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Business Information Industry Association

TREATMENT OF CREDIT REPORTING DATA DURING A PANDEMIC

BIIA Survey April 2020

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Background

BIIA is mindful of the massive impact that the COVID 19 pandemic is having on all sectors of business and civil society.

The treatment of credit data during this crisis has a potential impact on the integrity of the consumer credit reporting and business information sharing and ultimately on the overall financial eco system.

Negative impacts on consumers and businesses as a result of the pandemic can effect previously good performing borrowers' ability to meet their repayments resulting in them being classified as non-performing borrowers.

To gain an understanding of how regulators and policy makers are reacting to the massive disruptions the pandemic is having on credit granting and credit reporting and to support the work of the International Committee on Credit Reporting (ICCR) of which BIIA is a member, BIIA created in conjunction with the IFC a survey to gain feedback on the initiatives that are being undertaken.

The following is a summary of the results of the survey which is based on 28 responses received from 24 countries (5 responses being received from one country and 2 responses being made on behalf of 2 countries).

Summary of results

Key highlights from the survey:

- **Guidance issued** (both formal or informal)
 - 57% stated guidance had been issued on the continued full (file) sharing of credit information
 - Less than half (46%) stated guidance had been issued on the consistent interpretation and application of credit reporting data by credit providers and participants in the credit reporting system - *this is to be expected with the recent nature of the pandemic*
 - Over half (57%) had seen guidance issued on the creation of measures to monitor that negative payment information reported during the crisis does not overly impact on the credit risk scores of data subjects
 - Only just under 11% said they had seen guidance on ensuring credit reporting service providers (CRSPs) provide data subjects with unlimited access to free credit reports & score during the crisis. *This low percentage is probably connected with the fact that many of the respondents already provide free credit reports.*
 - Over two-thirds (70%) of respondents stated that enhanced consumer and financial literacy programs had been put in place such as advising borrowers to approach credit providers to negotiate payment deferrals and/or restructuring of facilities.

Summary of results

Key highlights from the survey:

- **Industry activity**

- Just over a third of respondents (37%) stated there had been discussions between credit reporting service providers (CRSPs) and credit providers in their country to develop an agreed industry practice to the supply and use of credit reporting data
- 75% of respondents confirmed that a solution has been agreed (either with the regulator or within the industry) to reflect the impact of the pandemic on loans or other credit facilities to show agreed restructuring, deferred payment or non-payment how will it be implemented.
- Two thirds (66%) confirmed that the agreed solution was already available. The most popular solution was the use of codes

- **Operational resilience of CRSPs**

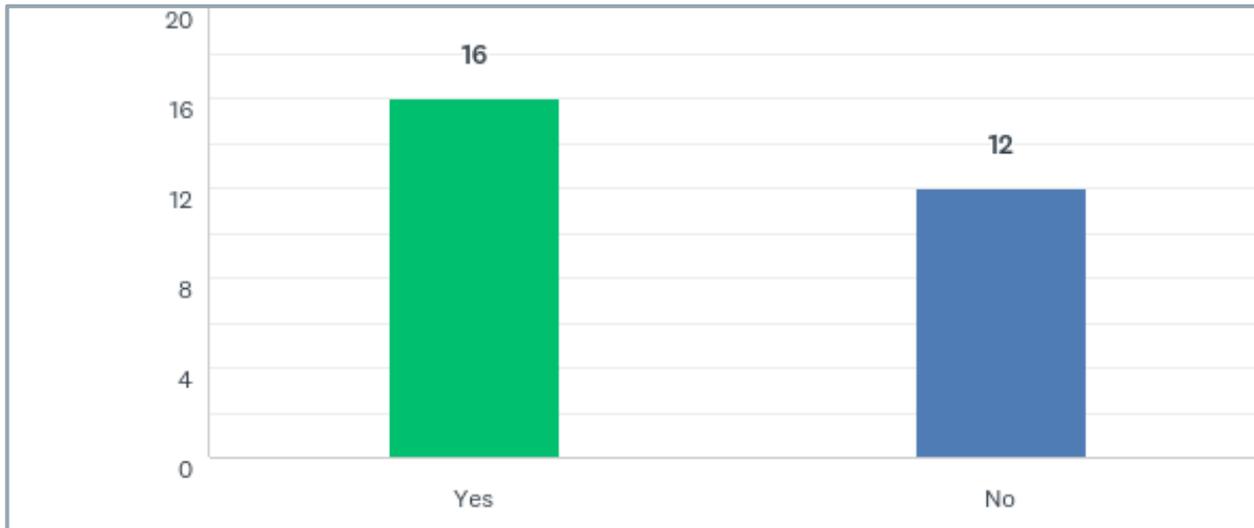
- 8 out of 10 CRSPs have instigated their business continuity plan (BCP) as a result of the pandemic
- 92% believe that they will be able to handle additional consumer complaints and inquiries as the pandemic evolves
- 8 out of 10 CRSPs don't believe they will need additional support to sustain their operations during the pandemic.
- 40% of the respondents have started to undertake analysis of the data they hold to show the impact of the pandemic on the creditworthiness of borrowers

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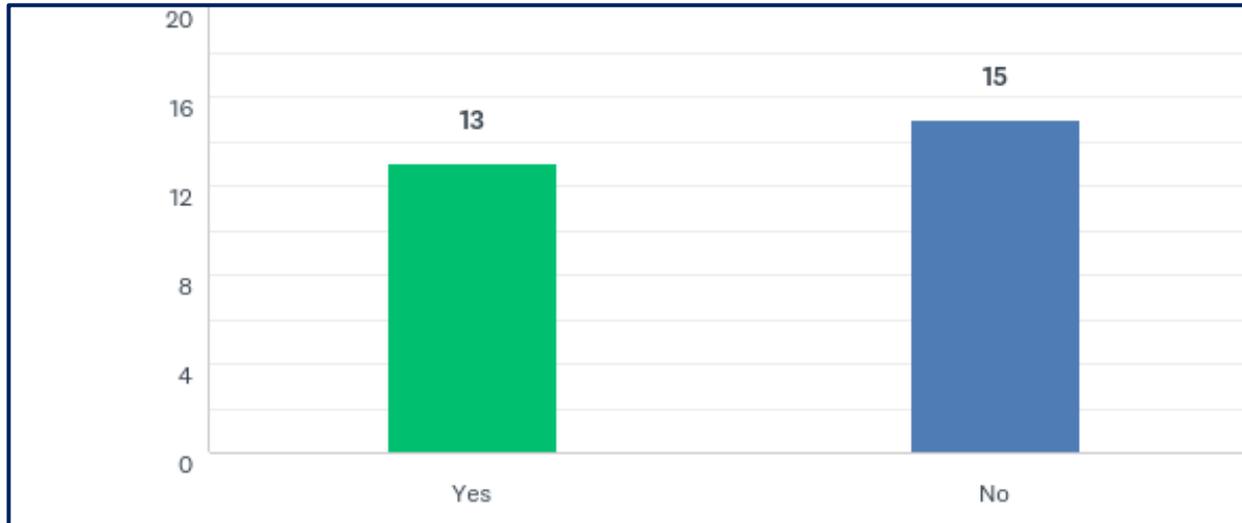
Summary of responses to individual questions

Q1: Has your regulator issued any form of guidance (formal or informal) on the continued full (file) sharing of credit information including reporting of negative payment data, arising due to the crisis, with the necessary additional disclosures and measures that ensure that there is minimal or no effect on the data subjects' credit history and score.



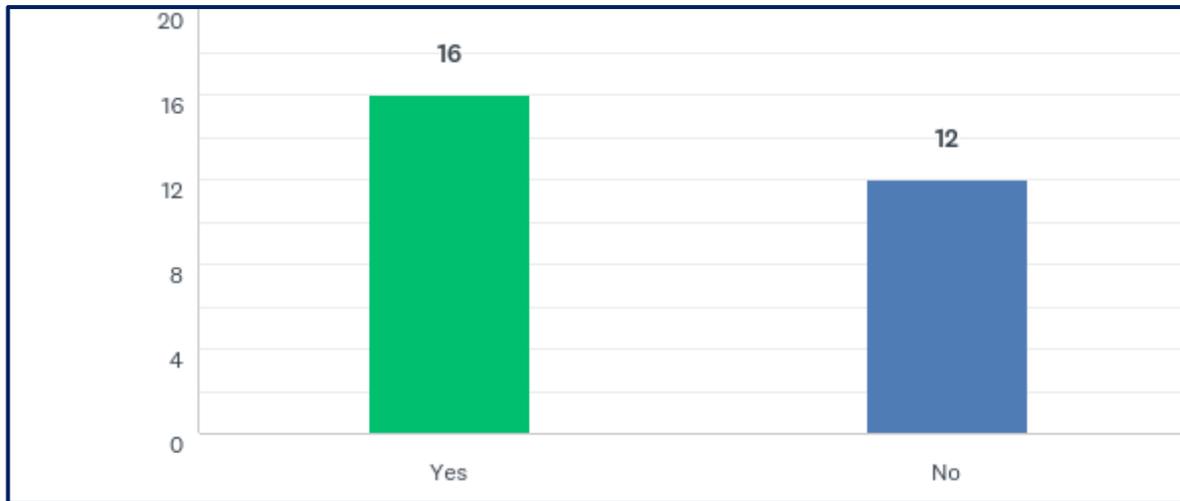
ANSWER CHOICES	RESPONSES	
Yes	57.14%	16
No	42.86%	12
Total Respondents: 28		

Q2: Has your regulator issued any form of guidance (formal or informal) to ensure the consistent interpretation and application of credit reporting data by credit providers and participants in the credit reporting system



ANSWER CHOICES	RESPONSES	
Yes	46.43%	13
No	53.57%	15
Total Respondents: 28		

Q3: Has your regulator issued any form of guidance (formal or informal) to ensure measures are put in place to monitor that negative payment information reported during the crisis does not overly impact on the credit risk scores of data subjects. Examples might include the implementation of separate reporting codes for reporting facilities that are under an agreed forbearance or deferred payment plan.



ANSWER CHOICES	RESPONSES	
Yes	57.14%	16
No	42.86%	12
Total Respondents: 28		

Q4: Has your regulator issued any form of guidance (formal or informal) to ensure credit reporting service providers (CRSPs) provide data subjects with unlimited access to free credit reports & score during the crisis.



ANSWER CHOICES	RESPONSES	
Yes	10.71%	3
No	89.29%	25
Total Respondents: 28		

Q5: Has your regulator issued any form of guidance (formal or informal) to ensure that complaint handling capacity of both credit providers (CPs) and credit reporting service providers (CRSPs) are sufficient during the crisis to deal with the likely increase in complaints.



ANSWER CHOICES	RESPONSES	
Yes	17.86%	5
No	82.14%	23
Total Respondents: 28		

Q6: Has your regulator issued any form of guidance (formal or informal) to ensure enhanced consumer and financial literacy programs such as advising borrowers to approach credit providers to negotiate payment deferrals and/or restructuring of facilities



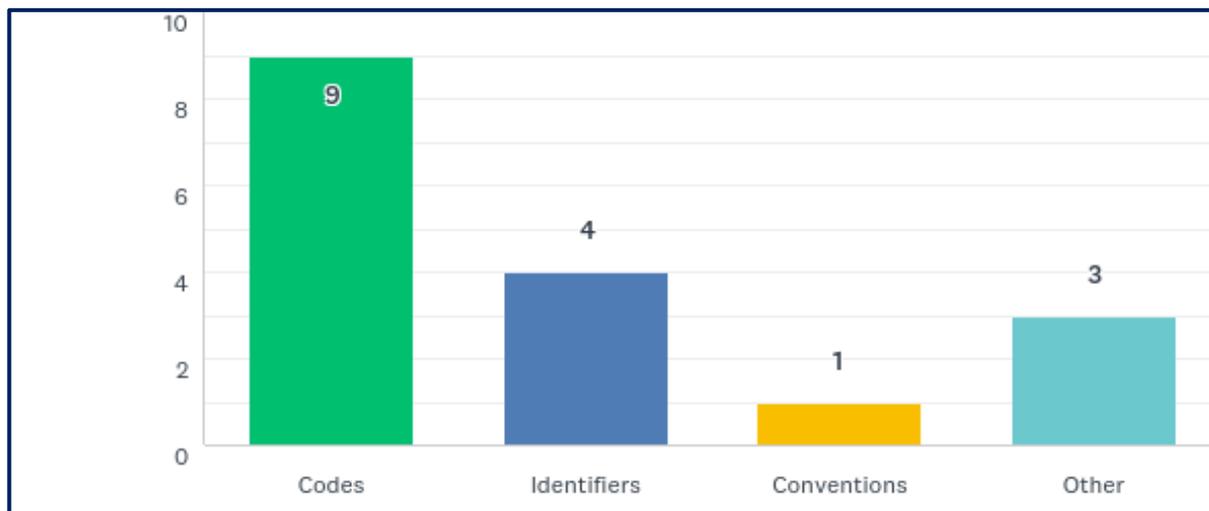
ANSWER CHOICES	RESPONSES	
Yes	70.37%	19
No	29.63%	8
Total Respondents: 27		

Q7: Have there been any discussions between credit reporting service providers (CRSPs) and credit providers in your country to develop an agreed industry practice to the supply and use of credit reporting data?



ANSWER CHOICES	RESPONSES	
Yes	37.04%	10
No	62.96%	17
Total Respondents: 27		

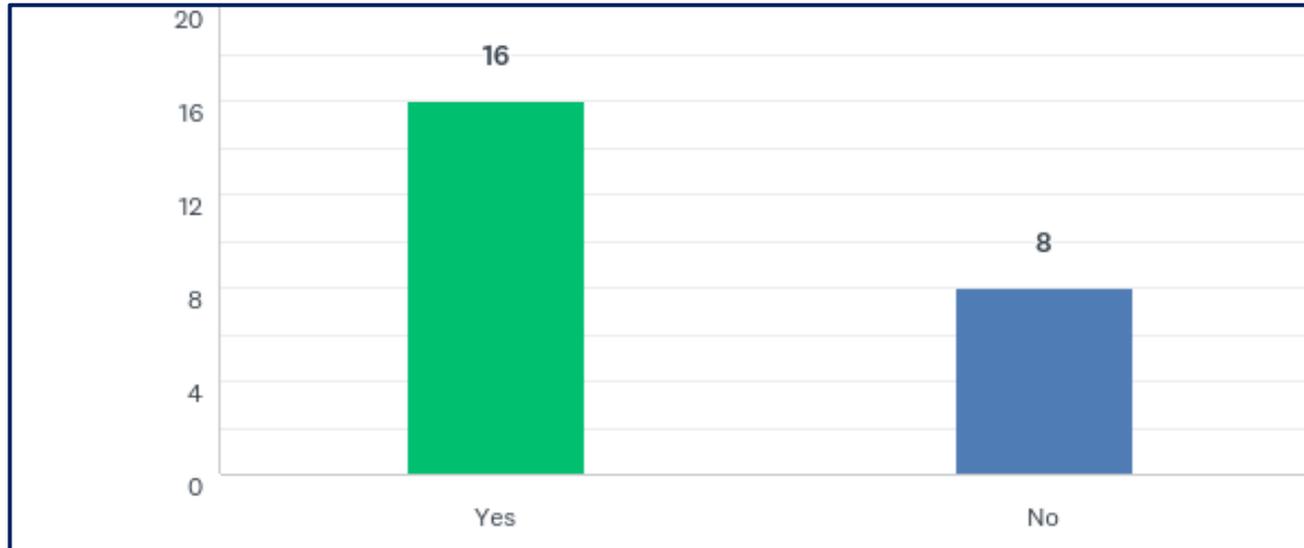
Q8: If a solution has been agreed (either with the regulator or within the industry) to reflect the impact of the pandemic on loans or other credit facilities to show agreed restructuring, deferred payment or non-payment how will it be implemented? (Please select all answers that are applicable)



Answered: 12 Skipped: 16
 Breakdown of answers:
 Codes - 5
 Codes and Identifiers - 4
 Codes, identifier and convention -1
 Other - 3

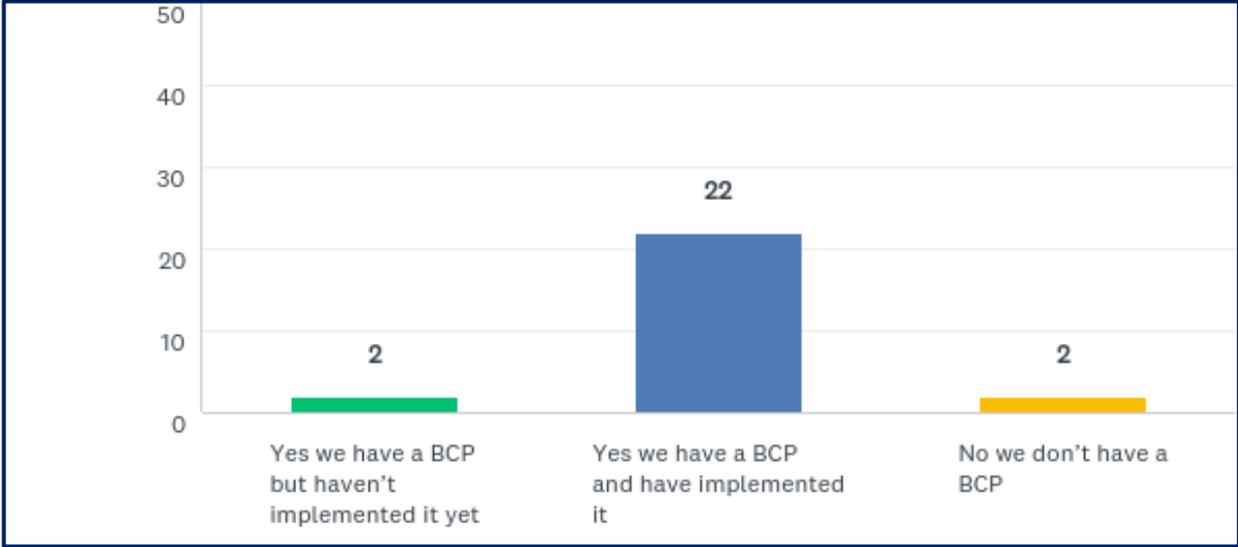
ANSWER CHOICES	RESPONSES	
Codes	75.00%	9
Identifiers	33.33%	4
Conventions	8.33%	1
Other	25.00%	3
Total Respondents: 12		

Q9: Are the above solutions already available to credit reporting service providers and data providers?



ANSWER CHOICES	RESPONSES	
Yes	66.67%	16
No	33.33%	8
TOTAL		24

Q11: Do you have a business continuity plan (BCP) for such pandemics and if so have you implemented it?



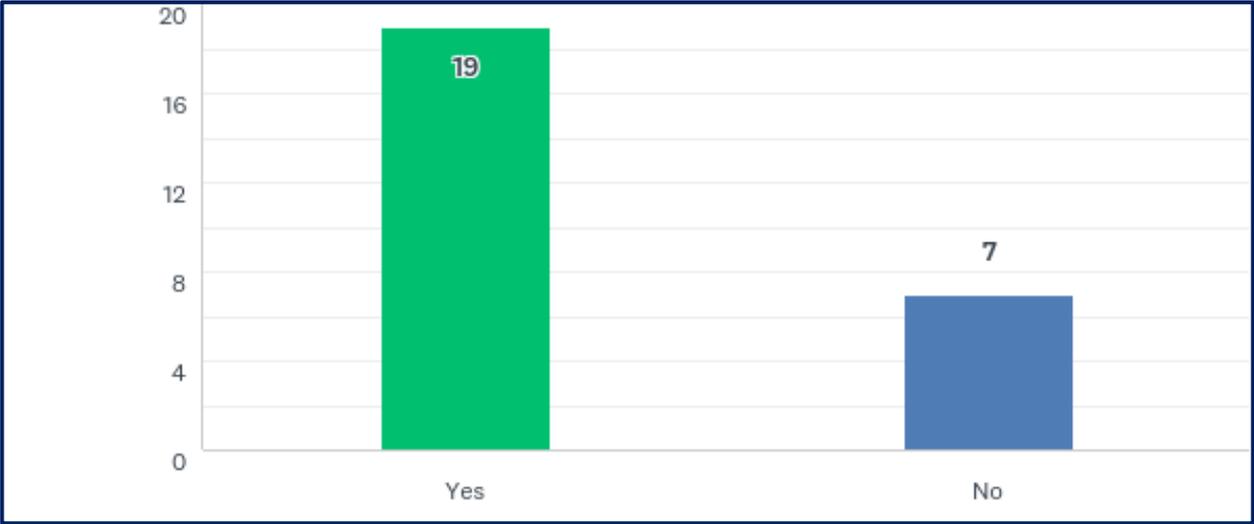
ANSWER CHOICES	RESPONSES	
Yes we have a BCP but haven't implemented it yet	7.41%	2
Yes we have a BCP and have implemented it	81.48%	22
No we don't have a BCP	7.41%	2
TOTAL		27

Q12: Will you be able to handle additional consumer complaints and inquiries as the pandemic evolves?



ANSWER CHOICES	RESPONSES	
Yes	92.59%	25
No	7.41%	2
TOTAL		27

Q13: If required will you able to provide free credit reports and scores to consumers for the duration of the crisis?



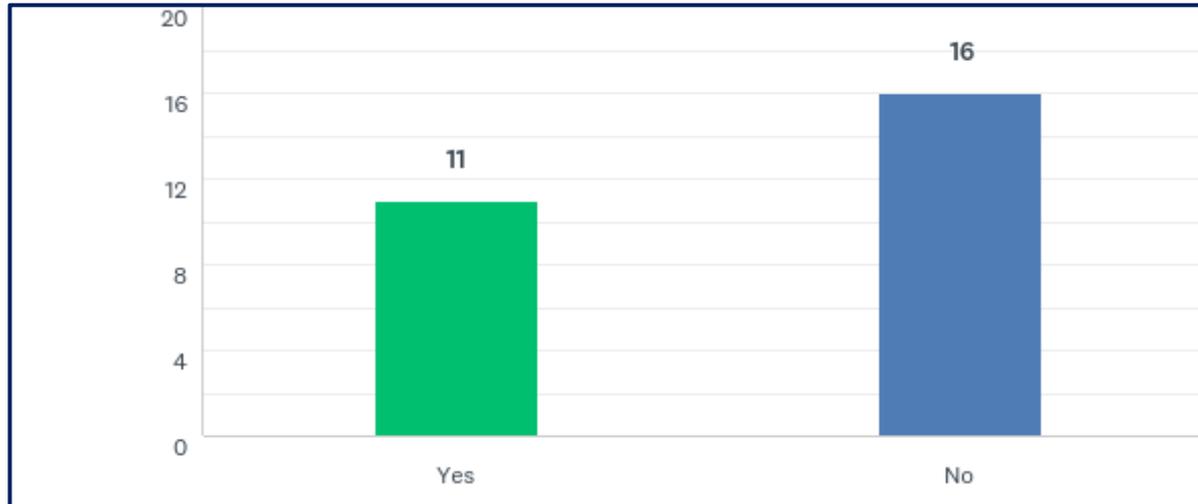
ANSWER CHOICES	RESPONSES	
Yes	73.08%	19
No	26.92%	7
TOTAL		26

Q14: Do you believe you will need additional support to sustain your operations during the pandemic?



ANSWER CHOICES	RESPONSES	
Yes	19.23%	5
No	80.77%	21
TOTAL		26

Q16: Have you undertaken any analysis of the data you hold to show the impact of the pandemic on the creditworthiness of borrowers?



ANSWER CHOICES	RESPONSES	
Yes	40.74%	11
No	59.26%	16
Total Respondents: 27		

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For further information on the survey please contact Neil Munroe, Deputy Managing Director @ munroen@bii.com or Peter Sheerin, Executive Committee member @ sheerinp@bii.com

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