

BPFI Response to Central Credit Register
Consultation Paper CP93

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1. Introduction

Banking & Payments Federation Ireland (BPF) and its Member Banks welcome the opportunity to respond to the Central Bank of Ireland (CBI) consultation paper (CP93) in relation to the introduction of the Central Credit Register (CCR).

We believe that the establishment of the CCR which addresses the need for improved, independent and consistent verification of a customer's total indebtedness, prior to extending additional credit to the customer will be of significant benefit to lenders and customers. It will enable access to a reliable and secure source of credit intelligence which will facilitate enhanced credit assessment and responsible lending. In addition, BPF acknowledges the value that this additional information will provide to the CBI in carrying out its functions of prudential supervision and statistical analysis.

2. Executive Summary

BPF members support the development of an enhanced credit bureau system providing both enquiry and monitoring services to its participants. They acknowledge that ultimately it will lead to the development of a much broader system than the current bureau, and the benefits which will come from this, as highlighted above. However, the magnitude of the operational, logistical and technical requirements which the transition to the CCR will require cannot be underestimated. It will involve running a number of separate projects over a timescale which will significantly impact a large variety of core banking systems and the customers they service.

In addition, the absence of data definitions and a detailed finalised specification of requirements is a significant impediment to individual CIP's assessing the impact and timelines for the full implementation of the CCR. While it is recognised that the CCR venture will touch most of our systems (both data provision and querying) and therefore engage significant IT resources across the credit industry, it is important to note that the first priority of the IT teams must remain the preservation of core customer banking services.

In summary, the key concerns of the banking sector in relation to the questions posed in the consultation are set out below. Further details and our specific responses to the questions raised are set out in the accompanying appendix.

1. Phased implementation - data

Credit data is a core feature of the CCR. While it makes sense to phase in data on the basis of clearly defined sectors, the ability of members to deliver on such phasing is currently difficult to determine, in the absence of a formal data functional specification. Our proposal as outlined in response to Q5.5.1 is to start with agreeing an achievable dataset to a common definition and specification, allow time to build and test before starting provision, then wait for sufficient history to accumulate (3-5 years) before starting searches.

In addition, at a minimum, as outlined in our responses to 5.1.1 we would advocate three distinct phases of key data transfer, whilst acknowledging that this will in itself be challenging to achieve in the timelines currently specified.

2. Data definitions

There is a requirement for the CBI to provide detailed functional specifications which clearly outline the expected CCR data fields and accompanying definitions to ensure the development of a reliable and secure source of credit intelligence which will facilitate enhanced credit assessment and responsible lending. Members wish to emphasise that agreement on data definitions is a critical success factor for consistent and reliable reporting from the CCR.

3. Phased implementation - Institutions

A simultaneous go live point of participating institutions to the CCR platform is considered key to developing the core feature of a single customer view of a customer's indebtedness. In this regard, we believe that it is critical that all CIP's including credit unions commit to timely engagement in relation to their reporting to the CCR.

4. Extent of historic data to be collected

A critical aspect of this submission is the approach of Member Banks to the collection of credit data. There are significant operational risks and challenges associated with retrospective data capture as well as potential legal/compliance issues in supplying data that was provided by the customer for a different purpose. There are also legacy system restrictions, challenges in engaging with customers retrospectively and the likelihood of an incomplete data suite. Member Banks have therefore outlined their preferred approach to data collection in their response to Q5.5.1 which is to collect data on a forward looking basis once definitions and specifications are agreed.

5. Larger Commercial and Corporate borrowers

The reporting of information for larger commercial and corporate borrowers could be highly commercially sensitive, given the size and complex nature of their borrowings. It could be commercially disadvantageous if information in relation to such a cohort of customers is available to other CIPs in the market. We believe that in respect to this customer segment that a restricted amount of data should be available for other CIP's to view on the CCR. In addition, the extent of sharing of data required by corporate customers may influence their decisions about where to conduct business if it is not required in other jurisdictions.

6. Transition to the CCR

Members are currently participants in the ICB and rely on that system to undertake searches as a key element of their credit risk assessment process. They advocate that the transition from reliance on ICB data/models to underpin consumer lending to relying on the CCR needs to be carefully planned as part of the central CCR implementation programme, so as to ensure a smooth transition avoiding any significant disruption and to mitigate against the risk of compromised credit decisioning. In this respect, consideration needs to be given to how logistically the ICB will operate, and for how long, alongside the CCR. In addition, the "front line implications" for operators of possible dual searching needs to be fully examined.

7. Legal liability under the CCR

We would welcome clarity on the legal liability of stakeholders under the new CCR. It is unclear as to where the legal burden lies in terms of any liability that may arise due to reliance on information taken from the CCR which proves inaccurate, or the responsibility for any remediation which may be required.

8. Rules of engagement

Standard rules of engagement need to be clearly set out by the CBI for CIPs and the service provider outlining how the CCR is to be governed once live. The rules of engagement during the implementation years also need to be clarified along with the programme governance.

In conclusion, we would welcome the opportunity to clarify the points raised above and on the enclosed appendix in relation to the proposed Central Credit Register. We remain committed to supporting the CBI in this positive development, which has significant benefits, not only for the banking sector in providing a reliable and secure source of credit decision support and market intelligence but also in terms of enhanced consumer protection and facilitating broader economic growth.

3. Appendix 1: BPFi response to Questions on CP93

June 2015

3.1 Reporting of CISs to the CCR

CP 93 Question 5.1.1: With respect to the reporting of different categories of CISs to the CCR, do you favour a phased approach to the implementation?

As outlined in the executive summary, while it makes sense to phase in data on the basis of clearly defined sectors i.e. consumers, societies and corporate bodies, we have expressed difficulty in providing a definitive response to the question posed. This is on the basis that a formal functional specification which clearly defines the data requirements is not currently available. Unfortunately, we cannot therefore at this point commit to provide data prospectively or retrospectively within the indicative timelines proposed by the CBI.

It is anticipated that the implications for the extent of data to be collected may only become apparent when the technical detail of the register is being worked through. In this event, a phased approach to implementation is preferred in order to minimise the risks and costs associated with the transition to the Central Credit Register (“**CCR**”). In particular, phasing should take into account: (i) the ability of CIPs to report accurately on certain categories of CIS; and (ii) the priority of certain categories of CIS

We would therefore advocate that the CBI consider a three-tiered approach to phasing as follows:

1) Initial phase: persons acting as consumers.

2) Second phase: business cases to include:

- persons acting as sole traders involved in a business, trade or profession;
- Two or more persons carrying on a business as a partnership;
- Other groups, associations or clubs without separate legal personality where individuals in their capacity as members, officers, committee members or trustees take on personal liability for credit agreements.

3) Final phase: business entities to include:

- Companies, including public limited companies, private limited companies, private unlimited companies, companies limited by guarantee, Societas Europaea etc.;
- Limited liability partnerships;
- Industrial and provident societies such as co-operatives;
- Friendly societies, trade unions;
- Institutions established by statute such as commercial state bodies, universities (but excluding bodies which fall within the definition of government)
- Clubs and associations limited by guarantee

We also highlight the issue of data which is held on separate IT platforms i.e. retail/wholesale as a rationale for supporting a phased approach to implementation. A phased approach for each bank will therefore be dependent on their own system limitations.

Our proposal as outlined in 5.5.1 is to start with agreeing an achievable dataset (firstly for consumer) to a common definition and specification, allow time to build and test before starting provision, then wait for sufficient history to accumulate (3-5 years) before commencing searches.

CP93 Question 5.1.2: Are there any specific areas that based on your current practice or experience you would suggest should be excluded or deferred from either phase? If so, please set out your rationale.

Supporting rationale:

As outlined in the Executive summary, we support the development of an enhanced credit bureau system providing both enquiry and monitoring services. However, in the absence of a formal functional specification, Members wish to re iterate the significant challenges faced in developing the extracts required within the proposed timelines. It is therefore anticipated that the implications for the extent of data to be collected may only become apparent when the technical detail of the register is being worked through.

If a three-tiered approach to phasing is introduced, this would allow CIPs to focus the initial phase on lending to individuals in the consumer space. We are of the view that consumers should be treated as a separate category to sole traders, partnerships and other groups, associations or clubs, given that the latter categories would typically be considered as businesses by CIPs.

Business cases will require the reporting of different information. Due to the more complex structures associated with such business cases, gathering such information will present more of a challenge for CIPs. On this basis, we would be of the view that it would not be pragmatic to implement such categories within the same time phase as consumers.

In addition, a three-tiered approach would align to the three distinct categories of personal information set out in Section 6 (1), (2) and (3) of the Credit Reporting Act, 2013 (the “Act”). For example, Section 6 (1) relates to individuals, Section 6(2) relates to additional information required of individuals carrying on business, trade or profession and Section 6(3) relates to business cases where the CIS is not an individual (i.e. more complex business cases).

Any lessons learned from implementation of the consumer category of CIS including the reporting of personal information in relation to Section 6(1) of the Act may be built on by CIP’s when implementation moves to subsequent phases such as business cases (sole traders, partnerships and other groups, associations or clubs) and the reporting of information required under Section 6(2) of the Act and eventually Section 6(3) of the Act. This incremental approach would help minimise operational risks and costs.

Furthermore, we are of the view that “other groups, associations and clubs without separate legal personality” should not be implemented in the same phase as consumer cases given that there would be limited benefit in implementing such categories together.

Typically, when assessing the creditworthiness of consumers, CIPs would not take into account any indebtedness which that consumer may be associated with arising out of that consumer also being a trustee of a group, association or club. For example, although the borrowings of groups/clubs and associations may be made in the names of the trustees of the club on a joint and several basis due to assets of the group/club/association being legally vested in the trustees, in practice, the trustees would not typically be personally liable for the indebtedness of the group/club/association as any liability is limited to the assets of the group/club/associations.

We would strongly therefore re-emphasise that consumers are dealt with separately in the initial phase of implementation. Although a more complete picture of an individual’s total liability might be provided to CIPs by accessing credit information on sole traders and partnerships, this could be achieved at a later stage in the implementation of the CCR.

We are also concerned that if consumer and business cases are implemented together, due to the significant IT and business process changes that will be required, there may be a delay to the implementation of the consumer phase.

Finally, we wish to highlight that grouped accounts with aggregated balances which are typically of a more complex structure and composition nature would be included in the later phases of implementation of the register.

CP93 Question 5.1.3 : If the CCR were to cover all CISs immediately, what impact would this have on your organisation and would you be in a position to supply this information i.e. have you the capacity to deliver both on the scope of Phase 1 & Phase 2 as suggested at the same time? Do you see any advantage to the CCR, to CIPs or other parties of being able to cater for those who might wish to implement all the requirements as a single project?

As previously outlined, there is strong preference for a three tiered approach to phasing. In addition, the IT and business change complexities involved in delivering such a system, the management and mapping of data and the operational risks surrounding such a transition, it would not be feasible for CIPs to comply with their reporting obligations in respect of the CCR if the CCR were to cover all CISs immediately.

To ensure the integrity of the data and a consistent approach, all stakeholders should be subject to phased implementation. A detailed reconciliation/matching of data between CIP and the CCR should also be carried out for each phase of implementation.

CP93 Question 5.1.4 : In terms of lending to groups of individuals without specific legal personality e.g. partnerships, clubs and associations, there may be challenges to capturing personal details of liable partners, trustees or members and adding these obligations to individual records. The Central Bank is aware that this will be especially challenging where the liability of any one individual is limited in some way.

a. Could you currently provide all the personal information of individuals who are liable in these circumstances? How do you manage these types of liabilities within your organisation as a total group or as individual liabilities?

It would not be possible to accurately provide all the personal information (as set out in Sections 6 (1) and 6(2) of the Act) of individuals who may be liable with regard to lending to individuals without specific legal personality e.g. partnerships, clubs and associations. It should be acknowledged that there are varying degrees of challenges in capturing personal detail in this context. Member Banks have advised that where facilities have been provided to groups of individuals, customer and account level records are typically maintained in the name of the trading entity and a record of all related parties may not be retained. There are therefore significant challenges in addressing this status and both manual searches and systems changes would be required to streamline processes to meet CCR reporting requirements.

The above categories of liabilities may be managed as a total group or individual liabilities when carrying out creditworthiness assessments, depending on the legal structure and the entity type. For example, where there is recourse to the individuals, this liability may be taken into account when assessing the creditworthiness of this individual. However in the case of group/association/clubs where the trustees of such groups/association/clubs are considered as an entity in their own right (and there is no recourse to the trustees personal assets due to the legal documentation put in place to ensure this) such liabilities will be managed as a total group of liabilities as opposed to individual liabilities.

b. Would you expect to see or like to see these loans on the reports of individuals from the CCR if you were considering a credit application from such an individual?

We would therefore only expect to see these loans on reports of individuals from the CCR where it is feasible for the CIP to reliably report such data. In addition, loans should only be linked to individuals where there is recourse to such individuals; there may be some challenges in reporting this depending on how the borrowings are set up e.g. different systems and paper based liabilities. In particular, some borrowings may be on a joint and several basis, others on a several basis only and in the case of limited partnerships, liability may be unevenly distributed between partners due to the general partner having unlimited liability with the limited partners having limited liability. The definitions and standards set will be key. Therefore, it may not be feasible to report such data based on limits.

c. Is the incremental value to you of seeing this information (and having a comprehensive view of the total liability) worth any incremental effort you might have in providing this detail?

The incremental value of seeing this information may be limited when taking into account the challenges to report such data.

d. Would you be satisfied to report groups of individuals at a 'group' level for a period of time and supplement this with the individual detail at a later point i.e. defer the obligation to report the individual detail and therefore not see these liabilities on an individual CCR record? Do you have a different view with respect to different types of groups of individuals e.g. partnerships as compared to clubs or associations?

This is a complex area and given the operational challenges, it may be more feasible to report groups of individuals on the report at a "group" level as opposed to individual level in some cases. Any approach should take into account the impact on the individuals. Therefore, there should be an indication that this relates to a group as opposed to an individual (if this appears on the report, at all). Where there is no recourse in relation to the individual in a personal capacity this should not be reported in relation to that individual. On this basis a different approach should be taken in relation to partnerships as opposed to clubs and associations.

e. If you have suggestions in relation to addressing this challenge, please provide them along with supporting rationale.

No further response.

CP93 Question 5.1.5: Please outline any further comments or suggestions you have in relation to any phasing of CISs along with supporting rationale.

As outlined above.

3.2 Reporting by CIPs to the CCR

CP 93 Question 5.2.1: With respect to any phasing of different CIPs, do you favour a phased approach to the implementation?

We do not favour a phasing of different CIPs. The overriding principle should be that all participants “go live” on to the CCR simultaneously, as this is central to providing the core system feature of the new register – a single customer view. There should therefore be no incentives for not enrolling and all CIP’s including credit unions should participate from the outset.

CP93 Question 5.2.2: Can you please outline any further comments you have in relation to the phased approach outlined above? If you have any suggestions please provide them along with supporting rationale

No further comments – see 5.2.1

CP Question 5.2.3: It is suggested that licensed moneylenders and local authorities are omitted from Phase 1. Please outline any comments you have in relation to this approach? Are there any other categories or classes of CIP that you consider should be deferred or excluded? If so please provide your rationale

We would advocate that all consumer lenders including banks, credit unions and moneylenders should commit to join the CCR in phase 1, irrespective of the value of the facility. It is critical that all CIPs including credit unions commit to a timely engagement as all bank and other lenders are continuously challenged where facilities are not declared. It is also considered to be in the customers’ interest, as this will provide the lender with a true picture of their total indebtedness when assessing credit applications. This will provide the CBI and CRIF with a reliable and consistent platform to service enquires from day one.

3.3 Collection of Credit Application Data

CP93 Question 5.3.1: Can you please provide your opinions on the extent of application data that should be collected? Please outline any rationale you have for your proposal.

We are of the view that the collection of data in respect of credit applications should be minimal and only in the context of undertaking credit searches. There is an expectation that the CCR would record every credit search made against a CIS in real time and this information would be available to CIPs as they perform their searches. This would show implicitly if multiple applications for credit were being made within a short time frame.

Only certain personal/company identifier information should be collected at point of search.

Recommended fields could include:

- Applicant profile (consumer, non-consumer, joint, single)

- Product type (e.g. credit card, loan, mortgage)
- Facility type (e.g. top up, facility renewal, new facility)
- Search date

The rationale for this is as follows:

- It may be useful to monitor unusual trends in lending activity but it should not be necessary to know the credit amount for this purpose;
- From a customer's perspective, customers should be able to freely shop around in the market for credit without having the amount sought (and potentially declined) recorded;
- From the CIPs perspective, there is a risk that such information may be misused and CIPs may be at a commercial disadvantage where it is possible for other CIPs to determine the amount sought at application stage and then the actual amount provided to the customer.

CP93 Question 5.3.2: If additional credit data was collected at this point, would there be significant benefits from a CIP perspective in seeing and understanding credit applications on a real time basis?

CIPs do not see significant benefits in collecting additional credit application data on a real time basis

3.4 First Point of Reporting of Credit Agreements to the CCR

CP93 Question 5.4.1: Please outline any comments you may have in relation to the timing of the first point of reporting of data to the CCR? Please outline any rationale you have for your suggested proposal.

We would advocate that the "first point of reporting" for the majority of our credit facilities should be at the point where the credit is made available to the customer i.e. upon the setting up of the internal limit on our system/s, such that the customer has access to the funds and when customer identification has been completed. This is viewed as the most consistent starting point across bank systems. We have also raised a concern in relation to the application of the above principle for larger commercial, and in particular, corporate customers. Such customers may have very significant credit limits in place, due to the nature of their business; however, they may not draw down such amounts in certain periods. The reporting of limit information for these customers could be highly commercially sensitive. In addition, it would be commercially disadvantageous if information in relation to such a cohort of customers would be available to other CIPs in the market.

In this regard, we would propose in respect to these customer segment i.e. larger commercial and corporate customers that consideration would be given to lobbying the Minister that pursuant to section 11(3) of the Act, that different provisions would be made in relation to different classes of credit information subjects.

CP93 Question 5.4.2: As a CIP, would you support reporting to the CCR at some point before drawdown and could your organisation currently meet any such requirement?

In the majority of cases, the setting up of internal limits would coincide with/be closely linked to the timing of drawdown. Please see answer above.

CP93 Question 5.4.3: Please provide any comments or suggestions you may have in relation to the reporting of undrawn committed credit facilities to the CCR? You may wish to cross refer to your response to questions on section 5.3.

Directionally, we support the reporting of undrawn committed credit facilities. However, a clear definition of the meaning of this term is required to ensure a consistent approach across all CIPs.

CP 93 Question 5.4: As stated above, the Central Bank believes there may be some concern to recording credit card approvals on a CIS record when they have not yet utilised the facility. Please provide any comments you may have.

No comment.

3.5 Extent of Historic Data to be collected

CP93 Question 5.5.1: Do you have any comments on the suggested approach? Do you believe the extent of data suggested is sufficient? If not, what additional information can you provide?

A critical aspect of this submission is the approach of Member Banks to the collection of credit data. There are significant operational risks and challenges associated with retrospective data capture as well as potential legal/compliance issues with supplying data that was provided by the customer for a different purpose, legacy system restrictions, challenges in engaging with customers retrospectively and the likelihood of an incomplete data suite. The capturing of prospective data within the timescales proposed will also be challenging for members.

We would therefore advocate the following approach as an alternative option to those outlined in the consultation. This option involves a two phased approach ; The first phase being the provision of data to the CCR and the second phase being the enquiry functionality becoming operational.

Firstly, CIPs and CRIF should agree a minimal and precise data set with clear definitions outlined in a detailed functional specification for the provision of data to the CCR, with the timescale for provision of this data to be agreed collectively between members and CRIF. An adequate period of time should then be allowed to develop, test and quality assure this information.

Once the data provided by participants has been successfully tested and verified, a period of time is required to accumulate sufficient data to reliably support consistent credit decisions; this is likely to be 3-5 years; at that point the second phase of enquiring from the CCR can be commenced. It is vitally important that the data provided is operating successfully prior to any agreement by participants to mandatory “must share” and “must enquire” dates.

Members do not believe that an 18 month data set is sufficient as suggested in the consultation. In order to achieve the key objective of a single borrower view facilitating

enhanced creditworthiness assessments and responsible lending, a longer period of data history is necessary.

CP93 Question 5.5.2: Do you envisage any difficulties in collecting the data for periods suggested? Please outline any concerns you may have?

Please refer to 5.5.1

CP93 Question 5.5.3: If required, what difficulties if any are associated with collecting data, including monthly performance data, retrospectively, for example, for 3 years?

The operational difficulties associated with the capturing of data retrospectively, for example, for a period of 3 years include the following:

- It remains unclear what the legal position will be in relation to the customer consent for the provision of historical data to the CCR.
- Certain data fields may not be captured on existing systems.
- Engagement may be required with customers to obtain such information where we do not hold same, and there may be logistical challenges associated with this e.g. accounts closed, unable to contact customers, non-co-operating customers.
- Reporting to the register may ultimately be incomplete if less than 100% success rate for retrospective collation of data which may impact data integrity/quality.
- Point in time when processes/policies/systems are different which could impact accuracy/quality
- There may be an inability to remediate incorrect historic data due to different systems and requirement to correct full iterative history
- Loan book sales or other large scale asset transfers which have taken place over the period and consequently CIPs may no longer have access to CIS's or consent to provide data to the CCR
- Usefulness of historic data in terms of credit searching/scoring (depending how far back the reporting requirement extends)
- Ability to effectively match customer data without a unique identifier and in absence of Eircode to assist would be challenging

As previously stated we do not see benefits in collecting additional customer data at this stage. We do not also see it as being feasible to undertake historic data capture within the proposed timelines of what is considered a multi – project, multi system, multi-year program. Starting with a similar data set to the ICB for consumer data would significantly simplify and de-risk an initial phase. Any requirement to ask customers for new data or confirmation of data relating to existing credit agreements, across multiple products and multiple lenders would essentially require a national exercise across millions of consumers co-ordinated by CBI/CRIF. This should not be attempted within the critical path timeline towards getting the CCR up and running.

3.6 Single Borrower View – Accurately identifying CISs

CP93 Question 5.6.1: Do you have any comments or views on the value or scope of personal information to be collected?

Creating a Single Borrower View will be one of the biggest challenges the project will encounter however, any personal information collected should be proportionate and not

excessive to the credit application. Clear definitions outlining data required should be provided and aligned to business needs.

CP93 Question 5.6.2: Please advise the extent to which you currently store or process the personal fields identified in the legislation (reproduced in Appendix 1)? If you do not currently store what operational challenges you would face in collecting these from CISOs?

Presently, we do not capture all of the information outlined in Section 6 of the Credit Reporting Act. These gaps are included in the recently submitted CBI questionnaire and include the following:

- Telephone number may be difficult to maintain up-to-date on CCR
- Mother's maiden name may not always be available
- All previous addresses may prove difficult to retrieve electronically
- PPSN is not currently widely utilised or accessible on systems

We also envisage that there will be significant operational challenges in obtaining the above information from our existing customer base for existing exposures and closed accounts arising from:

- Customer reluctance to provide retrospectively.
- Accounts may be closed, relationships terminated.
- Refusal to provide data may mean incomplete data on the register.

CP93 Question 5.6.3: Do you have any specific comments in respect of operational challenges you may face regarding the collection and reporting of PPSN?

There are operational challenges and sensitivities associated with its collection. We would therefore advocate that the CBI should lead this process and the associated communication programme.

Operational challenges faced with regard to collection and reporting will include the following:

- Customers receiving multiple requests from their banks, credit unions, brokers etc. for the same information.
- Customer concern regarding confidentiality of their data. PPSN is a hugely personal piece of data, and there may be reluctance to provide. We would like to emphasise the importance of CBI engagement with the ODPC in relation to the CCR capturing and reporting of data, and in particular use of PPSN.
- Data Protection concerns regarding management and use of such sensitive data.
- Security rules governing the operation of the system will need to be developed to ensure that data is controlled tightly and stored safely with appropriate access levels.
- Customer refusal to provide their PPSN.
- Front line staff will have to be trained and communicated with in terms of requesting such information from customers.
- Systems may have to be updated to cater for PPSN fields.
- Documentation will have to be updated to cater for this purpose.

- Minor fraud concern.

CP Question 5.6.4: Do you have any comments on using, to the extent possible, existing Anti-Money Laundering procedures as the basis for CIS verification regulations?

We would agree to use existing AML procedures as a basis for CIS verification, whilst acknowledging that information obtained for this purpose will not cater for, all situations i.e. principals connected to a non-personal customer nor guarantors.

3.7 Collection of Foreign Credit Data

CP Question 5.7.1: Do you believe there is any benefit for capturing foreign credit data and that these outweigh the practical challenges embedded in the current requirements? Please outline any comments you may have in relation to the possible exclusion of this information?

We do not believe that there is significant benefit in collecting foreign credit data. The benefits of having this information do not outweigh the practical challenges associated with implementing the reporting of same to the CCR.

3.8 Collection of Guarantor Data

CP Question 5.8.1: Do you believe there is significant benefit to capturing guarantor data? Please outline any comments you may have in relation to the possible scope or timing of inclusion of this information?

We believe that there is benefit in electronic capturing and reporting of guarantor data. However, we would advocate that the timing in respect of requirements on CIPs to report such data should be after the initial phases of implementation are completed which should focus on the borrowers as opposed to guarantors as a priority. It should also be noted that the percentage of guarantors for consumers lending is generally low.

The capturing and reporting of guarantor data is more complex for the following reasons:

- Guarantor personal data obtained is limited and is typically obtained at a point in time i.e. point of credit application, and is not usually updated as part of a credit review. This is particularly pertinent for term loan facilities and mortgages.
- There may be logistical issues associated with identification and reporting of guarantors, for example, individuals may be solely acting as a guarantor. Individuals may be acting as a guarantor and a borrower. In addition, corporate entities may also act in various capacities such as a guarantor and/or a borrower. How these relationships are recorded and reported needs consideration.

We do not hold all guarantor information electronically and so this would prove problematic to supply across all our portfolios. Significant development and cost would be required to be able to capture and share all of this data in a manner that would be useful to a CCR and other lenders. It is also noted however that Anacredit may be seeking to establish a robust register of guarantor/collateral data and this is something that will need to be considered as part of that programmes deliverables. This could be something that could be provided over a longer time frame.

3.9 Levies and fees

CP93 Question 5.9.1: With respect to different classes of credit information providers and users, please outline any comments you may have in relation to the possible introduction of any levies or fees? If you have suggestions, please provide them along with supporting rationale.

We support the concept that the CCR is self-financing with fees allocated on a service/enquiry basis. Given that searches will now be mandatory for all applications above a certain limit under the Act, (i.e. the volume of searches will increase) we would expect that if there is a fixed fee cost per search that this will be reduced compared to fees under the ICB today. Since costs, such as the CCR query fees, ultimately are paid for by customers, it does not make sense for customers to have a different cost for the same service from the CCR depending on which CIP they approach.

In addition, given the dominant position of the service provider, CBI should ensure that fees are kept under review and are charged at a reasonable cost to CIPs which will ultimately lead to lower borrower costs for the consumer. Furthermore, in any transition period where searches are required under ICB and the new CCR, duplicate fee costs should not be borne by CIPs. Given this dual scenario, fees should adequately reflect completeness of the new CCR database and the requirement to undertake a separate bureau search.

CP93 Question 5.9.2: Do you have views as to whether all CCR costs should be recouped entirely through either a levy or a fee, but not both? For example, should all costs be recouped only through access fees (i.e. user pays principle) with no levies imposed?

We support the concept that the CCR should be self-financing with the consensus view that the most equitable basis for recouping costs is to charge fees on an enquiry/service basis.

We will incur significant upfront costs to update systems, create extracts and amend operational processes to incorporate the new CCR. It is assumed that it will therefore be a number of years before the new CCR has sufficient data for it to provide enough data to be solely relied upon for credit assessment purposes (i.e. up to that point dual bureau processing may be required). Accordingly it is our view that CIPs should incur nominal costs initially until such time as the CCR is fully up and running and capable of replacing existing bureau queries.

We also expect the third party vendor to provide an efficient mechanism for the remediation of data errors.

CP93 Question 5.9.3: Is there another more equitable basis for recouping the costs of the CCR such as based on size of CIP, product specific charges or any other basis?

Where fees are applied on a service/enquiry basis, this should be equitable.

3.10 Additional comments

We have included the following additional comments:

- It is crucial to the integrity of the CCR that detailed, consistent definitions for key fields are provided to CIPs along with the regulations and detailed specifications. This particularly must include performance field such as payments in arrears and forbearance. It is not uncommon for systems to have differences in the exact calculations of payments in arrears and it requires the bureau (in this case CCR Service Provider) to set the rules for how they wish to measure this consistently.
- It is considered key to the development of an effective and automated system that data is returned to CIP's in a structured and aggregate form which can easily be interpreted and updated into all banking systems.
- It is unclear as to the legal liability of stakeholders of the new CCR. Legal liabilities for the accuracy of data on the CCR therefore need to be clarified along with the remediation actions which may apply where data is found to be incorrect.
- Given the dominant position the CCR will assume with respect to enabling the credit industry in Ireland (they may effectively become the only Credit Bureau Services provider), it is important that the CCR service provider (CRIF) produce timely plans to expand the data services/uses. The CCR services provider will also need to provide their detailed service and process descriptions and commitments alongside their detailed technical specifications.
- Customer terms and conditions and application forms, data collections screens and processes may need to be reviewed and updated to reflect the changed reporting requirements under CCR, which will be particularly pertinent for larger commercial and corporate borrowers who have not previously been reported to the ICB.
- It must be noted that in addition to developing the solutions required to interface with the new register that CIPs will be required to update existing systems and processes to maintain dual bureau processing for a period of time and this should be recognised when assessing the absorbability of all of the changes required.
- Some products particularly in the credit card space may be difficult to report on with regard to liability/amounts. For example, where corporate credit cards have recourse to the company and the individual users of the cards, it is unclear which amounts would be reported. We would welcome the opportunity to work through such scenarios/products.
- We would also like to emphasise the importance of CBI engagement with the ODPC in relation to the CCR capturing and reporting of data, and in particular use of PPSN.