



Republic of the Philippines
PROVINCE OF LEYTE
OFFICE OF THE SANGGUNIANG PANLALAWIGAN
Palo, Leyte
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COMMITTEE ON RULES, LAWS and PRIVILEGES
and
COMMITTEE ON SOCIAL SERVICES

COMMITTEE REPORT
No. 22 series 2025

SUBJECT

“An Ordinance Prohibiting the Use of Government-Issued Cash Cards as Collateral or Security for Loans within the Province of Leyte, and Providing Penalties Therefor.”

I. BACKGROUND

Referred to this Joint Committee through SP Resolution No. 2025-469 dated October 7, 2025 is the proposed provincial ordinance entitled: *“An Ordinance Prohibiting the Use of Government-Issued Cash Cards as Collateral or Security for Loans within the Province of Leyte, and Providing Penalties Therefor.”*

The ordinance was proposed with the intent of addressing the increasing practice of using government-issued cash cards, particularly those intended for social welfare and financial assistance programs as collateral for loans extended by both formal and informal lenders.

II. PURPOSE AND POLICY OBJECTIVES

The primary objective of the ordinance is to prohibit and penalize the use of government-issued cash cards as collateral for the procurement of loans. It likewise seeks to:

1. Establish enforcement mechanisms at the barangay, municipal, and provincial levels to ensure effective implementation and compliance;
2. Promote financial literacy among beneficiaries of government programs; and
3. Encourage ethical and lawful lending practices as alternatives to exploitative financial arrangements.

By institutionalizing these protective measures, the Province of Leyte affirms its unwavering commitment to inclusive governance, social justice, and the responsible administration of public assistance programs, in furtherance of the general welfare of its people.

III. FINDINGS AND OBSERVATIONS

After careful evaluation and deliberation, the Joint Committee finds that:

1. The practice of using government-issued cash cards as loan collateral exposes program beneficiaries to financial exploitation and undermines the intent of public assistance programs;
2. The absence of local regulatory measures has allowed such exploitative practices to persist unchecked; and

3. The proposed ordinance provides a timely, necessary, and lawful mechanism to safeguard the interests of vulnerable constituents and to ensure the integrity of government financial aid.

IV. CONCLUSION and RECOMMENDATION

In light of the foregoing, the Joint Committee finds that the proposed ordinance is necessary, and beneficial to the general welfare of the people of Leyte. The measure provides clear safeguards against the misuse of public financial assistance, promotes fiscal accountability, and strengthens the Province's commitment to good governance and social justice. Hence, the Committee recommends the approval of the proposed ordinance entitled "An Ordinance Prohibiting the Use of Government-Issued Cash Cards as Collateral or Security for Loans within the Province of Leyte, and Providing Penalties Therefor" for Second Reading.

SUBMITTED: October 10, 2025



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Explanatory Note

The practice of pawning or surrendering government-issued Cash Cards—such as those used for 4Ps and social pensions—has become alarmingly prevalent in many communities across Leyte. This exploitative lending behavior undermines the very purpose of social protection programs and places vulnerable individuals at further financial risk.

Beneficiaries who pawn their Cash Cards often lose access to essential funds, fall deeper into debt, and become trapped in cycles of dependency. Informal lenders, meanwhile, profit from coercive arrangements that violate the dignity and autonomy of the poor.

This ordinance seeks to prohibit and penalize the use of Cash Cards as collateral for loans, whether by formal or informal lenders. It also establishes practical enforcement mechanisms at the barangay, municipal, and provincial levels, and promotes financial literacy and ethical lending alternatives.

By institutionalizing this protection, the Province of Leyte affirms its commitment to inclusive governance, social justice, and the responsible stewardship of public assistance programs.

AN ORDINANCE PROHIBITING THE USE OF GOVERNMENT-ISSUED CASH CARDS AS COLLATERAL OR SECURITY FOR LOANS WITHIN THE PROVINCE OF LEYTE, AND PROVIDING PENALTIES THEREFOR

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WHEREAS, the Constitution of the Republic of the Philippines guarantees the right of every Filipino to social protection, dignity, and equitable access to public services;

WHEREAS, the Province of Leyte recognizes the importance of government-issued Cash Cards as instruments for delivering financial assistance and social benefits to its constituents, particularly the poor, elderly, and marginalized;

WHEREAS, the practice of pawning, surrendering, or using Cash Cards as collateral for loans has led to widespread financial abuse, loss of access to essential funds, and the erosion of the intended impact of government programs;

WHEREAS, there is an urgent need to protect beneficiaries from coercive lending practices and to promote ethical, transparent, and community-based financial alternatives;

NOW THEREFORE, be it ordained by the Sangguniang Panlalawigan of Leyte, in session duly assembled, that the use of government-issued Cash Cards as collateral or security for loans is hereby prohibited, and penalties are imposed for violations thereof, in pursuit of financial dignity, social equity, and good governance.

Section 1. Declaration of Policy - The Province of Leyte upholds the financial dignity of its constituents by prohibiting exploitative lending practices involving the use of government-issued Cash Cards as loan collateral. This ordinance aims to safeguard beneficiaries of national and local programs from coercion, financial abuse, and loss of access to essential funds.

Section 2. Coverage - This ordinance shall apply to all cities and municipalities within the territorial jurisdiction of the Province of Leyte.

Section 3. Definition of Terms

- a. *Cash Card* – Any ATM, debit, or prepaid card issued by government agencies or LGUs for the disbursement of stipends, allowances, or financial assistance;
- b. *Loan Collateral* – Any item or instrument pledged to secure payment or repayment of a loan;
- c. *Lender* – Any person, group, or entity engaged in lending money, whether formal (e.g., cooperatives, microfinance institutions) or informal (e.g., “5-6” lenders, Unlicensed lenders who operate outside of government regulation).
- d. *Beneficiary* – Any individual receiving financial assistance through a government-issued Cash Card;
- e. *Cash Grants* – monetary assistance released to the beneficiaries of assistance programs subject to compliance of certain conditions whenever warranted;
- f. *Grievance Redress Process* - is a formal mechanism established by the Department of Social Welfare and Development (DSWD) to address complaints, concerns, and feedback from beneficiaries, stakeholders, and the public. It’s not just a complaints desk but a system for accountability, policy improvement, and service enhancement.

Section 4. Prohibited Acts - It shall be unlawful for any person to:

- a. Accept or require the surrender of a Cash Card as collateral or security for any loan;
- b. Retain, withhold, or delay the return of a Cash Card used in connection with a loan;
- c. Coerce or influence any cardholder to use their Cash Card to secure a loan.
- d. Offer as collateral or payment security, the beneficiary’s ATM or Cash Card;

Section 5. Penalties - Violators shall be penalized as follows:

5.1 For Lenders or Creditors

First Offense: ₱2,000 fine and issuance of a written warning;

Second Offense: ₱3,000 fine and 16 hours of community service.

Third Offense and Beyond: ₱5,000 fine and/or imprisonment of up to 30 days, subject to the discretion of the court.

Possession of an ATM or Cash Card not his or her own by any person engage in the lending of money shall be considered a prima facie case against the latter. Further, the imposition of the penalties as provided for under this section shall not preclude the filing of such other cases which may have also been violated by the lender financier under such existing national laws as the case may be.

5.2 For 4Ps Beneficiaries

After due process and in accordance with NAC Resolution No. 20, s. 2014 and MC No. 36, s. 2020, the following sanctions shall apply:

- First Offense:** Written warning and counseling by the Municipal Link or MSWDO;
Second Offense: Suspension of cash grants for two (2) months and second written warning from the DSWD Regional Office; Home visit & counseling by the Social Welfare officer;
Third Offense: Permanent delisting from the 4Ps program, which shall be non-appealable

5.3. For Senior Citizen - Sanctions for senior citizen beneficiaries shall be grounded on Republic Act No. 9994 and relevant DSWD administrative guidelines, which authorize the suspension or removal of beneficiaries found to have misused government-issued Cash Cards or violated program conditions. The Provincial Government shall coordinate with DSWD Field Office VIII to ensure due process and proper documentation.

Section 6. Enforcement - The Provincial Social Welfare and Development Office (PSWDO), in coordination with Municipal/City Social Welfare Offices, barangay officials, and the PNP, shall monitor compliance and receive complaints.

Section 7. Implementation Mechanism - To ensure effective enforcement of this ordinance, the following mechanisms shall be institutionalized:

7.1. Barangay-Level Monitoring and Reporting

- Each barangay shall designate a Cash Card Protection Focal Person, preferably the Barangay Secretary or a CSO representative, to monitor and report violations.
- Barangay Councils shall include this ordinance in their monthly sessions and issue Barangay Advisories in Waray-Waray for public awareness.

7.2. CSO and Youth Engagement

- In partnership with Local Social Welfare Office, accredited CSOs and youth organizations shall be tapped to conduct community forums, IEC campaigns, and peer-to-peer education on the risks of Cash Card pawning.
- The Local Social Welfare Office shall include in their budget funding for logistical support to initiatives in partnership with CSOs and youth organizations in the conduct community forums, IEC campaigns, and peer-to-peer education

7.3. LGU Integration

- Municipal and city governments shall pass harmonizing ordinances or resolutions to localize enforcement, designate enforcement teams, and allocate funds.
- MSWDOs shall include Cash Card protection in their regular case monitoring and family development sessions.

7.4. Hotline and Complaint Desk

- The Provincial Government shall establish a Cash Card Protection Hotline and online complaint desk under the PSWDO or Legal Office.
- Complaints may be filed anonymously and shall be acted upon within three (3), Seven (7) and twenty-one (21) days following the grievance redress process;

7.5. Coordination with Financial Institutions

- Banks shall be encouraged to issue reminders and warnings during card issuance and ATM transactions.
 - Verbally brief beneficiaries about the prohibited use of Cash Cards as loan collateral
 - Provide a printed advisory (in the dialect) stating:
 - “This card is non-transferable and must not be surrendered or pawned.”
 - “Using this card as collateral may result in program suspension or delisting.”

7.6. Public Disclosure and Naming

- Repeat violators may be subject to public disclosure through barangay bulletins and municipal advisories, subject to due process.
- A watchlist of exploitative lenders shall be maintained by the PSWDO and shared with LGUs quarterly.

7.7. Annual Review and Impact Assessment

- The Provincial Board shall conduct an annual review of the ordinance’s implementation, with inputs from LGUs, CSOs, and beneficiaries.
- A Provincial Impact Report shall be published and presented during the annual CSO Summit or Provincial Development Council meeting.

Section 8. Information Campaign - The Provincial Government through the social welfare office shall conduct province-wide IEC (Information, Education, and Communication) campaigns to inform the public of their rights and the protections afforded by this ordinance.

Section 9. Support Mechanisms - The Province shall encourage LGUs to establish financial literacy programs and promote access to safe, ethical lending alternatives.

Section 10. Separability Clause - If any provision of this ordinance is declared invalid, the remaining provisions shall remain in full force and effect.

Section 11. Effectivity - This ordinance shall take effect fifteen (15) days after its publication and posting in at least three (3) conspicuous places in the province.