Securities and Exchange Commission PHILIPPINES

BAGONG PILIPINAS

FINANCING AND LENDING COMPANIES DEPARTMENT

In the matter of:

JIA FINANCING INC.
(SEC Reg. No. 2023030091229-01, C.A. No. F-23-0049-36)

Respondent,

x---x

FinLend Order No. 2025 - 36

FOR: SUSPENSION OF CERTIFICATE OF AUTHORITY TO OPERATE AS A FINANCING COMPANY FOR VIOLATIONS OF THE FINANCING COMPANY ACT (R.A. 8556) AND ITS IRR; AND OTHER SEC MEMORANDUM CIRCULARS AND ISSUANCES

ORDER

This resolves the Show Cause Letter (SCL) sent against Jia Financing Inc. for its alleged violation of Memorandum Circular No. 10, series of 2021 (MC 10, series of 2021), which imposes a moratorium on new online lending platforms.

Jia Financing Inc. (the Respondent) was registered with the Commission on March 20, 2023, under Certificate of Registration No. 2023030091229-01 and Certificate of Authority No. F-23-0049-36. This registration grants the company the authority to engage in financing activities.

On April 24, 2025, the Respondent was invited to present at the 3rd National Strategy for Financial Inclusion Core Group meeting, held at the Bangko Sentral ng Pilipinas (BSP). During the presentation, it was revealed that the Respondent operates a website, "jia.ph," which offers various financing services, including invoice factoring, inventory factoring, inventory financing, supply chain financing, and platform financing. The company discloses that it provides loans ranging from $50,000 to $200,000 per client.

On May 16, 2025, the Financing and Lending Companies Department (FinLenD) issued a Show Cause Letter (SCL) against the Respondent, giving them ten (10) days to explain why it should not be held liable for launching and operating its undisclosed website in violation of MC 10, Series of 2021.

On May 25, 2025, the Respondent complied with the SCL, stating that it does not offer personal, general-purpose, consumer-based, unsecured, or mobile app lending products. Instead, the Respondent focuses on invoice-based receivables financing for formally registered small and medium enterprises (SMEs). The Respondent is committed to supporting the national government's priorities and the Honorable Commission's initiatives to expand access to capital for SMEs lacking opportunities for traditional bank lending. The Respondent's borrowers primarily consist of registered businesses with active operations and recurring revenue that seek working capital to foster growth or manage cash flow gaps. Typically, the company lends amounts between $50,000 and $200,000 per client.

Regarding its core lending operations, the Respondent clarifies that these functions are performed offline and manually by dedicated teams.

Finally, concerning the existence of its website, the company emphasizes that the site (www.jia.ph) and its associated dashboard are not publicly accessible lending platforms. While the website outlines the financial services offered by the Respondent, it does not have a public interface for loan applications, approvals, or servicing. The website does not provide an independent automated or digital process for accepting, processing, or approving any loan applications.

Instead, the website and its dashboard are secure, closed-looped internal tools with restricted access, limited to the Respondent's team and business borrowers who have undergone thorough offline

Know Your Business (KYB) verification and manual onboarding and approval processes. The website is primarily used for documentation and coordination purposes to support the team and existing SME clients, rather than serving the public at large.

ISSUE:

Whether the Respondent can be held administratively liable for violation of the Financing Company Act in relation to Memorandum Circular (MC) No. 10, series of 2021, and MC 3, series of 2022, on its Business Plan discrepancies.

HELD:

We rule in the affirmative.

I. The Respondent violated MC No. 10, Series of 2021, as its Website is essentially an Online Lending Platform.

In determining the Respondent's violation, this Department shall uphold the substantial evidence rule, which provides that in administrative proceedings, the quantum of proof necessary for a finding of guilt is only substantial evidence[1]. More than a mere scintilla of evidence, substantial evidence means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if other minds equally reasonable might conceivably opine otherwise. The requirement is satisfied where there is reasonable ground to believe that the respondent is guilty of the act or omission complained of, even if the evidence might not be overwhelming[2].

It is essential to note that on November 5, 2021, the Commission issued Memorandum Circular No. 10, Series of 2021, which imposed a moratorium on the registration of new online lending platforms or applications. This Circular defines online lending platforms (OLPs) as mobile lending applications, websites, and other FinTech-enabled programs or systems where the products and services of financial companies (FCs) and lending companies (LCs) are made available. Upon its effectivity, no platforms or applications are permitted to be launched or commenced.

According to records, the Company launched its website despite the existing moratorium. The Company's justification for operating the website does not exempt it from compliance with Memorandum Circular No. 10, as the Circular does not provide any exemptions. Therefore, the Company has violated the Commission's issuance, specifically Memorandum Circular No. 10, Series of 2021.

The Implementing Rules and Regulations of the Financing Company Act warrant the imposition of administrative penalties for erring financing companies who have violated the order of the Commission, thus:

SECTION 14. Administrative Sanctions

> *If the Commission finds that there is a violation of RA 8556, of these Rules and Regulations, of the terms and conditions of the Certificate of Authority to operate as a Financing Company,* ***of any Commission order****, decision or ruling, or the financing company refuses to have its books of accounts audited, or continuously fails to comply with the SEC requirements, the*

[1] Macaventa v. Nuyda, A.C. No. 11087, October 12, 2020
[2] Diaz v. Ombudsman, G.R. No. 203217. July 02, 2018

Commission shall, in its discretion, impose any or all of the following sanctions:

a) Suspension or revocation of the Certificate of Authority to operate as a Financing Company after proper notice and hearing;
b) A basic fine of not less than Ten Thousand Pesos (P10,000) and for each day of continuing violation, but in no case shall the total fine be more than One Hundred Thousand Pesos (P100,000);
c) Other sanctions within the power of the Commission.

(emphasis supplied)

Given the gravity and surrounding circumstances in the instant case, the Company shall pay the basic penalty of Ten Thousand Pesos (P10,000.00) and shall remove the website.

II. THE RESPONDENT ALSO VIOLATED MC 3, SERIES OF 2022

On 03 March 2022, the Commission issued SEC Memorandum Circular No. 03, series of 2022 or the Implementation of Bangko Sentral ng Pilipinas Circular no. 1133 series of 2021 on the Ceiling/s on Interest Rates and other Fees charged by Lending Companies, Financing Companies, and their Online Lending Platforms ("MC 3").

Further, Section 5 of MC 3 states that the Commission shall require all LCs and FCs, whether or not offering loans covered by the ceiling, to submit a Business Plan indicating the company's loan products and services as well as the applicable pricing parameters, which must be compliant with Section 3 of MC 3 putting ceiling/s on interest rates and other fees for specific loans offered by LCs, FCs, and their OLPs. It is also provided that non-compliance with Section 5, whether non-submission or implementing an amended Business Plan without prior approval of the Commission, shall have the penalty of Suspension or Revocation of Certificate of Authority, thus:

SECTION 6. Administrative Sanctions. – Non-compliance with this Circular shall subject the FCs and LCs to the following penalties:
xxxx
C. Non-compliance with Section 5

Violation	FCs	LCs
Late submission of Business Plan	P10,000.00 plus P200.00 daily penalty	P10,000.00 plus P100.00 daily penalty
Non-submission of Business Plan Implementing Amended Business Plan without prior approval of the Commission	Suspension or Revocation of CA	

The foregoing penalties shall be imposed without prejudice to the Commission's exercise of any and all of its powers, including but not limited to, its visitorial powers to ensure compliance with this Circular any other penalties that may be imposed by the Commission pursuant to Presidential Decree No. 902 - A, Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, and all other relevant laws, rules, and regulations being implemented by the Commission, which may include the disqualification of the directors and officers of the erring FCs, LCs, and their OLPs; and further, to the penalties that may be imposed by any courts or other government agencies in the exercise of their respective mandates and jurisdictions.

(Emphasis supplied)

While the Company submitted its Business Plan on 19 May 2023, indicating all its products and business operations, it failed to disclose that it will operate a website for whatever purposes it may serve. More so, as disclosed in its *Answer*, "Jia typically lends amounts of USD $50,000.00 to $200,000.00 per client". Such loan amount or products were not disclosed in its Business Plan as it provides the following:

ANNEX D

Template for II (4) Loan Products and Pricing Parameters

Type of Loan (e.g., payday loan, salary loan, business loan, car loan, general purpose loan, unsecured)	**Minimum and Maximum Loan Value** (e.g., Php5,000 - Php10,000)	**Loan Tenor**[1] (e.g., 30 days, 2 months)	**Monthly Nominal Interest Rate**[2] (e.g., 6%)	**Other Fees and Charges**[3] (indicate the fee and its corresponding rate/amount, e.g., Processing Fee - Php200)	**Monthly Effective Interest Rate**[4] (e.g., 15%)	**Fees/Penalties for Late Payment or Non-payment** (e.g., 5% per month on outstanding scheduled amount due)	**Total Cost**[5] (indicate the amount)	**Mode of Payment** (e.g., online bank transfer)
Inventory Financing	3,000 - 200,000	1 week to 6 months	1% to 5% per month		1% to 5% per month	none	1% to 5% per month	e wallet, bank transfer, OTC, PDC
Working Capital Financing	Php 20,000 - Php 1,000,000	1 week to 12 months	1% to 5% per month		1% to 5% per month	none	1% to 5% per month	e-wallet, bank transfer, OTC, PDC

The non-disclosure of these material changes in its operations warrants the suspension of its Certificate of Authority.

WHEREFORE, in view of the foregoing, for the Company's violation of MC 3, series of 2022, the Certificate of Authority with No. F-23-0049-36 of Jia Financing Inc. is hereby **SUSPENDED** for a period of sixty-days (60) from the issuance of this Order. The Company is likewise ordered to pay the penalty of TEN THOUSAND PESOS (P10,000.00) in violation of the FCA-IRR and remove its website, Jia.ph.

This Order shall be immediately executory.

SO ORDERED.

10 July 2025, Makati City.

Kenneth Joy A. Quimio

ATTY. KENNETH JOY A. QUIMIO
OIC-Director