

CP93 - Central Credit Register Consultation

Background and context

Finance Ireland (the Group) is a privately owned financial services business with considerable credit management, lending and asset finance experience in the personal, consumer, and business credit arenas. The Group operates a number of different business lines and subsidiary entities, some of which conduct regulated activities and are authorised by the Central Bank of Ireland as Retail Credit Firms pursuant to the Central Bank Act 1942.

Consultation comment

5.1	Reporting of CISs to the CCR
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?
	Yes, in line with the approach highlighted in CP93
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.
	No
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?
	Given the size of the organisation we may not have the adequate scope to deliver the information required in both phases immediately. The phased reporting structure as proposed would be preferable.
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?
	Yes. Partnerships are managed as total liabilities, whereas clubs and associations do not generally feature as part of our business.
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?
	Yes
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?
	Yes

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 would be generally satisfactory for not for profit groupings, but would not be an attractive approach as regards partnership or other group borrowings for business, trading, professional, or investment purposes
e.	If you have suggestions in relation to addressing this challenge, please provide them along with supporting rationale.
	N/A
5.1.5	Please outline any further comments or suggestions you have in relation to any phasing of CISOs along with supporting rationale
	N/A

5.2	Reporting by CIPs to the CCR
5.2.1	With respect to any phasing of different CIPs, do you favour a phased approach to the implementation?
	The Group’s view is that exemptions or exclusions are undesirable, and that inability to report or lack of investment in technical capability to report data is not persuasive arguments. While the impact of exclusion might be considered immaterial at macro level, the impact is likely to be more significant to operators in niche segments. While the impact from a finance provider’s perspective may be small, it is the Group’s experience that the consequence of a poor lending even in small volume has an acute impact on the borrower that it is in the public interest to minimise. It is therefore the Group’s view that the appropriate approach would be to exclude amounts below a threshold, rather than to exclude or defer loans advanced by certain CIPs. An important component of CCR will be its ability to provide anonymised profiling information on sub-categories of borrowers accordingly it is the Group’s view that all categories of CIPs should progress at the same time in Phase 1.
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.
	N/A
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
	The Group does not support this approach. Please refer to 5.2.1.

5.3	Collection of Credit Application Data
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.
	It is the Group's view that the CCR should be established to maintain performance information in relation to credit facilities, rather than performance information in relation to credit providers. Acknowledging a public interest in areas such as, for example, loan application decline rates, it is the Group's view that this level of information would potentially represent overreach by the CCR. It is therefore the Group's view that any regulations introduced pursuant to Section 7(3) of the Act should be very tightly defined and fall short of production of subjective information or data.
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?
	Yes, subject to the comments at 5.3.1.

5.4	First Point of Reporting of Credit agreements to the CCR
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.
	It is the Group's view that data should be collected at the point when facilities become committed rather than drawn. This would enable the CIP to make a more informed decision concerning the advancement of credit as the CIP would be able to see the number of applications made by the CIS to all CIPs.
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?
	Yes however in order to meet this standard our internal systems would need to be enhanced.
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.
	N/A
5.4.4	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.
	It is the Groups view that Credit Cards should be included irrespective of whether they have been utilised. An unutilised credit card is indicative of intended future credit on behalf of the CIS.

5.5	Extent of Historic Data to be collected
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?
	We generally agree with the approach proposed. Capturing 12 months of data for the 12 months preceding the introduction of the CCR – June 2015 to June 2016.
5.5.2	Do you envisage any difficulties in collecting the data for periods suggested? Please outline any concerns you may have?
	No
5.5.3	If required, what difficulties if any are associated with collecting data, including monthly performance data, retrospectively, for example, for 3 years?
	N/A

5.6	Single Borrower View – Accurately identifying CISs
5.6.1	Do you have any comments or views on the value or scope of personal information to be collected?
	We generally agree with the approach proposed.
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 CISs?
	We currently store and process the majority of the personal fields identified however development work would be required to include all fields specified in Appendix 1 e.g. mothers birth surname
5.6.3	Do you have any specific comments in respect of operational challenges you may face regarding the collection and reporting of PPSN?
	No
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?
	Existing AML procedures are set out in guidelines rather than regulations, accordingly have an inherent risk of differing by CIP.

5.7	Collection of Foreign Credit Data
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?
	Our assumption is the practical issues associated with this will outweigh potential benefits in the short term. It may need to be a medium term policy objective to establish a basis of information exchange between national CCRs, noting the data protection issues that may arise, and the risks of “governing law” shopping that may allow trans-border businesses to access information in multiple jurisdictions.

5.8	Collection of Guarantor Data
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?
	Yes, in line with the approach highlighted in CP93, although we would recognise that such data will generally not be the primary basis for credit assessment so might be Phase 2 or Phase 3.

5.9	Levies and Fees
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.
5.9.1	In line with public policy objectives of fostering a more competitive market, it is the Group's view that levies and fees should be designed in a way to encourage competition, i.e. recognise that larger incumbents in some way have a monopoly access to existing infrastructure and information.
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?
	While the Act provides for full recovery, it is clear that some of the benefits are for the benefit of credit participants in the market, but some are wider public policy objectives.
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?
	On the basis of wider public policy and the collateral benefit that the domestic activities provide for internationally oriented financial services businesses operating from Ireland, it is our view that a charge based on overall volumes and scale of CIP would be appropriate.

5.10	Any other comments
5.10.1	<p>While CP93 does not seek commentary on the policy questions associated with the establishment of the CCR, and its establishment is welcomed by the Group, by way of context for the Group's views the following points are relevant:</p> <ol style="list-style-type: none"> a. The Group's business model is to compete in areas of the credit markets where it can exploit opportunity, which can involve the provision of a product or service offering that is differentiated from other providers. It is the Group's view that the public policy objectives of the CCR should be appropriately balanced against the public policy objectives of fostering a competitive financial marketplace, and in this regard it is the Group's view that the CCR should focus on the collection of data rather than information. b. There are areas in the marketplace, notwithstanding the provisions of the Data Protection Acts, where there is a risk that information could be used for purposes other than those for which it is held. It is the Group's view that the Regulations should consider how such information may be used for the benefit of the CCR, for

	<p>example situations where current account data is used to supplement a bank lender's lending decision making, or cases where guarantee information may be available to a Debt Management Firm.</p> <p>c. A fully effective CCR will enable CIPs to understand credit profile of sub-segments of the credit markets, in some cases on an anonymised basis. This is an important public policy deliverable to enable increased competition in the market, and on this basis the Group is of the view that restrictions or deferrals on reporting by certain CIPs is undesirable (ref 5.2).</p>
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