

Temple Square
Temple Road
Dublin 6

Central Credit Register -
Consultation Response
Central Bank of Ireland
Block D
Iveagh Court
Harcourt Road
Dublin 2.

June 8th, 2015

Dear Sirs,

Re: Consultation Paper 93: Central Credit Register

I wish to make the following informed submission concerning the above Consultation Paper as published by the Central Bank of Ireland. I am a long standing professional in the debt management business and I am very well versed on the capabilities of the IT systems in banks and otherwise having dealt with them over the last number of years. Consequently I believe my views represent a significant input into what the CBI is proposing for the CCR.

Section 5.1 Reporting of CISs to the CCR.

The collection of credit information on for example entities such as Partnerships will be a) difficult and b) substantially flawed. The reason for a) is because much of this data is not stored in digital format on bank computer systems and b) because the liability of the individual may be limited to their % share of the partnership they hold. This could not be shown on the CCR in a way which represents the true picture.

The potential for errors on behalf of the CCR is quite substantial. This could have a huge personal impact on individuals who have either limited or no liability for particular loans but who are recorded as being on the loan since they were part of the original signatories dating back to its inception.

This is added to by the fact that many loans have been "sold" in the period since the financial crisis set in. Therefore many files held by the buyers of these trenches of loans may be incomplete or inaccurate. Deals may have been done to remove certain members of partnerships from loans prior to the loan being sold. This detail may not make it over as part of the loan sale and transfer process and consequently could be inaccurately reported on the CCR.

It is my belief that these matters will resolve over the coming years and the CBI would serve the market better initially by creating a CCR only from those individuals acting as consumers – either jointly with others such as their spouses or on their own. In subsequent years as the market settles down and matters are resolved, information regarding those acting as collectives such as partnerships will become clearer. At the present time the situation is quite chaotic and adding this information to the CCR would enhance that chaos rather than clear it up.

There is major potential for banks and loan administrators to mis-report the position of individuals who may be minor players and cause them irreparable reputation damage from a credit perspective. The liability for this could extend to the bank, loan administrators, the CCR and indeed the CBI itself.

Page 10 – Questions:-

- 1) Yes
- 2) Yes, partnerships and those acting outside of their normal course of business.
- 3) This would be impossible, fraught with difficulty, open to legal challenge and could result in the CCR and the CBI being held legally accountable for inaccurate and defamatory information.
- 4) As noted above, this will be highly difficult and fraught with potential danger and difficulty.

Section 5.2: Reporting of CISs to the CCR.

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- 1) Yes, as noted above, collectives should be excluded to allow time for loan books to settle following the financial crisis and because the accuracy of the information held (mostly offline) would be questionable and potentially expose the institution, the CCR and the CBI to legal action.
- 2) Nothing further to add other than the phasing should start with consumers, then legally incorporated entities (Limited companies) and finally in some years' time, partnerships etc.
- 3) Agreed, this makes sense.

Section 5.5 Extent of Historic Data to be collected.

For similar reasons to the above, my belief is that the CCR should start collecting credit data from the date of establishment – July 2016 seems to be an appropriate timeline. This would give loan administrators and banks the time to “work out” their loans books and let them settle down. Furthermore, due to the widespread inaccuracy and manually held nature of the data on individuals and collectives, for the data to be usable and accurate it should only be clean data from that point onwards rather than trying to back load older and potentially inaccurate information. Option a) as outlined on page 14 therefore makes the most sense.

5.6 Single Borrower View – Accurately Identifying CISs

The experience in the creation of Irish Water should be sufficient warning not to use the PPS number as an identifier. The potential for fraud, mis-representation and inaccuracies is substantial and therefore it would be unwise, invasive and potentially a breach of privacy to request the PPS numbers of individuals (irrespective of the legislation which could be held to be unconstitutional). Furthermore, this information has never in the past been collected so a large scale “back-collection” exercise by loan administrators and banks (which would be both costly and impossible to complete) would need to be undertaken. This idea is completely impractical.

Page 16: Questions:-

- 1) No, other than the foregoing concerning the fraught issue of collecting PPS numbers
- 2) Most of this information is held except PPS numbers. These should be excluded as any attempt to back collect them would be costly and futile as well as a breach of an individual's privacy considering that the CCR is in effect a commercial database rather than a public service or utility.
- 3) See above. This should be avoided.
- 4) No, other than the additional administration burden this would place upon institutions.

5.7 Collection of Foreign Credit Data

This is a completely impractical suggestion and should not be considered.

5.8 Collection of Guarantor Data

This is also impractical since providing a guarantee does not constitute execution of a credit agreement – the guarantor is not in debt. Guarantees only get called in when a debtor fails to repay their debt and not even always in that eventuality. This should be reconsidered and certain thresholds applied where reporting becomes mandatory.

I trust this information will be useful to the CBI as you prepare for the introduction of a what will be a worthwhile and useful repository of information and over time will help credit providers to make better credit decisions.

Yours sincerely



John Wyse