

**BETTER - STRONGER - FASTER**

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Credit Information Corporation



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- Consumer Rights
- Possibilities
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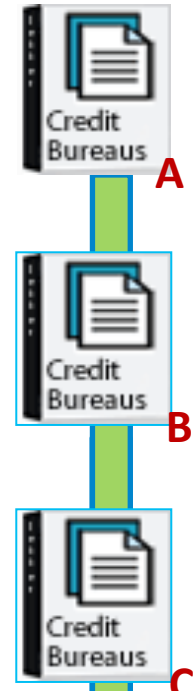
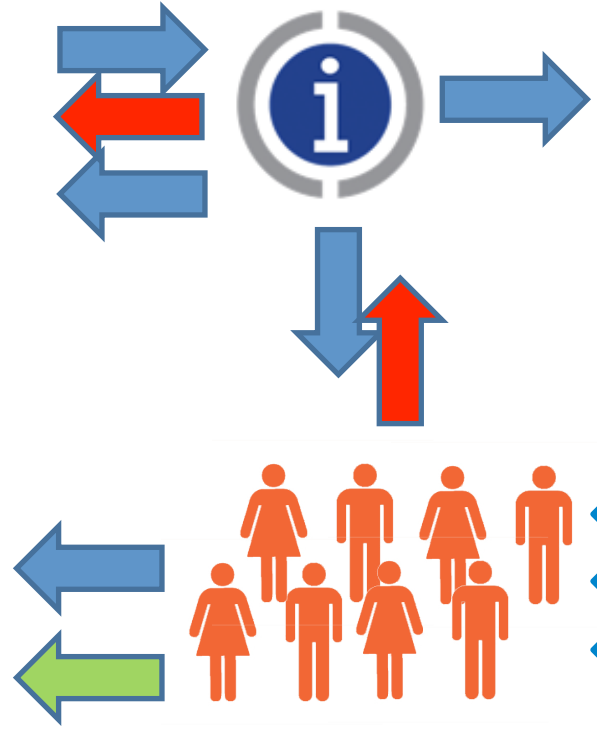
# CREDIT INFORMATION CORPORATION

# PROPOSED ECOSYSTEM



RECEIVES CREDIT DATA FROM CONSUMERS  
SUBMITS BASIC CREDIT DATA TO THE CIC

# RA 9150



PROVIDES VALUE-ADDED SERVICES

# CONSUMERS

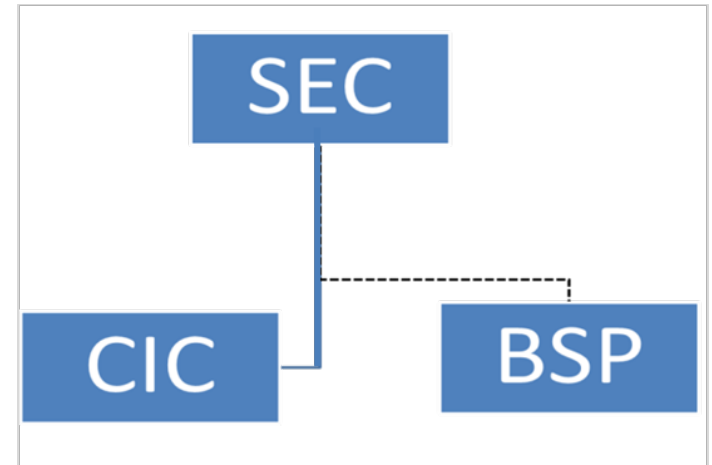


To address the need for a **comprehensive, centralized, and reliable** credit information system intended to:

1. Improve the **overall availability** of credit to **MSMEs**
2. Provide credit information **at the least cost** to eligible participants
3. Ensure the **protection of consumer rights** and the existence of fair competition in the industry at all times
4. **Reduce the overall credit risk** thereby contributing to a healthier and more stable financial system
5. To provide a complete view and profile of the credit industry



R.A. 9510 otherwise known as ***Credit Information System Act (CISA)*** is a law passed in 2008 creating the ***Credit Information Corporation (CIC)***



The **Securities and Exchange Commission (SEC)** is the **lead government agency** to implement the CISA, in coordination with other relevant government agencies in the adoption of the IRR



- **Bank Accounts Excluded** from basic credit data, in the absence of **written waiver** by the borrower
- Confidential information are those under the following laws: **Law of Secrecy of Deposits, FCDU Act, General Banking Law of 2000** and **AMLA Law**



CIC shall be owned **60%** by the National Government (NG) and **40%** by **industry associations of banks/quasi-banks** and **association of consumers**. Specifically, the 40 percent ownership is composed of

- Philippine Cooperatives Center (PCC),
- Bankers Association of the Philippines (BAP),
- Credit Card Association of the Philippines (CCAP),
- Chamber of Thrift Banks (CTB),
- Rural Bankers Association of the Philippines (RBAP)

## SHARES IN THE CIC

**60%** Government

**40%** PCC CTB  
BAP RBAP  
CCAP

The **Board of Directors** of CIC shall be composed of **15 members**:

- SEC Chairman (ex-officio chairman),
- 7 to be appointed by the president
- 5 coming from the private sector
- 2 independent directors



Some of CICs more important functions:

1. To **receive** and **consolidate** basic credit data
2. To **act** as a **central registry** or **repository** of credit information
3. To **provide access** to reliable, standardized information on credit history and financial condition of borrowers
4. To protect the **data** we receive.
5. To protect our **data partners and the public** we serve
6. To create the penalties that protect the integrity of the system and assure compliance to the law.



# DEFINITIONS

What is Basic Credit Data?

**Positive** and **negative** credit information about the borrower's credit facility

- Any information on borrower's **creditworthiness**
- Other **factual** and **objective** information about the borrower

Risks of negative-only reporting environment are readily apparent. Such credit reports give a lender little or no information for lower risk borrowers who use credit responsibly.

The lender can not discern the length and breadth of the consumer's past credit experience nor can the lender determine the consumer's current credit obligations.

The consumer gets no benefit from handling credit responsibly in the past, and the lender can't tell the extent to which the consumer is burdened with other credit obligations at the time of the application.



# What is Positive Credit Information?

Refers to information or data concerning the **credit performance** of a borrower, such as, but not limited to information on **timely repayment** and **delinquency**.

# What is Negative Credit Information?

Refers to information/data concerning the **poor credit performance** of a borrower, such as, but not limited to:

- a) **Past due**
- b) **Defaults on loans**
- c) **Details on the settlement on loans that defaulted**
- d) **Foreclosures**
- e) **Adverse court judgements relating to debts**
- f) **Petition or orders on suspension of payments**

- g) **Corporate rehabilitation**
- h) **Other pending court cases** (either plaintiff or defendant) **related to credit transactions** or **cases that will affect the financial capacity** of the borrower
- i) **Inclusion in bouncing check checklist**
- j) **Cancelled credit cards**
- k) Other information that may be determined by CIC

# What is a Credit Report?

- Refers to a summary of consolidated and evaluated information on ***credit worthiness, credit standing, credit capacity, character,*** and ***general reputation*** of a borrower.



# BASIC DATA REQUIREMENTS

Every participating entity shall submit to CIC the following **basic credit data**:

- a. **individual**- *10 data elements*
- b. **corporation**- *13 data elements*
- c. **partnership**- *14 data elements*
- d. **cooperative**- *13 data elements*
- e. **exposure profile** (for each creditor)- *22 data elements*
- f. **credit cards**- *11 data elements*

# SUBMITTING ENTITY

Refers to **any entity that provides credit facilities** such as but not limited to:

- **universal, commercial, and thrift banks**, including their **trust departments, rural banks, and entities with quasi-banking license** issued by BSP, including their **subsidiaries**, and/or **affiliates** that are engaged in the business of providing credit
- **Investment houses** with quasi-banking license
- **Credit card companies**
- **Financing companies**
- **Trust entities**
- **f. Cooperatives** engaged in lending activities such as credit cooperatives
- **g. NGOs** engaged in **microfinancing**
- **h. Life insurance companies** and **mutual benefit associations** and other similar entities supervised by insurance commission
- **Government lending institutions**, both **GFI**s and **GOCC**s engaged in lending
- Utilities



# CORRECTION and RETENTION

Negative credit information **shall be corrected within 15 days** from the date of **payment, liquidation, or settlement** of debt and kept in record for 3 years after settlement.



# CREDIT DATA ACCESS

## BASIC RULES OF ACCESS

1. CIC Data Base is not an open bin
2. Visibility is limited by context of relationship
  - I. Current borrowers must be informed that their data will be registered with the CIC
  - II. Applicants must be asked to give their consent to view their data files
  - III. Approved borrowers must be informed of continuing access and view
3. Data base is not automatically available to other government agencies



# CREDIT DATA ACCESS

## Definitions

- 1. Accessing Entities-** refers to any submitting or other entity authorized by CIC to access basic credit data.
- 2. Special Accessing Entities-** any duly accredited private corporation engaged primarily in business of providing credit reports, ratings, and other similar credit information products and services.
- 3. Data Subjects-** any natural or juridical person, including any LGU, its subsidiaries and affiliates, that applies for and or avails a credit facility

# CREDIT DATA ACCESS

## What about a Non-Accessing Entity?

- Refers to an entity other than a *Submitting Entity*, *Special Accessing Entity*, or *Borrower* that is authorized by the CIC to access credit information from a *Special Accessing Entity*.



# BASIC RIGHTS OF THE BORROWER

A borrower shall have the following rights:

The right **to know** the **causes of refusal** for the application for credit facilities or services from a financial institution that uses basic credit data as basis or ground for refusal

The right **to have** ready and **immediate access to the credit information** pertinent to him subject to payment of a reasonable fee

The right **to dispute erroneous, incomplete, or misleading** credit information

The right **to be entitled** to a **simplified** dispute resolution process to fast track the settlement or **resolution of disputed credit information**

The right **to be informed** of any **correction or removal** of any erroneous, incomplete, or misleading information **within 5 working days** from verification or conclusion of an investigation or from deletion of the disputed information

The right **to be entitled to indemnity** in case of denial, without justification, of the aforementioned rights, and

The right **to be informed** by a submitting entity of the latter's **obligation to submit and disclose** basic credit data to CIC.



# DISPUTE RESOLUTION

- Data subject shall **file** with CIC of a **letter-complaint** in prescribed form
- CIC to **investigate** and **verify** the disputed information **within 5 days working days** from receipt of complaint



# DISPUTE RESOLUTION

- If accuracy **cannot be verified and proven** despite the earnest effort to do so, the disputed information shall be deleted **at the end of the 5 day period** from the action taken by CIC
- Data subject, accessing entities and special accessing entities who have received information shall be informed of the corresponding correction or removal **within 5 working days** from deletion of the information



# BENEFITS

- **More Information means BETTER DECISIONS**
- **More Information means LESS RISK**
- **More Information means GREATER GEOGRAPHIC REACH**
- **More Information means NEW MARKET DEVELOPMENT**