



Banc Ceannais na hÉireann  
Central Bank of Ireland

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# Central Credit Register Consultation Paper CP93



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## 1. Introduction

The Central Bank of Ireland ('the Central Bank') is publishing this consultation paper to seek views on key policy areas in advance of making regulations associated with the introduction of the Central Credit Register ('CCR').

The CCR will be a national mandatory database of credit intelligence established, maintained and operated by the Central Bank, in accordance with the provisions of the Credit Reporting Act 2013 ('the Act')<sup>1</sup>.

Lenders (referred to as Credit Information Providers or CIPs) will be obliged to check and report information associated with credit applications and agreements on a mandatory basis so as to provide a comprehensive repository of credit information.

When operational, the CCR will act as an important support to CIPs, providing a reliable and secure source of credit intelligence, showing an accurate picture of each borrower's total loans and guarantees reported. This matching of loans and guarantees with the correct borrower to create a Single Borrower View will facilitate enhanced creditworthiness assessments and responsible lending.

The CCR will equip borrowers (referred to as Credit Information Subjects or CISs) with information on their credit profile and record. Benefits for individual borrowers will include free access to their own credit record once every twelve months upon request. The development of robust information security controls and safeguards will be a key feature of the CCR. In addition to putting in place secure and controlled access which can be monitored, the Central Bank will have significant data protection obligations in respect of personal information held on the CCR. The Central Bank will continue to engage with the Office of the Data Protection Commissioner as it manages its responsibilities in this regard, both in the design and execution and on-going operation of the CCR.

The information stored on the CCR will also be available to the Central Bank to support it in carrying out its existing functions, for example, prudential supervision or statistical analysis.

The key objectives of the CCR and the Central Bank are as follows:

- To create a comprehensive credit register through mandatory reporting requirements;
- To provide an accurate Single Borrower View of loans;
- To provide consistent and comprehensive reporting of credit agreements;
- To provide controlled access to CIPs at key points throughout the credit lifecycle, and to CISs upon request;
- To ensure that data is collected, stored and used properly and securely;
- To facilitate the Central Bank in the performance of its functions through access to credit information;
- To support consumer protection; and
- To support broader economic development.

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<sup>1</sup> Credit Reporting Act 2013 <http://www.irishstatutebook.ie/pdf/2013/en.act.2013.0045.pdf>

The development of the CCR is an important financial sector reform contributing to financial stability and consumer protection, which will have a significant impact on CIPs and CISs.

## 2. Background

### 2.1 Background to the CCR

The Credit Reporting Act 2013 ('the Act') mandates that the Central Bank establishes, maintains and operates the CCR. The legislation flows from a commitment by the Government to the EU and IMF under the Programme of Financial Support for Ireland to develop proposals for a legal framework for the collection and centralisation of financial information on borrowers. The implementation of the CCR continues to be monitored as part of the EU and IMF post-programme surveillance review missions.

The legislation was framed from the recommendations of the Report of the Inter-Agency Working Group on Credit Histories<sup>2</sup>, published in 2011, which recommended the establishment of a central credit register to resolve weaknesses identified in various reports published subsequent to the banking crisis. Some of the key weaknesses identified included the absence of a mandatory credit reporting framework, resulting in a less than comprehensive Single Borrower View and the absence of certain data fields.

The Act sets out provisions with respect to matters such as:

- The scope of the CCR, to whom and what it applies to and associated reporting thresholds;
- The holding of information on the CCR, including personal and credit information that may be held on the CCR;
- The information to be provided for inclusion on the CCR and the scope of personal and credit information that may be collected;
- The accessing of information from the CCR, including the information to be furnished in response to an access application;
- The retention, amendment and correction of information; and
- The levies and fees to be charged to users of the CCR.

While the Act sets out the broad structure of how the CCR will operate; much of the practical operational detail is left to be set out in the regulations attached to various sections of the Act. It is the responsibility of the Central Bank to make these regulations.

### 2.2 Consultation to date

As noted previously, the development of the CCR can trace its origins back to the Report of the Inter-Agency Working Group on Credit Histories, submitted to the Minister for Finance in 2011, which recommended this important financial sector reform.

In undertaking their work and in developing the final report, the Inter-Agency Working Group engaged with a broad range of stakeholders including credit institutions, bank and credit union industry representatives, consumer groups, credit bureaux and other relevant stakeholders in finalising the report and associated recommendations.

The Department of Finance in the course of drafting the Act also undertook significant public consultation. As part of this process the Department of Finance received and considered submissions

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<sup>2</sup> Report of the Inter-Agency Working Group on Credit Histories: [Inter-Agency Report](#)

from interested parties and the general public. The impact of the new legislation and the submissions received were considered in the finalisation of policy positions and these were reflected in the legislation enacted.

In conjunction with this work and subsequent to the enactment, the Central Bank has undertaken a programme of consultation and workshops with significant CIP stakeholders (including banks and credit unions), CIP representative bodies and broader CIP stakeholders (such as IT service providers); this work has helped the Central Bank develop its strategy as it proceeds with the operational implementation of the CCR. The Central Bank has also used other information gathering techniques such as questionnaires in surveying CIPs. The output of these activities will assist and inform the CCR design process now underway and ultimately help to shape the final technical specifications and rules that will underpin the CCR.

### **2.3 Purpose of this consultation**

This consultation seeks views on a number of matters on which the Central Bank has some discretion when the CCR regulations are being made. These primarily relate to the pace and extent of implementation of the CCR.

This consultation paper does not seek views on fundamental policy questions associated with the establishment of the CCR, as these matters have been considered by the Oireachtas and are set out in the Act. Furthermore this consultation paper does not specifically address detailed technical or design specifications; these matters are being consulted upon with CIPs, their representative bodies and their IT service providers in the workshops and questionnaires as set out above.

While this consultation paper may be of most interest to CIPs who will have reporting obligations under the Act, the Central Bank will consider all submissions received.

## 3. Overview of Legislative Basis for the Central Credit Register

### 3.1 Credit Reporting Act, 2013

The Act sets out the general scope of the CCR. The reporting obligations will apply to over 500 CIPs, such as banks, credit unions, credit card providers, finance houses, retail credit firms, NAMA, loan book purchasers, Local Authorities and licensed moneylenders.

Credit is defined broadly within the Act and includes a loan, deferred payment or other form of financial accommodation of at least €500 extended to a CIS resident in the state at the time of making the credit application or where the credit agreement is governed by Irish Law. The Act excludes specific types of credit such as trade credit, intercompany finance, loans to general government or credit extended by utility companies or retailers.

CIPs will be required to submit to the CCR information on credit agreements and payment histories. The CCR will be responsible for matching data received from multiple CIPs to create a Single Borrower View of all credit facilities held by CISs. CIPs will be obliged to access the CCR when considering credit applications of at least €2,000. The Act allows data on the CCR to be used by CIPs in managing risks arising from the granting of credit, evaluating changes to terms or monitoring breaches (i.e. failures to comply with obligations under agreements).

CISs will be entitled to see their credit reports and the history of other parties who accessed their record. They may also request correction of any inaccuracies. The Central Bank will be obliged to undertake reasonable steps within specified timelines to determine if it is appropriate to amend a record.

The CCR will also be accessible by the Central Bank to better fulfil its functions, largely through analysis of anonymised data. The Act allows the Central Bank to impose levies and fees on users for access to credit reports, though individuals will be entitled to one free credit report annually upon request.

### 3.2 Regulations

As noted previously the Act sets out the broad structure of how the CCR will operate; much of the practical operational detail is left to be set out in the regulations attached to various sections of the Act. It is the responsibility of the Central Bank to make these regulations and the Central Bank must consult with the Office of the Data Protection Commissioner and seek the consent of the Minister for Finance prior to making these regulations.

The areas that will be addressed by way of regulation include the exact detail, timing and format of personal and credit information that CIPs must report to the CCR, the form and content of reports that are issued from the CCR to both CIPs and CISs, steps that CIPs must undertake in respect of verifying the identity of CISs and the information that CIPs must provide to CISs when making credit applications.

It is intended that the CCR will be self-financing. Regulations will specify the levies to be charged in order to meet the expenses of the CCR and the fees to be charged for access to CCR information. In addition, the CCR may publish and sell general reports, analyses and statistics produced. It is expected that any such material produced and sold will be on an anonymised basis.

## 4. Proposed Implementation Approach and Indicative Timelines

### 4.1 Implementation Approach

Whilst yet to be finalised, the Central Bank is considering implementing the CCR over a number of distinct phases as permitted by the legislation. Such an approach is consistent with the Report of the Inter-Agency Working Group on Credit Histories which set out that a phased implementation would permit prioritisation and take account of the significant changes to operational and business processes, particularly for CIPs, in a realistic and pragmatic way. The development of a CCR in such a manner is also consistent with the approach adopted in other European countries, with incremental expansion and enhancement the norm.

Such an approach would see an initial phase focusing on lending to individuals and is expected to be operational by mid-2016. A subsequent phase would focus on lending to entities other than individuals with separate legal personality e.g. companies and is expected to be operational by end 2017.

This possible approach would focus initial effort on areas of greatest interest to users of the CCR (including the Central Bank) and on sectors that CIPs have current operational experience of reporting of granular data. Such an approach would also take account of the significant operational impact that the CCR may likely have on CIPs, their IT systems and broader business processes. Furthermore some CIPs (initially banks) are likely to have additional granular data reporting obligations imposed by the European Central Bank (AnaCredit<sup>3</sup> project); the specific requirements and timelines associated with this project are emerging, however it would appear that the main obligations and timeline associated with these are broadly similar to the second phase of the CCR as suggested. In this context the harmonisation of these to the extent possible is desirable and may reduce the extent of change and the reporting burden on CIPs subject to AnaCredit reporting.

In addition to the regulations, operational guidance will be produced specifying core CCR services, technical specifications, procedures and processes such as:

- Technical specifications for engagement and interaction with the CCR;
- Credit reports produced for CIPs;
- Credit reports produced for CISs;
- Processing of explanatory notices, impersonation notices and amendments requested by CISs;
- Notifications to CIPs of the occurrence of specific events (such as breaches of terms or requests for restructures); and
- Notifications to CISs of the occurrence of specific events (such as access of CCR records where a notice of suspected impersonation has been posted).

### 4.2 Indicative Timelines

Following completion of the consultation process, the Central Bank expects to have initial draft regulations prepared by mid-2015.

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<sup>3</sup> The European Central Bank analytical credit dataset, 'AnaCredit'



The Central Bank will then undertake a formal consultation with the Office of the Data Protection Commissioner and also seek the consent of the Minister for Finance to make the regulations.

In light of these statutory requirements the exact timing regarding the making of regulations is uncertain. However notwithstanding this and without prejudice to the parties concerned the Central Bank is targeting that the regulations will be finalised by late 2015.

As this work is progressing and in parallel, the Central Bank will focus on developing and testing the technical solution in partnership with relevant CIP stakeholders i.e. CIPs, their representative bodies and their IT service providers. The technical specifications underpinning the CCR are expected to be available when the regulations are finalised. At this point it is expected that data will be received and processed in the CCR from mid-2016 onwards.

## 5. Matters on which views are sought

### 5.1 Reporting of CISs to the CCR

The Act sets out a very broad scope for the CCR. In framing the legislation and being cognisant of the significant practical and operational challenges associated with the development of the CCR, some discretion in respect of the pace and extent of development of the CCR is afforded. This permits the Central Bank to prioritise development of reporting based on key factors such as:

- a. Usefulness of the CCR for credit worthiness decisions by CIPs;
- b. Usefulness of the CCR for the Central Bank in carrying out its statutory functions; and
- c. The operational and technical impact on CIPs in terms of IT system, business process development and capacity to deliver quality data.

As noted in the Implementation Approach section, the Central Bank is considering a phased implementation of the CCR. This strategy is consistent with the Report of the Inter-Agency Working Group on Credit Histories, which recommends that the implementation be divided into different phases<sup>4</sup>. Such an approach would set out a plan by which all requirements would be met but prioritise certain aspects and elements. This approach would also allow CIPs to effect changes to their existing data policies & procedures and IT systems in a stepped manner, enabling the Central Bank, together with CIPs, to identify, minimise and manage any risks or challenges in a more structured and controlled way.

#### Considerations

The Central Bank is proposing that the CCR captures lending to individuals and groups of individuals in the initial phase followed by lending to other entities with separate legal personality (e.g. companies) in a later phase.

The Central Bank is committed to achieving a comprehensive CCR reflecting a complete and accurate view of all loans for which an individual or any entity with separate legal personality is liable. In Phase 1, this objective would be achieved for individuals and groups of individuals and would include the following categories:

- a. Persons acting as consumers (i.e. acting outside of their business, trade or profession);
- b. Persons acting as sole traders involved in a business, trade or profession;
- c. Two or more persons carrying on a business as a partnership; and
- d. 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.

Importantly, in respect of groups of individuals (e.g. partnerships or other group's without separate legal personality), sufficient detail would need to be collected so that a credit agreement with multiple borrowers could be attributed to separate individual credit reports.

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<sup>4</sup> Recommendation (r) of Report of the Inter-Agency Working Group on Credit Histories

In Phase 2, the CCR would then proceed to collect credit agreements associated with all remaining entities i.e. entities having separate legal personality such as:

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

In considering this approach, the Central Bank would note the following points:

- Gathering all credit agreements associated with individuals, including credit agreements to groups of individuals would provide CIPs with a Single Borrower View of all credit agreements for which a person is individually liable. This would be a valuable tool for CIPs in assessing the credit worthiness of individuals;
- As suggested, Phase 1 would include lending to groups of individuals such as partnerships, clubs and associations. In respect of a loan to multiple individuals, CIPs would need to be in a position to provide the personal identification information associated with each individual liable for such a loan, if these are to be included on separate individual credit reports;
- Lending to entities with a separate legal personality such as incorporated entities would be mandatory for Phase 2;
- The Central Bank understands that CIPs are mainly interested in credit reporting and checking in respect of consumers. The suggested Phase 1 would impose a reporting obligation on CIPs in respect of all individuals and not just consumers – it would mean for example, the mandatory inclusion of loans to sole traders and partnerships, which would provide a more complete picture of an individual's total liability; and
- The Central Bank understands that currently CIPs may not electronically store all necessary personal details on partners or trustees for partnerships, associations, or other groups of individuals and it may be a challenge to gather, store and submit this information.

**The Central Bank is seeking views on the following:**

1. With respect to the reporting of different categories of CISs to the CCR, do you favour a phased approach to the implementation?
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.
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?

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?
  - 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?
  - 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?
  - 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?
  - e. If you have suggestions in relation to addressing this challenge, please provide them along with supporting rationale.
5. Please outline any further comments or suggestions you have in relation to any phasing of CISs along with supporting rationale.

## 5.2 Reporting by CIPs to the CCR

The Act permits similar phasing regarding when CIPs must report to the CCR; in particular different classes of CIPs may be obliged to report to the CCR at different points in time. The factors set out in 5.1 above are also relevant in considering if any phasing of different classes of CIP is appropriate.

In this context, the Central Bank is considering a phased implementation that will prioritise a broad cohort of CIPs so that the CCR will be operational within a reasonable timeframe. Under such an approach it is expected that banks, credit unions, credit card providers, finance houses, retail credit firms, NAMA and loan book purchasers are prioritised and included in Phase 1. By including these CIPs in Phase 1, generally CIPs with experience of handling and processing personal and granular credit data would be initially included. Under such an approach licensed moneylenders & Local Authorities would be omitted from Phase 1. With respect to licensed moneylenders, the Report of the Inter-Agency Working Group on Credit Histories<sup>5</sup> noted that the majority of licensed moneylenders in Ireland lack the financial and technical capacity to become members of the CCR. Furthermore as the Act was progressing through the Oireachtas, and in the submissions received by the Department of Finance, this matter was subject to detailed consideration (including the reporting threshold) and it was noted by the Minister for Finance that banks and credit unions would be the first CIPs to be phased in<sup>6</sup>.

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<sup>5</sup> Section 5.6.5 of the Report of the Inter-Agency Working Group on Credit Histories

<sup>6</sup> Credit Reporting Bill 2012 – second stage debate Seanad Éireann 11 December 2013

With respect to Local Authorities, their lending is confined to a relatively small sector in terms of loan volumes and values; furthermore the loan products and arrangements offered are not standard and require further consideration in terms of technical design.

### Considerations

In considering an approach to prioritise a cohort of CIPs in Phase I, the Central Bank would note the following points:

- The suggested cohort of CIPs would be the core providers of consumer credit or owners of such debt and for the most part, already report granular credit data and therefore have relevant expertise and experience in providing such data;
- The CIPs that are suggested to report at a later point do not generally report granular credit data and they generally represent a small portion of the market in value terms;
- Moneylender loans would by and large fall under the current reporting threshold of €500<sup>7</sup>, and as noted by the Report of the Inter-Agency Working Group on Credit Histories, the majority lack the financial and technical capacity to become members of the CCR. Furthermore in the course of the enactment it was noted in the Oireachtas that the Minister for Finance has the power to amend the threshold and it would be more appropriate to determine if the threshold should be changed after a period of practical operation of the credit register<sup>8</sup>; and
- Prioritising some CIP's in Phase I will result in CIPs and the Central Bank not having a complete picture of some CIP's commitments, however this gap is likely to relate to a relatively small section of the total market covered.

### The Central Bank is seeking views on the following:

1. With respect to any phasing of different CIPs, do you favour a phased approach to the implementation?
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.
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.

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<sup>7</sup> Report on Licenced Moneylending Industry, published by the Central Bank in November 2013, key findings included that the most common loan amount is €200-€500 (conducted by Amárach Research)

<sup>8</sup> Credit Reporting Bill 2012 – second stage debate Seanad Éireann 11 December 2013



### 5.3 Collection of Credit Application Data

The Act permits credit information be collected by the CCR in relation to a credit application or credit agreement. It is for the Central Bank to consider the extent of credit application data to be collected by the CCR.

#### Considerations

In considering the extent of any credit application data to be collected, the Central Bank would note the following points:

- The Central Bank is of the view that collecting data on credit applications may be of use to CIPs; it could be possible to have a real time record of every application on the CCR, as CIPs check it. This may assist in identifying multiple applications for credit with different CIPs at the same time;
- There may be benefits in collecting data on credit applications in order to measure the level of activity in new lending, particularly in the SME area;
- With the exception of credit unions, we understand that the Anti-Money Laundering process is generally not completed prior to the drawdown of credit and therefore the personal information connected to the credit application may not be fully validated; and
- From initial investigations we understand there may be a number of technical options for collection of credit application data such as:
  - CIPs provide personal information only when checking an application;
  - CIPs provide personal and some credit information (such as product type, application amount etc.); or
  - CIPs provide application detail as a monthly batch file, but lose the benefits associated with real time collection.

#### The Central Bank is seeking views on the following:

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.
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?

### 5.4 First Point of Reporting of Credit Agreements to the CCR

The exact timing of the first point of reporting of data to the CCR is not set out in the Act. In the course of the development of regulations, the Central Bank must decide when a CIP must report to the CCR; specifically what is the first point in the credit life cycle of a qualifying credit agreement at which CIPs will be required to submit data to the CCR. Options might include when an agreement is approved or when a loan is drawdown or facility is used. The Central Bank is considering using the point of drawdown as the first reporting point for a credit agreement.

#### Considerations

In considering the timing of the first point of reporting of data to the CCR, the Central Bank would note the following points:

- At the point of drawdown Anti-Money Laundering procedures will be completed, which means the CIPs will have verified the personal data they would be submitting to the CCR

and consequentially the CCR could be more confident in processing the personal data for the purpose of matching records;

- The Central Bank understands that in the case of some credit cards, although an approved limit may exist, the terms and conditions of the credit agreement underlying the credit card may only come into force when the facility is used. If approvals of facilities were reported, there may be concerns about recording such approvals on a CIS record when they have not yet utilised the facility; and
- Undrawn committed credit facilities will not be visible on the CCR if reporting commences at drawdown and for example, may not be factored into repayment capacity calculations by CIPs. It should be noted that if sufficient credit application information was to be collected by virtue of checking the CCR as suggested in 5.3 above, this concern may diminish.

**The Central Bank is seeking views on the following:**

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.
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?
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.
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.

### 5.5 Extent of Historic Data to be collected

The Central Bank must set out in regulation, the extent of any historic data to be supplied at the point of commencement of CCR operations. The legislation is not prescriptive on this matter but the CCR will require sufficient data such that the CCR is useful to all CCR users. All data stored in the CCR must be supplied by CIPs and the extent of data supplied needs be weighed against the capacity of CIPs to deliver this consistently and accurately. A number of options could be considered:

- a. Collect no historic data and build the CCR up gradually e.g. collect opening balances and limited status of credit agreements at a set date (for illustration, 30 June 2016). The Central Bank believes that this approach will not provide sufficient data for the CCR to operate and therefore does not see it as a viable option;
- b. Collect data (including monthly performance data) prospectively from a set date in advance of the CCR becoming operational (for illustration, an obligation to provide monthly updates, with performance data for the 12 months from 30 June 2015 to 30 June 2016); and/or
- c. Collect data retrospectively for a set period of time e.g. collect monthly performance data for a set retrospective period (for illustration for 3 years prior to 30 June 2015).

The Central Bank is considering option b) above i.e. capturing 12 months of data (including performance data) prospectively in advance of the CCR becoming operational. The CCR is likely to be

operational for a further 6 months prior to it becoming mandatory for CIPs to check the CCR. In this context CIPs would see 18 months of performance history when undertaking a search.

### Considerations

In considering options on the extent of historic data to be collected, the Central Bank notes the following points:

- The absence of any data prior to the CCR becoming operational would be a weakness for the CCR, but the capacity of CIPs to deliver accurate data to a sufficient quality is uncertain and unlikely to be homogenous if significant retrospective collection is contemplated;
- If historic data is to be collected, under the Act the CIPs are responsible for delivering the information to the CCR;
- If the CIPs can deliver this information, the CCR then gets more comprehensive credit performance data;
- Different CIPs may have different capacities to deliver this information; the capability of CIPs to deliver is uncertain and unproven regarding retrospective collection; and
- International experience of other national CCRs would suggest that retrospective collection can be difficult, effort is spent ensuring quality and by the time this effort has been expended, the value of the information has diminished.

### The Central Bank is seeking views on the following:

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?
2. Do you envisage any difficulties in collecting the data for periods suggested? Please outline any concerns you may have?
3. If required, what difficulties if any are associated with collecting data, including monthly performance data, retrospectively, for example, for 3 years?

### 5.6 Single Borrower View – Accurately identifying CISs

Section 6 of the Act sets out the personal information which may be held by the CCR in relation to CISs, including information such as name, date of birth, address, PPSN, telephone number etc. (the full text of Section 6 is reproduced in Appendix 1). The Central Bank must make regulations setting out the specific personal information to be provided by CIPs and any steps that will be required to be undertaken by CIPs to verify the identity of CISs.

Personal information collected by the CCR will be used to accurately match individual credit applications and agreements to a CIS record to create an accurate picture of that CIS's total credit position i.e. a Single Borrower View. The Central Bank considers that comprehensive and accurate personal data is essential in delivering a reliable Single Borrower View.

The Central Bank intends to undertake a Privacy Impact Assessment on the processing of all personal data to be collected. This will inform decisions on the specific data to be collected and appropriate controls to be applied. The Central Bank must consult with the Data Protection Commissioner and seek the consent of the Minister for Finance before making the final regulations addressing these matters.

## Considerations

The Central Bank notes that CIPs currently collect and store significant amounts of personal information relating to customers. Furthermore many CIPs (for example banks and credit unions) undertake due diligence procedures to identify and verify customers to meet obligations in respect of Anti-Money Laundering<sup>9</sup>. CIPs will be obliged to verify CISs for the purpose of the CCR. For example CIPs will have to verify core personal information, such as name and address to original documentation. The Central Bank expects to base the regulations for the CCR on existing Anti-Money Laundering procedures and guidelines<sup>10</sup> to the extent possible.

The Central Bank notes that in respect of personal information currently collected, that some CIPs already collect and store the PPSN. This is for the purposes of reporting Deposit Interest Retention Tax and Mortgage Interest Relief to the Revenue Commissioners and is subject to strict controls and rules on storage and use. For example, it is not permissible to store the PPSN as part of a customer's standard data nor is it possible to search using the PPSN<sup>11</sup>. If it is decided to hold the PPSN on the CCR, it is anticipated that similar controls and safeguards would be put in place for any use associated with the CCR.

If a high standard of matching is to be achieved, CIPs will need to be in a position to provide the personal information in respect of all existing and new credit applications or agreements. It is important to establish what personal information is currently collected and what might usefully be collected for new agreements in the future. If all personal information cannot be collected for all existing credit agreements, there may be a time lag of several years before the CCR has the capacity to achieve the most accurate Single Borrower View possible.

### The Central Bank is seeking views on the following:

1. Do you have any comments or views on the value or scope of personal information to be collected?
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 CISs?
3. Do you have any specific comments in respect of operational challenges you may face regarding the collection and reporting of PPSN?
4. Do you have any comments on using, to the extent possible, existing Anti-Money Laundering procedures as the basis for CIS verification regulations?

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<sup>9</sup> Anti-money laundering is governed by domestic legislation in Ireland under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, as amended by Part 2 of the Criminal Justice Act 2013

<sup>10</sup> Appendix 1 - Guidance On Identification And Verification Procedures [Criminal Justice \(Money Laundering and Terrorist Financing\) Act 2010 - Guidelines](#)

<sup>11</sup> Return of Payments (Banks, Building Societies, Credit Unions and Savings Banks) Regulations 2008 (S.I. No. 136 of 2008) & Return of Payments (Banks, Building Societies, Credit Unions and Savings Banks) (Amendment) Regulations 2009 (S.I. No. 254 of 2009) - Guidance Notes for Financial Institutions Section 4.5 – Storage of tax reference number

## 5.7 Collection of Foreign Credit Data

The Act permits the Central Bank to place an obligation on CIPs to collect declarations from CISs in respect of outstanding foreign credit. The Central Bank is considering whether to introduce such a requirement and if so whether to phase its introduction.

### Considerations

The Central Bank is considering that information relating to foreign credit is not collected in the initial implementation and may seek to defer its introduction.

In the course of consultation to date, a number of practical challenges have been noted with this provision which may require further consideration. Specifically CIPs may not be able to verify and maintain the accuracy of any data supplied. Furthermore no sanction can be brought against CISs who provide incomplete or inaccurate information.

### The Central Bank is seeking views on the following:

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?

## 5.8 Collection of Guarantor Data

The Act includes a guarantor within the meaning of CIS. In this context CIPs will be obliged to collect and supply information in respect of guarantors to the CCR. The Central Bank is considering whether to phase the introduction of this requirement.

### Considerations

The Central Bank understands that CIPs currently do not capture and store guarantor data on their systems to any great extent and further understand that Anti-Money Laundering guidelines do not specifically require CIPs to do so. The Central Bank is concerned there may be deficiencies or a lack of personal information held on guarantors.

The standard of personal information required to complete the matching process for guarantor records on the CCR however, is the same standard required for the matching of primary borrower records.

Consideration is therefore being given to allowing CIPs upgrade their processes and systems to collect and record guarantor data to the same standard as primary borrower data by Phase 2 (end 2017). Another option might involve collecting data prospectively for new credit agreements from that date. Respondents need to consider their capacity to deliver this information and reflect on the usefulness of such information on credit reports, in order to see a complete picture of a borrower's exposure.

### The Central Bank is seeking views on the following:

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?



## 5.9 Levies and Fees

The CCR is intended to be self-financing; the Act allows the Central Bank to develop regulations so that it can set levies and fees for users of the CCR to ensure that costs are fully recouped. The Central Bank may decide to make different charges for levies and fees for different classes of CIPs and users of reports. The balance between levies and fees and the extent of any of differentiation between classes of CIPs and users has yet to be decided. The Act provides that individuals may upon request, access their credit report once a year free of charge.

### Considerations

In considering the possible options on setting the levies and fees to be collected, the Central Bank notes the following:

- In terms of introducing any levies or fees, the regulations may make different provisions in relation to different classes of CIPs and users. The different classes of CIPs and the appropriate levy or fee that could apply to each class is not set out in the legislation; the Central Bank could choose to apply many types of or just one type of fee or levy;
- The Central Bank understands that in the course of the development of the legislation the Department of Finance received submissions from interested parties suggesting different approaches in this area. For example, some favoured flat charges regardless of the product or CIP; others suggested that the product and size of CIP be considered in setting any fees or levies. Furthermore the Report of the Inter-Agency Working Group on Credit Histories<sup>12</sup> would have suggested that more favourable terms for small credit providers be considered;
- The period for which, and the dates by which any potential levy or fee is to be paid is not set out in the legislation; and
- The regulations may provide for: (a) the amounts of levies or fees, (b) the exemptions from levies or fees, (c) the payment and collection of levies or fees and (d) the recovery of levies or fees.

### The Central Bank is seeking views on the following:

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.
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?
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?

## 5.10 Any other comments

If you have any other comments or suggestions in relation to the implementation of the CCR, please include in your response together with your supporting rationale.

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<sup>12</sup> Section 5.6.8 of the Report of the Inter-Agency Working Group on Credit Histories

## 6. Making Submissions

Please make your submission in writing (if possible electronically) as a word or .pdf document by e-mail to [ccr@centralbank.ie](mailto:ccr@centralbank.ie) on or before 12 June 2015. Submissions should be marked “Central Credit Register - Consultation Response”. In the event you are unable to send your response electronically, please forward it by post before 12 June 2015 to:

Central Credit Register,  
Central Bank of Ireland,  
Block D,  
Iveagh Court,  
Harcourt Road,  
Dublin 2.

In light of the previous consultation undertaken by the Inter-Agency Working Group on Credit Histories, the Department of Finance in the course of the drafting of the Credit Reporting Act 2013 and the subsequent programme of consultation and workshops undertaken by the Central Bank with significant CIPs (including banks and credit unions), CIP representative bodies and broader CIP stakeholders the consultation period will last eight weeks rather than the standard twelve weeks.

When addressing the matters raised in this Consultation Paper, please use the relevant section heading and question number to identify the section or question you are referring to and clearly set out the basis for your views.

The Central Bank intends to make all submissions available on the Central Bank website. Information deemed to be potentially libellous or defamatory will not be published. The Central Bank will accept no liability in respect of any information provided which is released, or in respect of any consequential damage suffered as a result.

## Appendix 1

### Section 6 - Credit Reporting Act, 2013

#### Personal Information

6. (1) In relation to a credit information subject who is an individual, the following is personal information—

- (a) the individual's forename and surname and any former surnames (including any alias);
- (b) the individual's mother's birth surname;
- (c) the individual's date and place of birth;
- (d) the individual's address and previous addresses;
- (e) the individual's telephone number;
- (f) the individual's personal public service number (within the meaning of section 262 of the Social Welfare Consolidation Act 2005) and any other reference numbers allocated to the individual for the purposes of tax (whether in the State or any other country or territory);
- (g) the individual's employment status and, if employed or carrying on other activities, the individual's occupation and the sector of the economy in which the individual is occupied.

(2) In relation to a credit information subject who is an individual carrying on activities otherwise than as an employee, the following is also personal information—

- (a) any trading name, the nature of the entity by which the activities are carried on and any registration number issued to the credit information subject by the Companies Registration Office;
- (b) the address of the place (or, where more than one, the principal place) at which the activities are carried on;
- (c) the telephone number for any place where the activities are carried on.

(3) In relation to a credit information subject which is not an individual, the following is personal information—

- (a) the credit information subject's name, the nature of the entity it is and any registration number issued to it by the Companies Registration Office;
- (b) the address of the place (or, where more than one, the principal place) at which the activities of the credit information subject are carried on and (if a company) the address of the registered office of the credit information subject;
- (c) the telephone number of the credit information subject;

- (d) all reference numbers allocated to the credit information subject for the purposes of tax (whether in the State or any other country or territory);
- (e) the sector of the economy in which the credit information subject carries on its activities.

(4) The Bank may, following consultation with the Data Protection Commissioner and with the consent of the Minister, make regulations specifying additional information which is to be personal information in relation to all credit information subjects or in relation to any class of credit information subjects.

(5) Regulations under subsection (4) may not be made unless the Bank considers that the holding on the Register of the personal information specified in the regulations is likely to facilitate the accurate identification of credit information subjects.

(6) A person who uses, or seeks to have disclosed, a personal public service number for any purpose connected with this Act does not commit an offence under section 262(9) of the Social Welfare Consolidation Act 2005.