St Dominic Credit Union Ltd submission on Consultation Paper CP93 “Central Credit Register”

Introduction:
St Dominic Credit Union Ltd sees the central credit register as a positive move to aid in the provision of good lending decisions. The register will bring together more information in one place than was previously available which will make the decision making process more effective.

This submission sets out some concerns, opinions and proposals of St Dominic Credit Union Ltd. We have restricted ourselves in this submission to focusing on number of questions raised in the consultation paper.

Reporting by CIPs to the CCR
We favour a phased approach to the implementation of the CCR. We welcome the fact that credit unions will be one of the first CIPs phased in as we see this as an important tool to aid us in our lending decision making process going forward. While we favour the phased approach, we hope that the timescale is not too long and it would be our preference to see it set at 6 to 8 months for all to be included.

We do not favour the omission of licenced moneylenders from Phase 1 of reporting to the CCR. While it is stated that moneylender loans may fall under the reporting threshold of €500 we have experience to the contrary. If a person needs credit a moneylender does not tend to issue a top-up loan where an additional loan is added to the outstanding balance. The normal practice is to issue an additional loan so a second separate payment would be outstanding. So while the research may be right in that most loans are under €500, it does not show that when combined a person may owe a moneylender well in excess of €500. We have had experience of members having multiple loans with licenced moneylenders.

We believe that information from local authorities should also be included in the CCR from Phase 1. Allowing for restrictions under tax law we believe any instance where Revenue has made a payment agreement with a person for outstanding tax should also be included on the CCR.

Extent of Historic Data to be collected
We believe that the CCR should capture 18 months of data in advance of becoming operational. This together with the 6 month period before it is mandatory for CIPs to check the CCR thus in this context we would see 24 months of performance history when undertaking a search. It is our opinion that to make a good credit decision we need as much information as possible and this includes the payment history of the person.

While we appreciate that some organisations may have difficulty with historic data, we believe that every effort must be made to gather this information to make the CCR as efficient as possible.

Single Borrower View – Accurately identifying CISs
It is our understanding that currently we must request PPSN when opening an account but failure by the person to provide it cannot prevent an account being opened. It is not mandatory to provide a PPSN.

We do not capture mother's birth surname at present. We do maintain previous addresses but on opening a new account we only obtain the previous address where the individual has only recently changed address.

We do collect telephone numbers, but would like clarification on why this data would be required for a CCR. We record employment status and sector of the economy, but have our own classifications for this purpose. Would a standard be required to be implemented?

With regard to the data that is not currently collected or required but may be required for the CCR, we would envisage concerns on behalf of our members in supplying this data, and proof of it, to the extent that it lengthens the lending process. Particularly where the amount being borrowed would be in excess of €500, but could be considered a small amount e.g. €501-€1,000

Collection of Guarantor Data
We would support the collection of guarantor data but only from the point the CCR becomes mandatory. We feel that this data may be difficult to obtain from historic records but setting systems up to collect this data going forward should only require small adjustments. This would provide an additional tool in assessing a prospective borrower's exposure as we could see how much they potentially could owe to institutions if the person they guaranteed got into difficulty.

We would like clarification in relation to personal guarantees given by directors for loans to limited companies and if this data will be collected.

Levies and Fees
We hope the Central Bank will consider the issue of levies and fees carefully. We believe there should a separate fee for each different class of CIP. In this regard we would urge the Central Bank to ensure that credit unions are not put in the same class as banks. While a bank is just one company it may have hundreds of branches in Ireland. A credit union may just have one branch or at most a couple of sub-offices. It would not be fair or equitable to have a credit union pay the same as a commercial bank. The charging model could be similar to other credit bureaus which agreed a smaller fee for credit unions, or the fee could be based on the number of branches/sub-offices each organisation has.

Conclusion
We hope that the register is successful and that our submission aids in a smooth and efficient introduction.