

November 2007

A COMMERCIAL CREDIT REFERENCE AGENCY FOR HONG KONG



The Hong Kong
Association of Banks

The DTC Association



HONG KONG MONETARY AUTHORITY

CCRA and You

The Commercial Credit Reference Agency (CCRA) was established by the banking industry on 1 November 2004 to address the need of small and medium-sized enterprises (SMEs) for greater access to credit and the need of lending institutions for reliable credit information about their SME customers. The CCRA covers the credit data of SMEs which operate as limited companies and, from 1 March 2008, all sole proprietorships and partnerships. This leaflet provides you with information about the CCRA and how it works in practice.

The Aim and Benefits of a CCRA

What is a CCRA?

A CCRA is an organisation that collects information about the indebtedness and credit history of business enterprises and makes this information available to lending institutions. CCRAs are a common feature of credit markets around the world. Before deciding whether to extend credit facilities to a customer, lending institutions will check with a CCRA about the customer's credit record in order to help assess the credit application.

What are the benefits of a CCRA to companies and lenders?

It will be mutually beneficial for companies and lending institutions to participate in commercial credit data sharing. The CCRA increases lending institutions' knowledge of borrowers' credit records, expedites the loan approval process, and helps strengthen lending institutions' credit risk management. Exchanging information about borrowers by lending institutions also increases the incentive for borrowers to repay, thereby reducing the overall default rate.

As more information about the creditworthiness of companies becomes available through the CCRA, creditworthy companies will stand a better chance of obtaining loans from lending institutions more quickly and with better credit terms.

Operation of the CCRA

Will our business be covered by the CCRA?

The CCRA only covers corporate customers of lending institutions. Generally, your business will be covered if you are a non-listed limited company with an annual turnover not exceeding HKD50 million, a sole proprietorship or partnership.

Will lending institutions be seeking our consent before they report our data to the CCRA?

Yes, lending institutions must have your consent before they can disclose your business's credit data to the CCRA. Lending institutions normally include the requisite consent provision in their account terms and conditions of banking services, facility letters or relevant documentation.

What information about a business is held at the CCRA? Who has access to such information and for what purposes?

The CCRA keeps a business's general information like Business Registration Certificate number. It also keeps certain credit data of the business such as the aggregate maximum available credit limit granted by individual lending institutions for different types of credit facilities (which will be expanded to include hire purchase and leasing loans effective from 1 March 2008), whether the company (in the case of limited companies only) has provided collateral, as well as information about defaults on loans. Information such as the assets of the company or personal wealth of the company's investors, however, is not collected.

Only lending institutions (and their subsidiaries) regulated by the Hong Kong Monetary Authority (HKMA) will have access to your data held in the CCRA for the purpose of the grant, review or renewal of credit to your company or to another person for whom your company proposes to act as guarantor. Access for marketing purposes is prohibited.

Will late repayments made before the expanded CCRA scheme commences operation on 1 March 2008 be reported to the CCRA?

In respect of credit facilities (including hire purchase/leasing loans) granted to sole proprietorships and partnerships and hire purchase/leasing loans granted to SME limited companies, only delinquent repayments not settled before 31 January 2008 will be disclosed to the CCRA. Companies are encouraged to keep payments current and build a good credit history to improve their access to credit in the future.

How long will the CCRA hold the credit data of our business?

In general, credit data relating to each facility will be retained by the CCRA for five years from the date of full repayment of that particular facility. As there is a cost of maintaining the data in the system, it is in the interests of the CCRA to delete the data as and when the information becomes irrelevant.

Data Protection

What are the safeguards to protect the confidentiality of the data maintained by the CCRA about my business?

Both lending institutions and the CCRA must, in respect of sole proprietorships or partnerships, observe the Code of Practice on Consumer Credit Data issued by the Privacy Commissioner for Personal Data. In addition, lending institutions should comply with the data protection requirements in the HKMA's statutory guidelines in relation to the sharing of credit data through the CCRA. The guidelines also require the CCRA to take appropriate steps to safeguard the security and accuracy of the data it holds, and to respond to an access or correction request by a company promptly.

What are the sanctions against lending institutions and the CCRA if they breach the data protection requirements?

In respect of sole proprietorships or partnerships, a breach of the Code of Practice on Consumer Credit Data will give rise to a presumption of the breach against the lending institution in any legal proceedings under the Personal Data (Privacy) Ordinance.

Furthermore, a breach of the HKMA's statutory guidelines by a lending institution would call into question its ability to satisfy the relevant authorisation criteria under the Banking Ordinance, thereby giving rise to potential regulatory sanctions.

As for the CCRA, since the data protection requirements have effectively been incorporated into the standard service agreement between the CCRA and individual lending institutions, a breach of them may provide grounds for lending institutions to terminate the service of the CCRA.

Can I access the data held by the CCRA about our business and request corrections if there are errors in the record?

Yes, you can access the data held by the CCRA about your business by ordering a credit report from the CCRA. The CCRA will verify the authenticity of the request and you will need to pay a reasonable fee.

If you think any of your data held by the CCRA is inaccurate or incomplete, you can contact the CCRA in writing at:

Name: Dun & Bradstreet (HK) Ltd.
Address: 18/F, Caroline Centre, Lee Gardens Two,
28 Yun Ping Road, Causeway Bay, Hong Kong
Enquiry hotline: 2516 1100
Enquiry e-mail: ccra_enquiry@dnb.com

The CCRA will investigate your request promptly and make any corrections within a reasonable period.

To whom should complaints be lodged?

If you have an unresolved dispute with the CCRA or a lending institution, you may contact the HKMA in writing at:

Address: 55/F, Two International Finance Centre,
8 Finance Street, Central, Hong Kong
Fax: 2509 3990
E-mail: hkma@hkma.gov.hk

The HKMA will seek to ensure that your complaint against a lending institution or the CCRA is properly handled in accordance with its guidelines.

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