



**KEY COMPONENTS OF
CREDIT REPORTING
ACT**
**{of high importance in our
market}**

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APPROACH

- **Background to having a credit bureau established in Guyana**
- **Request for Solution – short listing of respondents**
- **Key components of the Credit Reporting Act**
- **Lessons learnt**

BACKGROUND TO THE CREDIT REPORTING ACT

- **Credit Reporting Act 2010**
- **Order to bring Act into operation – April 15, 2010**
- **Select Committee of the National Assembly**
 - **sensitive nature of Bill**

REQUEST FOR SOLUTION

- **Sent to existing credit bureaus**
- **Expectations of the respondents**
 - **Must be capable of delivering a scalable and modular credit reporting system**
 - **Must be able to demonstrate proprietary skills in the credit bureau services area**

REQUEST FOR SOLUTION

- **Have a proven track record in servicing similar emerging markets**
- **Must have a system that is capable of processing positive and negative data from both banks and non-bank entities including utility companies**

REQUEST FOR SOLUTION

- **Must be able to design, implement and provide for the on-going management of the technical solution and provide domain expertise to potential users of the system, among other requirements**
- **Must be receptive to site visits to the data centres.**

TECHNICAL PROPOSAL

- **General description of the solution**
- **Business architecture**
- **Customer enquiry access type**
- **Inquiry access – match and merge rules**
- **Creating new consumer records**
- **Application security**
- **Data maintenance application**

TECHNICAL PROPOSAL

- **Networking and communications overview**
- **Data encryption during transfer**
- **Data centre/bureau security**
- **After sales technical support and maintenance both on- and off-shore**
- **Standard system reports and data presentation**

TECHNICAL PROPOSAL

- **Billing system**
- **Project plan**
- **Pricing policy**

- **Evaluation Committee**
 - **six members – BOG/IFC**
- **Scorecard**
 - **specific experience of the vendors**
 - **qualification and competence of the key staff for designing the system**

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- **Project plan**
 - **Pricing policy**
 - **Technical features of the Credit Bureau Solution**

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- **On-site visits**
 - **BOG/IFC**
 - **Primary and secondary sites**

DISCUSSION WITH CREDIT INFORMATION PROVIDERS

- **Important to have stakeholders buy-in into the project**
 - **presentations by vendors**
 - **one-on-one meeting between vendor and credit information provider**

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- **Credit Information Providers**
 - **Commercial Banks**
 - **Licensed Non-Banks**
 - **Utility Companies**
 - **Large Hire Purchase Companies**

KEY FEATURES OF THE CRA

Licensing Process

Criteria

- Part II of the CRA
- Credit Reporting (Licensing) Regulations 2011
- Guidelines No. CB1 (Licensing, fees, costs of inspection)

KEY FEATURES OF THE CRA

- **Need for a licence to conduct credit bureau activities**
- **Must be incorporated in Guyana**
- **Penalty for contravention**

KEY FEATURES OF THE CRA

Board Membership

- **Not less than 5 directors**
- **Qualified in law, banking, finance, administration or accounting or any other fit and proper person**

KEY FEATURES OF THE CRA

Personal Declaration Sheet

- **Police Clearance**
- **Certified statement of assets and liabilities**
- **Latest tax compliance certificate**
- **Two letters of character reference (must have known the individual for at least ten years)**

KEY FEATURES OF THE CRA

Personal Declaration Sheet

- **Two letters from financial institutions (performance of past and present account for last two years noting past due or delinquent accounts)**

KEY FEATURES OF THE CRA

Disqualification of Directors

- **Court conviction for an offence involving dishonesty**
- **Adjudged as bankrupt under our Insolvency Act**
- **In the Bank's opinion is not a person of sound probity and character**

KEY FEATURES OF THE CRA

Disqualification of Directors

- **Has been a Director, CEO or other officer of a company that has been wound up by a court or has been placed in receivership.**

KEY FEATURES OF THE CRA

Capital

- **Subscribed capital – US\$375,000**
- **CIP collectively – maximum of 49% ownership in credit bureau**
- **CIP, subsidiaries or affiliates whether jointly or severally – no more than 10% of paid-up capital of credit bureau**

KEY FEATURES OF THE CRA

On-site examination

- Often as deem necessary
- Could summon any director, officer, employee or auditor to appear before a committee appointed by the Bank.

KEY FEATURES OF THE CRA

Annual Audit

- **Appoint annually an independent auditor approved by the Bank**
- **Full review of internal control and security structures and risk management controls**

KEY FEATURES OF THE CRA

Revocation of licence

- Failed to comply with terms and conditions of licence
- Failed to comply with any of the provisions of the CRA
- Does not commence operations within six months after the issuance of its licence

KEY FEATURES OF THE CRA

Revocation of licence

- **Has provided the Bank with false or inaccurate information**

KEY FEATURES OF THE CRA

Cross-border data storage

- Low volume/high start up cost
- Need Bank's approval

KEY FEATURES OF THE CRA

Concerns coming more from the market

Ownership of data

- **Liquidation, winding up or suspension**
 - data would be transferred to the Bank to decide if the credit bureau can be continued or

KEY FEATURES OF THE CRA

Concerns coming more from the market

Ownership of data or whether the data shall be:

- destroyed
- returned to each credit information provider or
- transferred to another licensed credit bureau by a bidding process

KEY FEATURES OF THE CRA

Concerns coming more from the market

Consent

A credit information provider shall not share with a credit bureau data or information including electronic data or information collected on a consumer without the consumer's prior consent and consent shall be included in the consumer's credit application.

KEY FEATURES OF THE CRA

Concerns more from the market

Right to inform consumer about

- Name, address and telephone number of the credit bureau that will collect, process and disseminate information about consumers
- The purpose of the collection, process and dissemination of the information; and

KEY FEATURES OF THE CRA

Concerns coming from the market

Right to inform consumer

- Their rights to check their own credit history as well as to correct erroneous information

KEY FEATURES OF THE CRA

Concerns from the market

Source of information

- **Credit Information Provider**
- **Public sources**
 - **data available to the general public-newspapers, internet**
 - **court judgments**
 - **immovable property registries**
 - **company registries**

KEY FEATURES OF THE CRA

Concerns from the market

Personal Information

- **Credit information does not include personal information unless the consumer consents in writing to the inclusion and such consent is attached to the information**

KEY FEATURES OF THE CRA

Concerns from the market

Personal Information

- **Reliability**
 - accurate in all material respects
 - presented in a fair and balanced manner
 - does not include personal information

KEY FEATURES OF THE CRA

Concerns from the market

Permissible purpose for use of credit information

- Credit Information Provider
- Consumer himself/herself
- Third party service provider

KEY FEATURES OF THE CRA

Concerns from the market

Permissible purpose for use of credit information

- With written permission of the consumer for purposes of:
 - renewal of tenancy
 - underwriting of insurance
 - employment

KEY FEATURES OF THE CRA

Concerns from the market

Permissible purpose for use of credit information

- **facilitating a financial or other commercial transaction**

KEY FEATURES OF THE CRA

- **Credit report**
 - **Once per year**
 - **Free**
 - **Investigation**
 - **Credit bureau has fourteen days to provide copy of report**

KEY FEATURES OF THE CRA

Right to challenge information contained in credit report

- **Illegal, inaccurate, erroneous or outdated**
- **Credit bureau has 30 days to resolve matter**
- **Consumer has recourse to the Minister and to the High Court**

LESSONS LEARNT

- **Need for full involvement in all processes**
- **Have clarity with respect to selection criteria**
- **Identify the credit information providers from the start**
- **Need to have buy-in by the credit information providers**

LESSONS LEARNT

- **Not to close the door to applicants until the licence has actually been issued**
- **Utilize the services of those experienced with the business of credit bureau**
- **Have Guidelines and Reporting Requirements in place from the onset**
- **Need for continued public awareness**

LESSONS LEARNT

- **Need to ensure that there is some form of data protection legislation in the country where the data would be stored.**
- **Need to inform the credit information that the provision of historical data would be a requirement of the Credit bureau and that they should factor this in their budget in terms of personnel and costs.**