

CONSULTATION PAPER

P006-2014

May 2015

Response to Feedback:
Consultation on Credit Bureau
Regulatory Framework
and Credit Bureau Bill

MAS

Monetary Authority of Singapore

PREFACE

On 12 August 2014, MAS issued a consultation paper on a proposed credit bureau regulatory framework and a draft Credit Bureau Bill (“CBB”) for Singapore. Both consumer credit bureaus and their members responded with their comments, questions and insights on our proposals. The list of respondents can be found in the Annex. MAS has carefully considered the feedback received. Comments that are of wider interest, together with our responses, are highlighted in this document.

We would like to thank all respondents for their comments.

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RESPONSE TO FEEDBACK RECEIVED

1 Scope of Credit Bureau Bill (“CBB”)

Feedback

1.1 A respondent requested clarification on whether the CBB would apply to a registered commercial credit bureau which does not collect data from banks.

MAS’ Response

1.2 The CBB will apply to credit bureaus that collect credit data from any licensed bank in Singapore. Credit bureaus which do not collect any data from licensed banks are not within the scope of CBB.

2 Obligations of Licensed Credit Bureau (“LCB”)

Feedback

2.1 Some respondents requested for further clarity on the timelines that LCBs and members of LCBs will be required to adhere to, with respect to prompt rectification of erroneous data.

MAS’ Response

2.2 Under sections 17 and 27 of the CBB, MAS will prescribe in regulations the turnaround time for various stages of dispute resolution, such as investigation, updating of erroneous data, and informing other members of the update of erroneous data. The requirements will apply to both LCBs and their members. MAS will take into consideration the existing dispute resolution timelines for LCBs, and will engage the industry on our proposals before finalising these in regulations.

Feedback

2.3 Some respondents requested for further guidance on the required standard for data accuracy and completeness, and the contractual safeguards required for data provided by non-members of LCBs.

MAS’ Response

2.4 While non-members of LCBs are not regulated by MAS, they will still be subject to the obligations under the Personal Data Protection Act (“PDPA”) to maintain consumers’ data accuracy and completeness. Nonetheless, LCBs should also further safeguard the

integrity of data provided by non-members by stipulating in their contractual agreement with non-members a clear dispute resolution process and acceptable turnaround times for the contribution and rectification of data.

Feedback

2.5 A respondent enquired whether LCBs will to be empowered by law to ensure that members of LCBs fulfil their legal obligations under the CBB.

MAS' Response

2.6 MAS, rather than LCBs, will have statutory powers to enforce these obligations on the LCB members, and to investigate any breaches.

3 Obligation of Members of LCB

Correction of Erroneous Credit Data

Feedback

3.1 A respondent suggested that MAS consider establishing guidelines requiring consumers to furnish relevant documentary evidence when reporting a data dispute.

MAS' Response

3.2 The credit bureau regulatory framework is not intended to govern consumers. Instead, LCBs and their members should institute appropriate processes to verify the disputed data against relevant documentary evidence. Nonetheless, it would be in the interest of individual consumers to provide such documentation to facilitate the timely resolution of data disputes and MAS would work with the industry to educate the public.

Provision of Free Credit Reports

Feedback

3.3 In the consultation paper, MAS proposed to require members of LCBs that have approved or rejected a credit application by a consumer, to provide to that consumer his credit report free of charge within a specified period upon the consumer's request. The objective of this requirement is to enable free and easy access by consumers to his or her consumer credit report.

3.4 Many respondents provided feedback that it may not be meaningful to require members of LCB to provide free credit bureau reports to consumers. They further noted some potential drawbacks of this requirement. Their comments are as follows:

(a) Free Credit Reports Already Available

Currently, consumers are able to obtain a copy of their credit report if the credit bureau has provided a credit report on him or her within the period of one month preceding the request to its member.

(b) Consumers May Dispute Loan Rejections

Financial Institutions (“FIs”) typically consider a range of factors during credit assessments. While credit bureau data plays an important role in the credit assessment of an application, it is not the sole reason for the final credit decision by an FI. In cases where a consumer clearly does not meet loan approval criteria, FIs may not have relied on a credit report in conducting a credit check for such credit applications (e.g. for underage applicants). If the FI provides free credit reports to consumers, there may be cases where consumers facing rejection would dispute with the FI if there are no adverse records reflected in his or her credit bureau report.

(c) Frivolous Applications

FIs are concerned that a small group of consumers may put in frivolous applications on the pretext of obtaining free copies of their credit bureau report.

3.5 A respondent feedback that the penalty stipulated for the section on provision of free credit report is high as compared to the cost of a credit bureau report and proposed that such penalty be revised in line with the severity of breach.

3.6 A respondent proposed that consumers be provided with unconditional free access to their credit reports.

MAS’ Response

3.7 On the approach to implement the free credit report, MAS has further consulted stakeholders, including banks, credit bureaus and The Association of Banks in Singapore (“ABS”). Both credit bureaus have responded positively to banks’ suggestion for them to provide these free credit reports instead. Further, ABS intends to institute an industry practice for banks to inform consumers, in the credit application form, that they are entitled to a free report from the credit bureaus, upon receipt of a credit approval or rejection from their bank. With the feedback, MAS will amend the CBB to require LCBs to provide, upon

request by the consumer, a free credit report within 30 days from the date of credit approval or rejection.

3.8 The penalty sums set out in the CBB are the maximum amounts that could apply when there is a breach of the CBB. MAS will consider each breach on a case by case basis, and will take into account the nature, severity and frequency of the breach by LCBs to determine an appropriate penalty.

3.9 In requiring LCBs to provide free credit reports, MAS has to balance the needs of consumers against the LCBs' operating and compliance costs of providing such reports, as LCBs are commercial entities.

4 Charging of Reasonable Fee for Express Service

Feedback

4.1 A respondent enquired whether there is any prohibition on LCBs charging a reasonable fee on consumers who request for express service to obtain a credit report from LCBs.

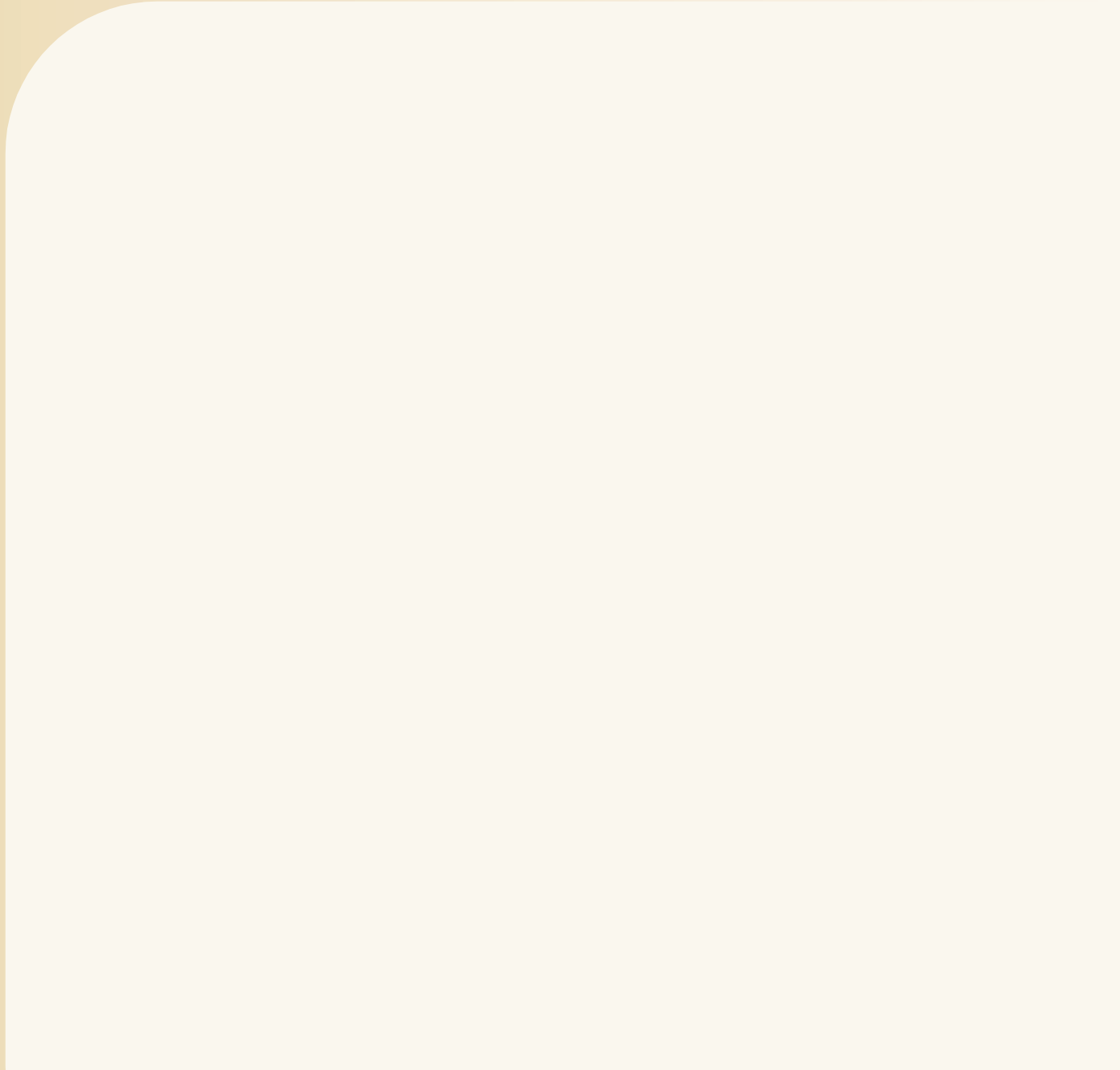
MAS' Response

4.2 While consumers are entitled to free credit reports, there are no restrictions against LCBs charging fees for value-added services such as an express mail service for credit reports.

ANNEX – List of Respondents

The list of respondents that provided feedback to the consultation paper is as follows.

1. Credit Bureau (Singapore) Pte Ltd (“CBS”)
2. DP Credit Bureau Pte Ltd (“DPCB”)
3. Hong Kong Shanghai Banking Corporation (“HSBC”)
4. The Association of Banks in Singapore (“ABS”)
5. United Overseas Bank (“UOB”)
6. Member of the public



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