose and scope of data collection, is vital to fulfilling their obligations under Sections 16 and 18 of the DPA (Republic Act No. 10173, 2012). Additionally, platforms must empower users by allowing them to access, modify, or delete personal data and by clearly disclosing how such data is shared with third parties.

Platforms should also adopt end-to-end encryption and other data security measures to prevent breaches and misuse of sensitive borrower information. This is particularly important given the recurring reports of unauthorized access and data abuse among online lending apps in the Philippines (Al Jazeera, 2024).

Equally critical is the need for lenders to adopt internal ethical review mechanisms to monitor loan product fairness, ensure interest rates stay within reasonable bounds, and prevent exploitative practices such as misleading promotions or unfair penalties. Staff and automated systems, including AI-based communication bots, should undergo ethical training to ensure all borrower interactions remain respectful and non-coercive (Zhang, Li, & Wang, 2021).

**For Borrowers and the General Public**

Empowering borrowers through education and access to justice is key to mitigating digital financial risks. Government agencies, NGOs, and educational institutions should initiate digital financial literacy campaigns focused on the rights of borrowers, ethical lending standards, and data privacy protections. These programs should target vulnerable groups—including youth, low-income individuals, and informal workers—who are often most susceptible to digital financial abuse (Beeper, 2024).

Lastly, the development of community-based reporting systems, such as local helpdesks, hotlines, or mobile platforms, is essential. These should offer borrowers a secure way to report abusive or unethical practices, encouraging accountability and improving consumer protection in the digital lending sector



(Reddit, 2024; NPC, 2023a).

These recommendations aim to promote a more transparent, accountable, and ethical digital lending environment—one that upholds the rights and dignity of borrowers while supporting responsible fintech innovation in the Philippines.

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