

**Annexure V**  
**Cross Country experiences of Credit Information Bureaus**

	<b><u>U.K</u></b>	<b><u>U.S.A.</u></b>	<b><u>Australia</u></b>	<b><u>New Zealand</u></b>
<b><u>i) Owner-ship pattern</u></b>	Credit bureaus are formed in the private sector. There are two or three large-sized bureaus with overseas operations, and a few localised credit reference agencies.	Credit bureaus are formed in the private sector. There are three large sized bureaus (Dun & Bradstreet, Equifax, and Trans Union) with overseas operations and a number of smaller bureaus with restricted operations	There are no public Credit Information Bureaus here as in the case of UK and USA. There are companies in the private sector which are joint ventures of the large U.S. based bureaus.	There are no public Credit Information Bureaus. There are companies in the private sector providing this service.

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<b><u>ii) Role of Central Bank/Regulation and licensing</u></b>	CIBs are not regulated by the central banking /monetary authorities. Bureaus are licensed by the Office of Fair Trading under the Consumer Credit Act (1974) and registered with the office of the Data Protection Registrar. The recent Data Protection Act (1998) will replace the Registrar with the Data Protection Commissioner.	CIBs are not regulated by the Central banking and monetary authorities. The Federal Trade Commission administers bureaus in U.S.A.	The Australian Prudential Regulation Authority (APRA) plays no role in promoting, developing, licensing or supporting CIBs. APRA only holds annual meetings with the two major CIBs in Australia.	The Reserve Bank of New Zealand plays no role in promoting, developing, licensing or supporting CIBs.
<b><u>iii) Nature of functions</u></b>	Information on bad debts is shared between banks by invoking the principle that it is in the interest of the banks to have such disclosure, whereas sharing of positive information on new accounts is done by invoking the principle that disclosure be made only with the express or implied consent of the customer.	CIBs collect negative and positive information from application forms of consumers, public records (bankruptcies, court judgements, registered agreements, etc.) and from major credit granters, who send their credit files (containing name, address, social security number, suits, judgements, tax liens, information on whether payments are timely or not, etc.) electronically at periodic intervals.	Only negative information such as identification of customer, amount of credit sought in the application, information on defaults, Court judgements and bankruptcies, is collected.	Information not available.
<b><u>iv)Secrecy/</u></b>	Data sharing	There is more	The ability of the	The Privacy Act

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<b><u>Privacy Laws</u></b>	<p>between banks is bound by the principles upheld in the Tournier case, i.e. the Tournier Vs. National Provincial and Union Bank of England (1924), which provides that the Bank has a general duty of confidentiality towards the customer except in the following circumstances:</p> <ul style="list-style-type: none"> <li>- Where the disclosure is compelled by law;</li> <li>- Where there is a duty to the public to disclose;</li> <li>- Where the interest of the bank requires disclosure;</li> <li>- Where the disclosure is made with the express or implied consent of the customer</li> </ul> <p>The Data Protection Registrar, appointed under the Data Protection Act, 1984, supervises data users' compliance with</p>	<p>freedom to share consumer information. The principles of sharing of information on customers have been enshrined in the Fair Credit Reporting Act, 1971. It lays down guidelines on permissible purposes and requirements relating to information contained in consumer reports, disclosures, procedure in case of disputed accuracy of reports, responsibilities of furnishers of information to reporting agencies, etc.</p>	<p>banks to share information relating to customers is controlled by (i) Common Law viz., the Tournier Vs. National Provincial and Union Bank of England (1924) which is reflected in the Australian Code on Banking Practice (Clause 12.1) which provides that the Bank has a general duty of confidentiality towards the customer except under the circumstances mentioned in the Tournier case.</p> <p>The Commonwealth Privacy Act, 1988 which lays down requirements relating to disclosure of credit information by CIBs and recipients of information from CIBs, use by banks (and others) of information in credit reports, exchange of credit information between banks and personal information which can be included viz. the files of credit agencies.</p>	<p>(1993) prohibits an agency that holds personal information from disclosing such information about an individual to another body or agency except under limited conditions. One of the exceptions is where the disclosure is authorised by the individual concerned, and this is used by CIBs in passing along credit information.</p>

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	data protection principles.		. The Privacy Act prevents banks and others from positive credit reporting to CIBs. This is also in compliance with the Credit Reporting Code of Conduct (CRCC) issued by the Privacy Commissioner.	
<b>v) <u>Rights of the borrower</u></b>	The Consumer Credit Act (1974) lays down the steps to be taken if a consumer wishes to query any of the information contained in the credit files.	The Fair Credit Reporting Act, 1971, also allows the customer right to knowledge on the nature, substance and sources of information collected on him, have incorrect information on him reinvestigated, etc.	Under the Commonwealth Privacy Act, 1988, the consumer can have access to a credit report covering that consumer, can challenge any information in a credit report and can complain to the Privacy Commissioner.	Information not available.

**Cross country experiences of Credit Information Bureaus  
(Where CIBs have been set up as divisions or with initiative of Central Bank)**

	<b><u>BELGIUM</u></b>	<b><u>FRANCE</u></b>	<b><u>SRI LANKA</u></b>	<b><u>BANGLADESH</u></b>
i) <b><u>Ownership pattern</u></b>	Bureaus have been set up as divisions/credit risk offices of the <b>Central Bank (National Bank of Belgium)</b> .	The CIB functions are performed by a division of the Banque De Paris, the <b>central banking authority</b> .	The CIB was <b>established by an Act of Parliament</b> and enjoys unique legal backing for collection of information. <b>The Monetary Board of the Central Bank of Sri Lanka is one of the 52 shareholders</b> of the bureau.	CIB functions as a <b>department of the Bangladesh Bank</b> , the central banking authority of the country.
ii) <b><u>Role of Central Bank/ Regulation and licensing</u></b>	By the Royal decree of 15 <sup>th</sup> April, 1985 to register data relating credit facilities of 1 million francs and above.	<b>Functions are performed by a division of the Central banking authority.</b>	Deputy Governor of Central Bank is the ex-officio Chairman of the Board of Director administering Bureau.	Functions as a <b>department of the Central Bank</b> .
iii) <b><u>Nature of functions</u></b>	The bureau captures defaults on instalment contracts, consumer credit, mortgage credit agreements and corporate borrowings. The participants in the system are the natural persons or corporates authorised to finance consumer and mortgage credit agreements as well as credit insurance	The bureau collects information from all banks/ financial institution on <b>individual lendings above FFR 500000</b> . The information collected is name, address, type of activity, facility (type, tenure etc.). The information is disseminated to banks (borrower-wise), who have declared their exposures. This provides information on the customers'	The functions of the CIB are to maintain a data bank on borrowers; to collect and collate trade, credit and financial information on borrowers or prospective borrowers; to store the information so collected and to furnish credit information on request and in confidence to shareholders of the Bureau and to	The bureau collects from each commercial bank data on all customers availing advances exceeding Taka 10 lakh. This data includes the name of the company, addresses of Directors, addresses of guarantors, facilities availed, limits, outstandings, purpose of advances, classification of status, group etc.

	companies. The CIB provides for keeping only negative information. The reports of the credit risk offices are provided on 'demand' or by 'automatic return' provided by the system. It is compulsory under the law to consult the data base on the register before a credit agreement is entered into.	global exposures under different categories. It does not provide any information on the payment status.	prescribe the forms in which such information is to be furnished. The CIB covers information pertaining to identity, facilities sanctioned/ disbursed, outstandings and payment status for both corporates and individuals. Access is limited to members, who are shareholders.	The report of the CIB contains information such as name of the company, names of the Directors, facilities availed, limits, outstandings, overdues (if any) and classification status.
iv) <b><u>Secrecy/ Privacy Laws</u></b>	The reporting obligation is imposed by royal decree	It is mandatory for all the banks to provide the type of information required by the CIB.	It is mandatory for all the banks to provide data to CIB for all advances above 0.5 million Sri Lankan rupees.	Information not available.
v) <b><u>Rights of the borrower</u></b>	The consumer has the right of 'inspection' and 'rectification' under the Privacy Protection Law on 8 <sup>th</sup> December 1992.	Information not available.	Under the CIB Act, no suit or prosecution can be brought against the bureau for any action which is done by it in good faith.	Information not available.