



CREDIT BUREAUS AND YOU

Presented By:

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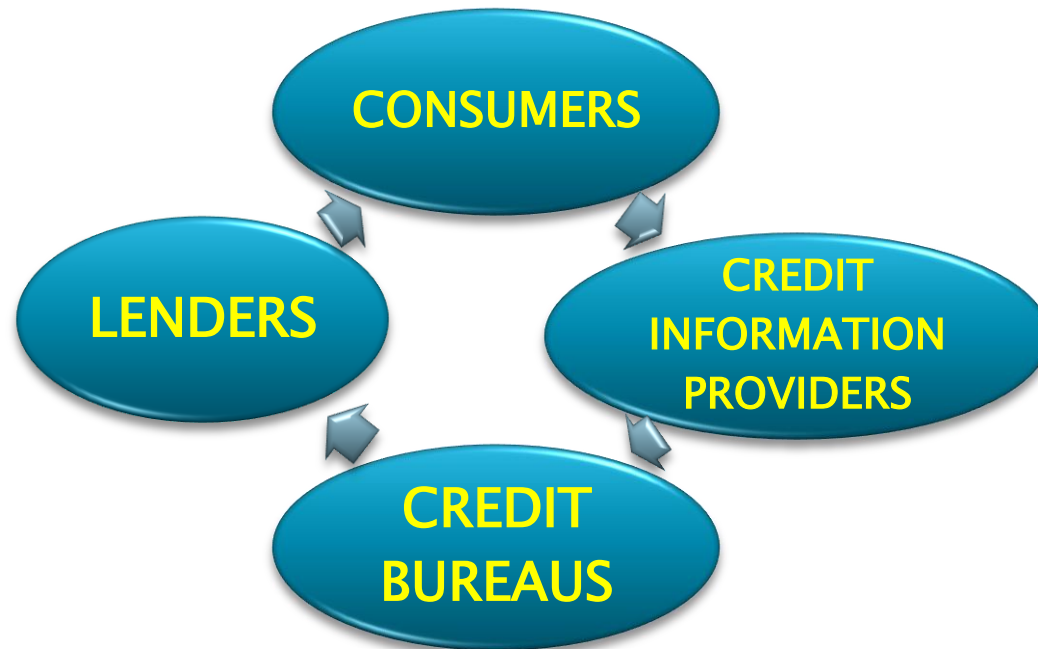
Overview of Presentation

- Background on Credit Bureaus
- Benefits of a Credit Reporting System
- Jamaica's Credit Reporting Framework



BACKGROUND

How a Credit Reporting System Works



Credit Bureau

A credit bureau:

- ✓ An agency that collects credit information from lenders and other entities on a borrower's credit history
- ✓ Provides that information in a report, for a fee, to lenders.



What is a Credit Report



- A credit report provides the credit history of a borrower and includes:
 - ✓ The total number of credit facilities;
 - ✓ The total loan balances; and
 - ✓ Previous history of default.
- This information may be converted in the form of a score which is a statistical estimate of the information



BENEFITS OF A CREDIT REPORTING SYSTEM:



- Consumers
- Entities that give credit
- Financial Market/Economy



BENEFITS: Consumers



- Develop “reputational” collateral
- Improved access to credit
- Faster processing time on Loan applications
- Lower financing cost for borrowers with good credit history
- More disciplined use/management of credit
- Business expansion with new credit access



BENEFITS:

Extenders of Credit

- Allows for a better assessment of the creditworthiness of a borrower

The Potential to:

- Make better decisions in loan assessments
- Reduce bad debts and loan provisions
- Increase profitability and opportunity to build internal capital





BENEFITS:

The Financial Market & Economy

- Supports timely payments and settlements of debts

Potential for:

- A more inclusive financial system
- Reduction in unemployment levels and poverty
- Increased tax collection and reduction in public debt



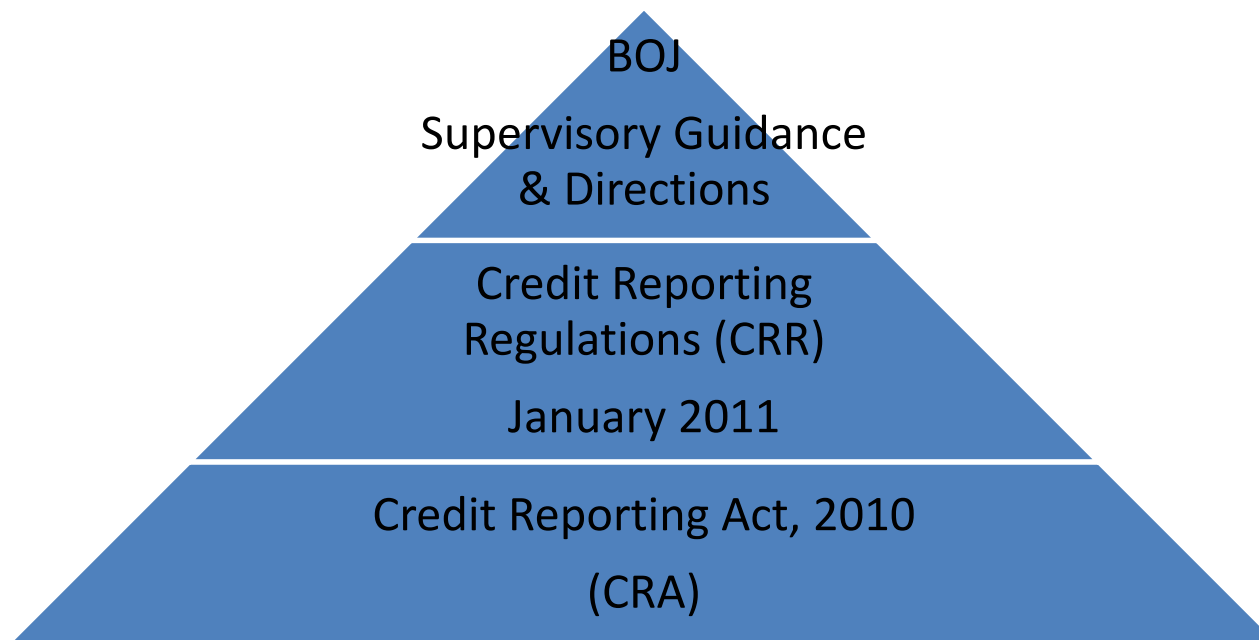


The Bank of Jamaica

- Designated by the Credit Reporting Act as the Supervising Authority for Jamaica's Credit Reporting System



LEGISLATIVE FRAMEWORK





KEY FEATURES OF JAMAICA'S CREDIT REPORTING FRAMEWORK:

The Credit Reporting Act Provides for:

- Eligible credit information providers
- Type of credit Information
- Uses of Credit Information
- Persons who can request a credit report
- Data security and confidentiality



KEY FEATURES OF JAMAICA'S CREDIT REPORTING FRAMEWORK:

- Consumers access to own credit information
- Consumer complaints resolution mechanism
- Supervisory oversight by the BOJ





JAMAICA'S CREDIT REPORTING FRAMEWORK:

Some Eligible Credit Information Providers

- Banks and Building Societies
- Credit Unions
- Government Lending Agencies
- Securities Dealers & Insurance Companies
- Hire Purchase Companies
- Micro Finance Enterprises



JAMAICA'S CREDIT REPORTING FRAMEWORK: Credit Information



A credit bureau can collect the following types of information on consumers:

- The borrower's credit history
- The amount and types of loans or other credit facilities
- The collateral taken for each credit facility
- Limited personal information (e.g. name, address, taxpayer registration)





JAMAICA'S CREDIT REPORTING FRAMEWORK: Disclosure of Credit Information

A credit bureau may disclose credit information to:

- A credit information provider with **written permission of the consumer**
- The supervising authority (i.e. BOJ)
- The consumer to whom the information belongs
- Under a court order



JAMAICA'S CREDIT REPORTING FRAMEWORK: Disclosure of Credit Information

A Credit Report can only be requested with the permission of the consumer for:

- A loan or other financial transaction
- Insurance underwriting
- Employment purposes
- Other purposes with the consumer's instruction



JAMAICA'S CREDIT REPORTING FRAMEWORK: Consumer Protection





JAMAICA'S CREDIT REPORTING FRAMEWORK: Consumer Protection

A consumer is entitled to receive:

- **One** free report in each calendar year
- A full disclosure of the information on the consumer in credit bureau's custody



JAMAICA'S CREDIT REPORTING FRAMEWORK: Consumer Protection



The free credit report shows:

- All information relating to the consumer that the credit bureau holds;
- The sources of the information;
- The name and address of every person whom the information has been sent in the last six months.



JAMAICA'S CREDIT REPORTING FRAMEWORK: Consumer Protection

- Where credit has been denied based on credit information provided by a credit bureau, the consumer must be informed and advised of his right to request the name of the credit bureau.



JAMAICA'S CREDIT REPORTING FRAMEWORK: Consumer Protection



- If there is a dispute over the accuracy or completeness of a credit report, a consumer may make a complaint in person or in writing to the credit bureau.
- If the consumer is dissatisfied with the outcome after reporting it to the credit bureau, he or she may submit the complaint in writing to the Supervising Authority (i.e. Bank of Jamaica).
- The Supervising Authority investigates and makes a decision/issue a direction.



JAMAICA'S CREDIT REPORTING FRAMEWORK: Consumer Protection

- If either the consumer or credit bureau is dissatisfied with the result, there is a right of appeal to an Appeals Tribunal.
- The Tribunal may:
 - ✓ Confirm the decision/directions given
 - ✓ Amend the directions
 - ✓ Revoke the directions





JAMAICA'S CREDIT REPORTING FRAMEWORK: Consumer Protection

- Once a complaint is made to a credit bureau, it should correct the information no later than **fourteen days** after the complaint has been made.
- Whenever credit information has been amended a copy of the new report is to be sent by the credit bureau to every person to whom the inaccurate or incomplete information had been given.
- The consumer is also to be notified when the necessary changes have been made.



JAMAICA'S CREDIT REPORTING FRAMEWORK

Bank of Jamaica's Supervisory Powers



BOJ's powers include:

- Review and recommend on credit bureau licence applications;
- Conduct on-site examinations
- Require periodic reports from credit bureaus
- Issue supervisory guidance for credit bureaus' operations
- Investigate and determine on consumer complaints
- Issue direction to credit information providers



CONCLUSION

- The credit reporting regime in Jamaica presents a significant opportunity for:
 - ✓ Consumers seeking credit to benefit where they have a good repayment history; and
 - ✓ Consumers to be more responsible in their borrowing habits
- The credit reporting system will also serve to ultimately enhance our financial sector and our economy



Thank You!



Questions...



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