

Best Practices for Credit Information Companies

[Recommendations 8.26, 8.27, 8.28, 8.29, 8.30, 8.31, 8.32 and 8.34]

CICs should take following best practices into account and put in place a system for consumer complaint redressal with the approval of their Board of Directors. Such policy may be displayed on their websites.

- i. CICs should abide by the period stipulated under the CICRA and the Rules and Regulations framed thereunder in respect of updation, alteration of credit information, resolution of disputes, etc. Procedure prescribed under Rules 25 and 26 of the CIC Rules, 2006 in this regard should be adhered to. Deviations from stipulated time limits should be monitored and commented upon in the periodical reports/reviews put up to the Board/Committees of Board on customer service. [Recommendation 8.26(a)]
- ii. CICs should have a structured and systematic process for redressing customer grievance redressal. [Recommendation 8.26(b)]
- iii. CICs should have a nodal officer for dealing with customer complaints. [Recommendation 8.26(c)]
- iv. CICs should have a system for conducting root cause analysis for complaints. [Recommendation 8.26(d)]
- v. Following a dispute regarding a CIR, if it is established that the reason for the dispute lies with the CIC itself or with the information provided by a member bank/FI to the CIC, the CIC may provide a free copy of the same type of CIR to the customer after correction of the credit information. [Recommendation 8.26(e)]
- vi. Data on complaints may be compiled by CICs on a quarterly basis. A quarterly review on complaints may be put up to the Board of Directors. [Recommendation 8.26(f)]
- vii. Updation of credit information should take place on a monthly basis or at such shorter intervals as may be mutually agreed upon between the bank/FI and the CIC. [Recommendation 8.26(g)]
- viii. In respect of commercial data, there are only limited records in the database especially for the newer CICs. The CICs may prepare an action plan and

- populate the database with historic data to improve their capabilities in the area. [Recommendation 8.26(h)]
- ix. Training should be organised by the CICs for member institutions on understanding the formats, importance of data reporting and how to improve data acceptance ratio. [Recommendation 8.26(i)]
 - x. Safeguards in respect of data usage in terms of Rule 27 of the Credit Information Companies Rules, 2006 by specified users should be built into in the agreements with the specified users. [Recommendation 8.26(j)]
 - xi. Whenever CIRs on the same borrower are accessed by more than one Credit Institution simultaneously, within a period of one month, an alert may be provided by the CIC to all the banks/FIs/Credit Institutions who have drawn the reports to avoid multiple financing for the same purpose/to avoid fraudulent transactions. [Recommendation 8.27]
 - xii. Alerts on borrowers who are changing their addresses/office are to be indicated to other credit grantors without disclosing the name of the banks/FIs. [Recommendation 8.28]
 - xiii. Behaviour pattern of the borrowers, viz., frequency of loans obtained, frequency of banks/FIs approached, etc., may be provided as a separate value added product by CICs. [Recommendation 8.29]
 - xiv. Customisation of reports as per the specific requirement of a specified user may be done as a separate value added product by CICs which are not already doing the same. [Recommendation 8.30]
 - xv. Banks/FIs and CICs should ensure that the credit records of borrowers are regularly updated by banks/FIs and that issues such as where repayment of the last instalment of a loan does not get reported does not arise. [Recommendation 8.31]
 - xvi. All CICs should be ISO 27001:2013 certified for Information Security. [Recommendation 8.32]
 - xvii. With a view to decreasing court cases involving banks/FIs and CICs, complaints need to be addressed by them on an urgent basis. Banks/FIs and CICs should have a structured process of complaint redressal for which a Consumer Protection Committee under the Board should be constituted. [Recommendation 8.34]
