

# A COMMERCIAL CREDIT REFERENCE AGENCY FOR HONG KONG



The Hong Kong  
Association of Banks

The DTC Association



HONG KONG MONETARY AUTHORITY

Increasing public attention has been given to the need of small and medium-sized enterprises (SMEs) for greater access to credit. At the same time, it is recognised that lending institutions need access to information from an auditable source about the credit history of SMEs to allow better credit assessment.

To meet these needs, the Hong Kong Association of Banks (HKAB), the DTC Association (DTCA) and the Hong Kong Monetary Authority (HKMA) have worked together and established a Commercial Credit Reference Agency (CCRA) in Hong Kong. Given that the CCRA should benefit all parties concerned, HKAB, the DTCA and the HKMA strongly encourage SMEs and lending institutions to participate in the CCRA.

## 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 borrowers and lenders?

As more information about the creditworthiness of borrowers becomes available through a CCRA, credit-worthy borrowers stand a better chance of obtaining loans from lending institutions more quickly and at more competitive prices.

A CCRA increases lending institutions' knowledge of borrowers' credit records, expedites the loan approval process, and helps to strengthen lending institutions' credit risk management. Exchanging information about borrowers by lenders also increases the incentive for borrowers to repay, thereby reducing the overall default rate.

## The operation of the CCRA scheme

### Will my business be covered by the CCRA?

The CCRA will cover only the SME customers of lending institutions. Generally, an organisation is considered to be an SME if it is:

- (a) an unlisted limited company with an annual turnover not exceeding HKD50 million (unless the company belongs to a larger group whose annual turnover is larger than HKD50 million); or
- (b) an unincorporated enterprise such as a partnership or sole proprietorship with an annual turnover not exceeding HKD50 million.

However, initially the CCRA will only cover unlisted limited companies as described in (a) above.

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

If consent for disclosure is not included in the terms and conditions of your account, lending institutions should obtain your consent before they can disclose your business's credit data to the CCRA. Disclosure will be made when, for example, your business successfully applies for a new loan, or for an increase in the credit limit of an existing credit facility, or for the renewal of an existing credit facility.

Lending institutions have been contacting their SME customers for consent upon application for new credit facilities or review/renewal of existing credit facilities. If your business has been contacted, you are encouraged to give your consent now to facilitate the process of building a comprehensive database which will help speed up loan assessment procedures.

### What information will the CCRA hold and who will have access to such information?

Other than general information of the company, the CCRA will keep credit data about SMEs, such as the total number of credit facilities they have obtained from lending institutions, the limits on these, whether they have provided collateral to secure the borrowing, as well as information about defaults on loans. Information such as the assets of your business or personal wealth of your business's investors, however, will not be collected.

The CCRA is only allowed to disclose the credit data it holds in its records about your business to lending institutions regulated by the HKMA for the purposes of the grant, review or renewal of your business's credit.

### My business made some late payments before the CCRA commenced operation. Will this information be reported to the CCRA?

Lending institutions will not report late payments that occurred before 30th September 2004 to the CCRA. All businesses, however, 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 my business?

The credit data will be held by the CCRA for as long as it is relevant for the purposes of considering any grant, review or renewal of credit facilities. In general, credit data relating to a 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 to 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.

### Can my business withdraw its consent?

Your business will benefit from a complete credit record. It is therefore not advisable for you to revoke consent to the disclosure of data to the CCRA. Further, revocation of customer consent may be interpreted negatively and may provide grounds for the lending institutions to terminate or decline to renew the facilities granted to your business. However, if your business decides to revoke its consent, it will need to give 90 days' written notice to the lending institution(s). The lending institution(s) will report the revocation to the CCRA and will stop reporting the credit data of your organisation to the CCRA after 90 days.

## Data protection

### Are there adequate safeguards to protect the confidentiality of the data maintained by the CCRA about my business?

Yes, the confidentiality of your business's data will be safeguarded. The HKMA has issued a statutory guideline (Guideline) under the Banking Ordinance setting out the data protection principles in relation to the use of credit data by data users. The Guideline also requires 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 an SME promptly.

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

If a lending institution breaches the Guideline, this would call into question its ability to satisfy the relevant authorisation criteria under the Banking Ordinance, thereby giving rise to potential regulatory sanctions by the HKMA.

The data protection provisions in the standard service agreement between the CCRA and individual lending institutions are similar to those in the Guideline. Breaching them would be a breach of contract that might lead the lending institutions to terminate the service of the CCRA.

### Will I be able to access the data held by the CCRA about my 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: Unit 1308-1315, 13/F, BEA Tower, Millennium City 5,  
418 Kwun Tong Road, Kwun Tong, Kowloon, HK

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 the Guideline.

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