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SENATE

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Introduced by SEN. WIN GATCHALIAN

RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON THE CONTINUED
PROLIFERATION OF UNAUTHORIZED OR FRAUDULENT BANK-
RELATED TRANSACTIONS, WITH THE END GOAL OF STRENGTHENING
THE LEGAL FRAMEWORK THAT WILL ENHANCE THE ENFORCEMENT
OF THE DATA PRIVACY ACT, THE CYBERCRIME PREVENTION ACT
THE NEW CENTRAL BANK ACT AND OTHER RELATED LAWS

1 **WHEREAS**, the surge in electronic payments and online banking
2 transactions amid lockdown created avenues and platforms for fraudsters and
3 scammers to develop and utilize various means to earn dubious money while
4 preying and taking advantage of the unemployed, vulnerable, ignorant, or
5 careless online users or employees of organizations;

6 **WHEREAS**, with the intent to deceive around 4.255 million unemployed
7 Filipinos¹ or the vulnerable members of the society, scammers have resorted to
8 using short message services or text messages that offer recipients gifts, prizes,
9 or discounted items, such as cellphones, prepaid loads and motorcycles, or
10 pretending to represent reputable companies to lure them to sign-up for a freebie
11 or a promotion and trick them to reveal their personal information or the One-
12 Time Pin (OTP) generated from signing up;

¹ 3rd quarter, 2021.

1 **WHEREAS**, last month, a large number of Filipinos, mostly through social
2 media postings, reported that they have been receiving text messages about
3 suspicious online job offers that promised easy income, ranging from 1,000 to
4 50,000 pesos per day. Anonymous senders are asking the recipients to visit links
5 to avail of the online work, mostly through WhatsApp, where scammers will give
6 victims tasks allegedly to help improve its sales by making advance
7 purchases, assuring them that they will be refunded and will get their
8 commission if they deposit a specific amount to the account the scammers
9 provided, and blocking them after receiving the victim's money;²

10 **WHEREAS**, while there have been suspicions of leakages of phone
11 numbers from contact tracing applications, it was also reported that WhatsApp
12 owned wa.me domain exposed phone numbers of users registered in the app,
13 which is a major security breach.³ Initially, the National Privacy Commission
14 (NPC) found that a global organized syndicate was behind the influx of spam text
15 messages,⁴ while the National Telecommunications Commission (NTC) directed
16 the telecommunication companies to warn the public about this scam;

17 **WHEREAS**, more recently, cybercriminals were reported to have accessed
18 bank accounts and siphoned money by getting past the OTP security feature of
19 BDO Unibank, transferring the money to a UnionBank account of a certain "Mark
20 Nagoyo" and immediately purchasing Bitcoin. All these questionable transactions
21 were done either during the weekends or past the usual business hours. The
22 victims were surprised the next day to have received email and text notifications
23 about the unauthorized transfers.⁵

² <https://mb.com.ph/2021/11/20/contact-tracing-apps-are-not-leaking-your-information/>

³ https://www.cpomagazine.com/data-privacy/whatsapp-phone-numbers-from-private-profiles-leaked-to-the-public-via-google-search/?__cf_chl_tk=8hwieHI0_XK2o1eUc.TTa7Y3uve32vYawedREGvYSzc-1637814918-0-gaNycGzNCL0

⁴ <https://philstarlife.com/news-and-views/303520-national-privacy-commission-spam-sms-global-syndicate>

⁵ <https://www.rappler.com/business/bdo-clients-lose-money-due-alleged-online-banking-hack/>

1 **WHEREAS**, BDO Unibank has released a statement on the “sophisticated
2 fraud technique” used against their system affecting some of their clients and the
3 implementation of additional security controls. It likewise assured affected
4 innocent clients on the reimbursement of their losses⁶;

5 **WHEREAS**, it was observed that UnionBank accounts have been
6 frequently used by cybercriminals due to the alleged “blockchain-friendly
7 policies” and the absence of a limit on bank transactions⁷;

8 **WHEREAS**, the Bangko Sentral ng Pilipinas (BSP) also released a
9 statement that it has been collaborating and engaging stakeholders to ensure the
10 safety and integrity of the financial system as well as the protection of financial
11 consumers;

12 **WHEREAS**, even after these investigations by the NTC and NPC, as well as
13 BSP’s assurance that it has taken remedial measures, including reimbursement
14 of affected consumers, reports of these online fraudulent incidents still
15 continuously occur, thereby, raising the question on whether sufficient
16 protection mechanisms against personal information or identity theft,
17 cybersecurity attacks and other similar cybercrimes have been in place and are
18 properly being implemented by the concerned stakeholders, and whether these
19 agencies have ample powers that will ensure the protection of personal
20 information and monies of the general public, prevent similar circumstances from
21 happening, and enforce the law against local and global organized syndicates or
22 individual criminals scamming the ordinary Filipinos, especially the OFWs, the
23 unemployed and the vulnerable;

⁶ Ibid.

⁷ https://mb.com.ph/2021/12/11/hacked-bdo-accounts-are-used-to-buy-bitcoin-via-unionbank/?__cf_chl_captcha_tk__=vYZ8EqWuBRC2U3tKaYtw.nmYuJkmLrAJjIFO_vTePwx-1639384928-0-gaNycGzNDT0

1 **WHEREAS**, there is a need for a more comprehensive investigation, in aid
2 of legislation, on this issue to allay the fears of the general public on their
3 personal data privacy, as frequent messaging from several senders could
4 persuade a number of unemployed or vulnerable groups to be victimized by these
5 smishing scams, as well as to ensure that more than adequate security measures
6 and controls and consumer redress mechanisms are being implemented by the
7 banks, other business establishments and concerned regulatory agencies;

8 **NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED,**
9 to direct the appropriate Senate Committee to conduct an inquiry, in aid of
10 legislation, on the continued proliferation of unauthorized or fraudulent bank-
11 related transactions, with the end goal of strengthening the legal framework that
12 will enhance the enforcement of the Data Privacy Act, the Cybercrime Prevention
13 act, the New Central Bank Act and other related laws.

Adopted,


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