

# Legal Framework for Credit Reporting: Challenges and Solutions

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# Legal framework for information sharing

## Challenges:

- Bank secrecy and confidentiality
- Data subject rights protection
- Data completeness and accuracy
- Enforcement

# Bank Secrecy and Confidentiality

- All jurisdictions include provisions for data confidentiality imposed on financial institutions
- Negative data: in common law countries generally allowed disclosure without subject consent
- Positive data: requires subject consent

# Data Subject Rights Protection

- Right to access own information
- Right to dispute inaccuracies and have information corrected
- Effective mechanism for dispute resolution

# Data completeness and accuracy

- Incomplete data in a private bureau as not all lenders report
- Different bureaus may have data from different sources resulting in inconsistent reports produced for the same borrower (US). Potential solution – sharing through the association of lenders identical dataset with all bureaus (RSA)
- Takes long time to develop as many stakeholders have to agree on the arrangement

# Data completeness and accuracy

## Potential solution:

- Mandatory reporting of the data to a regulated private credit bureau
- Mandatory inquiry

Recent Examples: Kazakhstan, Russia, Switzerland, Ghana, Ecuador, Mexico, India

# Enforcement

- Licensing, registration
- Reactive nature of supervision
- Dispute resolution and customer complaints
- Code of Conduct as an enforcement instrument
- Penalties

**Thank you!**