



Bahrain Credit Reference Bureau.

Code of Practice

Version 1.03:09-07.

Confidentiality Notice

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1.00: Introduction.

The purpose of this document is to establish a Code of Practice for all participants in the activities of the Bahrain Credit Bureau. The code is designed to provide the assurances that each Contributing Member is treated fairly and identically. In the same respect the code must provide assurances that the information which is provided by the Contributing Members is secure and treated with the utmost confidentiality.

The Bureau will provide consolidated on line information on Customers from the Bureau Database to authorised Members without preference or favour to any single applicant or Member. The information to be provided to authorised Users is for reference only and should only be used as part of the credit decision process and does not constitute a decision.

This document also extends a service to Customers whose data is retained by the Bureau and provides the same assurances that the information is held securely. Only after the customer has given an approval for the information to be shared with a Contributing Member can the release of such information be given. The customer will be made aware that access to the information can only be obtained under the conditions as shown in this document concerning security and confidentiality. The customer will however have right to dispute information which has proved to be provided incorrectly by the Contributing Member. Procedures are provided which allow a customer to rectify such incorrect information which is contained in the Bureau Database.

All Bureau supporting documents as described in the Appendix will be provided as part of the establishment of the Bureau and will refer to this Code of Practice. This ensures that the Bureau and all Members operate within the same guidelines.

2.00:Definitions

Seq. No	Title	Definition
001	Regulative Authority	The Central Bank of Bahrain [CBB]. The Ministry of Industry and Commerce [MOIC].
002	Credit Bureau.	A depository of Customer data relating to previous and existing loan or credit facilities obtained from the Bahrain lending community. The data also extends to a record of enquiries made to the Bureau and the decisions made during or after these enquiries.
003	Credit Bureau Database	The Credit Bureau Database is the depository of all Loan data after validation and formatting.
004	Credit Bureau System	The Credit Bureau System is the electronic software which enables secured access to the Credit Bureau Database.
005	Applicant	A person or company who is applying for a Loan who is not yet necessarily a customer of the lender.
006	Customer	A person or company who has a credit facility with a lender who has provided information on that person.
007	Search Enquiry	A request for shared information of the Applicant is a Search Enquiry which can take place after the authorization has been given to BCB to provide such information by the Applicant.
008	Bureau Credit Report	The information provided by the Bureau. The non disclosure rule is applied.
009	Customer Credit Report	A documented report which provides information on the Applicant where the Non Disclosure Rule is not applied.
010	Non Disclosure Rule	The information provided in the Bureau Credit Report will not disclose the name of the Institution where the Applicants Loan Accounts are held. The exception to this is where the Applicant is a Customer of the Institution who is making the enquiry.

Seq. No	Title	Definition
011	Member	<p>[1] Contributing Member: An organization which is authorized and is qualified to access the Bureau after first providing information on their customers who may or may not be the Applicant. The Rules of Access are applied.</p> <p>[2] Non Contributing Member: An organization who is authorized and is qualified to access the Bureau information without the provision of any Customer information.</p>
012	Bureau User	An employee of the Member who is authorized to obtain information concerning an Applicant after complying with the Rules of Access.
013	Consumer Finance.	Consumer Finance is the provision of any form of credit facility which is provided to a Customer as an Owner, Co-Owner or Guarantor.
014	Applicant or Customer Consent	A Credit Report can only be obtained after it has been confirmed that the Applicant has provided written approval to the Credit Bureau using the standard Consent Form.
015	Declaration Date	The date the Applicant or Customer provided written consent to the Credit Bureau. This date is encrypted onto the Bureau System so that the Applicant or Customer is not required to provide consent for subsequent Search Enquiries.
016	Data Validation Process	An audit control system exists to obtain correct and logical data which is formatted in accordance with the Bureau requirements.
017	Take-On Data	The Take-On Data is the Information provided by the Contributing Member in the first instance. This is only provided once for existing and new accounts.
018	Update Data	The Contributing Member provides an up date to the Take On Data in accordance with an update schedule. Any new Accounts since the Take On or previous Update must be provided.

Seq. No	Title	Definition
019	Data Correction Process	In the event that a Customer or Applicant has cause to complain that the data is incorrect the process allows for corrective measures to be implemented. The Contributing Member who provided the Information in the first instance must carry out the correction process.
020	User Set Process	The procedure used to provide a User with access to the Bureau. This entails the provision of a User agreement containing acceptance of the Rules of Confidentiality and access codes and passwords.
021	Search Fee	The charge made for all enquiries to the Bureau irrespective of the level of information being retrieved.
022	Rules of Lending	Pre-determined rules which control the level of borrowing by any Applicant or Customer as determined by the BMA. The maximum status of such rules is parameterized in the system.
023	Primary Access	Provides access to the system from a Members single central location.
024	Network Access	Provides system access throughout the Members own network [Branches]. Enables more effective use of the system throughout the credit making decision process.
025	Consent Deletion	An Applicant's or Customer's Consent can be removed from the Bureau Database by applying to the Bureau and following the Consent Deletion Procedure.

3.00: Authority & Purpose of the Bureau.

3.01: Authority.

The Bahrain Credit Bureau [Bureau] is operated by The Benefit Company under license from the Central Bank of Bahrain [CBB] and is authorized to collect customer data in accordance with the Database Management Rules & Submissions [See Section 4]. The authorization also allows the Bureau to provide the consolidation of Customers' information on line to authorized Members who are permitted to receive such information under the guidelines of this code. This provision allows access to this information at the time of the enquiry through a system specifically designed to operate the Bureau.

The license is granted on the understanding that procedures are in place to ensure the information is correct at the time of the enquiry however if a Contributing Member has provided incorrect information, the Bureau must be informed so that Data Correction Procedure can be carried out.

3.02: Purpose of the Bureau.

The objectives of the Bureau are to provide the Members with the following as part of the Credit Application Process:

3.02.01: To provide accurate consolidated information so that lending decisions can be made with minimized risk.

3.02.02: To reduce default risk from existing borrowers where information on existing credit facilities was not previously known.

3.02.03: To protect Applicants and Customers from over borrowing by assisting lenders in making decisions on an Applicant's ability to pay.

3.02.04: To facilitate lending to new Applicants who have no previous credit history.

3.02.05: To provide decision making capability to Lenders in respect of Applicants without security.

3.02.06: To prevent Fraud Control.

3.02.07: To verify information supplied by the Applicant at the point of the application.

3.02.08: To show both Historical and Current behaviour patterns, good or bad.

3.02.09: To authenticate and verify information on the Applicant.

3.02.10: To provide a platform to establish risk management tools to further improve lending decisions.

4.00: Database Management Rules and Submissions.

4.01: Provision and Type of Data.

All Customer Data must be provided from the Customer files in the following categories:

All credit facilities to Customers and Applicants.

Including:

- All Types of Loans and Credit Facilities.
- Housing and Mortgage Loans.
- Overdrafts.
- Credit Cards.
- Charge Cards.
- Hire Purchase and Contract Purchase Agreements.
- Lease and Lease purchase Agreement.

4.02 Accuracy & Timing of Data.

An initial analysis of the sample data will be made in order to accurately format the complete record from the Member. The Data will be processed through validation rules using methods that will provide data in a format which will be understood by all Members during the enquiry process. It is therefore necessary to reject files which are not formatted correctly however this is usually during the early stages of the validation process. Assistance will be provided by the Bureau to ensure that data errors are kept to a minimum in the first instance.

Such Data errors which have been provided by the Contributing Member which could be regarded as a logical status of account however this may subsequently be disputed by the Customer. In such cases the Customer Complaint Procedure will be followed along with the Data Rectification Procedure as shown in Section 8.

4.02.01: Take On Data.

The complete data file is required on the agreed date and should be provided in the standard format. This should include the information which is in accordance with the Bureau Data Manual and be accurate in respect of the current status of each Account Holder including history. The date of the provision of the Take On Data should be in accordance with the schedule as shown in 4.02.03.

4.02.02: Update Data.

The Update Data applies only to the changes made to the Take On File [See Data Manual]. In addition any new accounts which have been opened must also be provided in the same format. Accounts which have been closed during the update period need only be updated once. The Update File must be provided in accordance with individual Member Update Schedule [agreed at the time of the receipt of the Take On Data] and not exceed the times shown below.

4.02.03: Provision Schedule [All Bureau Members].

Take On File: No longer than 30 days of the acceptance of the sample data.

The following periods of update apply for the movement toward daily update of existing and new account files.

Period	Update period	Scheduled Time from Take-On Date
1	30 Day	0-90 Days
2	14 Day	91-120 Days
3	7 Day	121-150 Days
4	Daily	151-180 Days

All members should be updating the database on a daily basis before six months of the initial Take-On Date.

4.02.03: Update Ratio.

The update ratio will be monitored to confirm that the amount of data is being provided. In the event that the ratio is less than the average of the previous three months and the Bureau has not been notified in writing then the penalty rules will be applied.

4.04: Databases.

There are three types of data which make up the Bureau Database:

1] Personal Database.

Information on the Applicant is retained after the first enquiry, name, address, data of birth etc is used to verify the customer using the unique CPR No. as the search key. Subsequent enquires provide the activity of the Applicant and detects if fraud is likely to be committed.

2] Previous Search Enquiries.

Records all previous enquiries made to the Bureau and decisions made by the Members making the enquiry. This enables better lending decisions to be made during subsequent searches. The Non Disclosure rule applies except when the enquiry is from the same Member.

3] Loan Account Detail.

The account information as provided by the Contributing Member is retained under high levels of security and can only be released in consolidated format after the Applicant has provided approval.

4.05: Disclaimer

The Data Validation Process [DVP] will be operated by the Bureau on all data [Take-On and Update] however the process cannot change the information being supplied. In cases where the information is found to be incorrect by the Customer during a Search Enquiry the Bureau cannot be responsible for the misinformation.

[The code allows for corrective measures to be activated].

5.00: Rules of Access.

5.01: Contributing Member.

A Contributing Member has the right to receive information from the Credit Bureau provided that the organization is involved in the granting of credit to the consumer market and that they are licensed to do so. An Agreement exists between the two parties [The Credit Bureau and the Contributing Member] which will ensure the rules of the Bureau are maintained.

These rules are:

5.01.01: The Member must operate as a credit provider agrees to operate within the rules of the Code of Practice and agrees that any breach of the rules can be reported to the Ministry of Industry & Commerce or the Central Bank of Bahrain. This is dependent on the regulative authority that the credit provider reports to.

5.01.02: The Member follows the Operating Guidelines & Procedure Manuals issued at the commencement of operations and modified from time to time.

5.01.03: Commitment by Members to pay all fees and charges.

5.01.04: Validated data must be provided in the required format.

5.01.05: The Workstation at the User end conforms to the correct configuration.

5.01.06: The Member maintains supervision of their assigned Bureau Users at all times.

5.01.07: The Applicant's consent is received and the verification procedures are followed.

5.01.08: In respect of any enquiry [Search Enquiry, Consent Form, Consent Deletion and/or Customer Credit Report], the identity of the Applicant and signature should be verified.

5.01.09: The information retrieved from the Bureau is used only for the purpose of supporting credit decisions and for no other purpose.

5.01.10: The information retrieved from the system on any applicant [not necessarily a Customer of the member] is never shared with any third party other than those authorized to do so in the organization of the Member.

5.01.11: An Agreement is signed and received by the Credit Bureau complete with the Commercial License before enabling primary or network access.

5.02 Bureau User.

The assigned Bureau user must be authorized by the qualified Member and notified to the Bureau using the correct procedures. The User will be provided with the necessary access codes and passwords which should not be shared with any other person.

The Bureau User follows the Operating Guidelines & Procedures.

5.02.01: The User comes under the supervision of the Contributing Member at all times and should adopt the correct techniques to access the system and follow the procedures as shown in the User Manual.

5.02.02: The Applicant's consent is requested and received and the verification procedures are followed before making the enquiry on the Applicant.

5.02.03: In respect of a Customer Credit Report, the Applicant's identity and signature is verified by the User.

5.02.04: The information retrieved from the system on any applicant [not necessarily a Customer of the Member] is never shared with any third party other than those authorized to do so in the organization of the Member. The Applicant should be informed of the reason why a credit application is declined if the decision is relevant to the information provided by the Bureau.

5.02.05: A Bureau User Agreement is signed and received by the Credit Bureau before enabling access.

6.00: Rules of Lending. *[As recommended and supervised by the Central Bank of Bahrain]*

The Central Bank of Bahrain has provided rules of lending which are automated in the Bureau System. The reconciliation of all loan balances and the current installment ratio will be shown, in addition the effect of any credit facility being granted when the Applicant exceeds these lending limits.

6.01: Current Rules of Lending.

6.01.01: Installment to Monthly Income Ratio: Currently, the sum of all payments against all loans and card payments must not exceed 50% of gross monthly income [Consumer Lending only].

6.01.02: Tenure of any new loan not to exceed seven [7] years.

6.02: A Warning will be provided to the Member during the enquiry if the rules above are breached or if the application allows the Applicant to exceed these rules or both.

7.00: Bureau Operating Rules and Conditions.

7.01 Operating Guidelines.

7.01.01: The Bureau will operate with three divisions to maintain the best use of trained resources within the operating company.

- [a] Administration.
- [b] Technical Support Services.
- [c] Customer Services

7.01.02: The Bureau will adopt Quality Assurance Systems [QAS] to ensure the best practices are used for the following:

- [a] Administration Procedures.
- [b] Data Audit Control Procedures.
- [c] Customer Support Services.
- [d] Technical Support.

7.01.03: Operational Manuals will be provided for each of the Divisions [see 7.01] which will be available for inspection by any contributing Member who is operating under the Rules of Access [see Section 5].

7.01.04: Supervision of all Bureau employees to ensure the Bureau Operators who have access to the Bureau Data adhere to the Rules of Confidentiality.

7.01.05: The Rules of Confidentiality will apply to all Bureau Employees in respect of any information related to individual Members except when requested to do so in writing from the CBB.

7.01.06: The Bureau will provide training for:

- [a] IT personnel involved in the Members' Data Extraction procedure.
- [b] The Users as nominated by the Contributing Member after receiving request through the Member Set Up Procedure.
- [c] Administrative Procedures for Members to request information supplementary to the Search enquiry.

These will include, but not limited to:

Customer Consent.
Customer Credit Report Request.
Data Error Correction Procedure.
Rules of Confidentiality.

7.01.06: The Bureau will provide a register of the names of all Members, Authorized Users and Bureau Operators on a monthly basis. All Users [Members and Bureau] will be requested to provide contact details and CPR No. as part of the User Preparation.

7.02: Rules of Confidentiality.

The Rules of Confidentiality will apply in writing to all employees connected to the Bureau operation at The Benefit Company. Each employee will be requested to sign a confidentiality agreement which covers the following areas.

[a] Not to provide any information either verbally or in writing on Applicants and Customers to any third party without written approval from the Bureau.

[b] To maintain high level of security of all documentation received or to be sent to Members.

[c] Not to provide any performance related information on a Contributing or Non contributing Member without receiving written permission to do so by the CBB.

[d] Follow the QAS Procedures in respect of the retention and storage of all documentation and files in electronic format.

8.00: Customer Request for Information & Complaints Procedure.

As the Non Disclosure Rule applies, the Bureau Credit Report does not provide the name of the lender to a Member. The exception to this is where the Applicant is a customer of the Member who is making the enquiry. In the event where an Applicant requires information contained in the Bureau Database a request can be made for a Customer Credit Report [CCR] using the following procedure.

8.01: The Customer Credit Report request.

The CCR request is completed at the premises of the Member making the enquiry and should contain the following information.

8.01.01: Customer's Approval.

This is required to enable the Bureau Operator to enter the system to obtain a CCR.

8.01.02: Confirmation of Customer's Identity.

This validation is done by the Member [making the original Search Enquiry] to confirm that the Customer is genuine and that the Applicant's signature is correct.

8.02: Customer Credit Report.

The CCR request is sent to the Bureau who will produce the Customer Credit Report after Management Approval. After the form is produced [no copies will be permitted] it will be sent by registered mail to the Customer or Applicant. The report will contain a summary of all loan and card accounts and details of previous Search Enquiries. In all cases the name of the lender will be displayed.

8.03: Complaint Procedure:

All complaints will be registered in accordance with the QAS Procedures. Action taken to rectify the complaint will be documented for review by the Bureau Management.

A complaint can come from three areas:

- 1] Member.
- 2] Customer.
- 3] CBB.
- 4] MOIC.

A complaint of any nature will be responded to as soon as practical and will follow the standard procedure. In the event of system failure which prevents information being retrieved from the database every effort will be made to provide normal service as soon as possible. In the respect of other complaints the Complaint Form should be completed and sent to the Bureau as soon as possible. A report outlining what was required to rectify the complaint will be sent to the Member within 24 hours of the rectification.

From time to time the Applicant or Customer may have cause to dispute the correctness of data. In the event of such occurrences the Data Rectification Process should be followed.

8.04: Data Rectification.

In all cases an Applicant or Customer must have requested a Customer Credit Report. This will provide the name of the Lender who has provided the information on the Report. If the information requires rectification the customer is advised on the CCR of the procedures to be followed.

The Customer should take the CCR to the Contributing Member who has provided the Data which is thought to be incorrect. If the Customers Complaint is justified the Member can rectify the data on line or through the regular update process. This must be carried out within 24 hours of being notified by the Customer.

8.05: Customer Consent Deletion.

When a Customer wishes to delete their names from the system this can be done provided a Customer Deletion form is completed and signed by the Customer. After this process is completed the database no longer records the consent or name in the Previous Search Database, the Customer [Applicant] must therefore complete another Consent Form before an enquiry to the Bureau can be carried out.

This does not effect the data retained on the Loan Account Database however it is unable to be shared with any Member or organization without consent of the Applicant or Customer. In such cases the data should be maintained in accordance with the Database Management Rules and Submissions [See Section 4] at all times up to the account is closed by the Customer or Member.

9.00: Commencement of Operations.

The preparation required to enable a Member to be ready to provide data and have access to the Bureau is as follows:

9.01: Discussion meeting to establish the validity of Membership.

9.02: In all cases a letter of intent must be provided to confirm the activity of the Institution and to request the provision of the data manual under the confidentiality rules. The latest audited financial statement and copy of a valid credit license should be provided to confirm the activity and the financial stability of the organization.

9.03: After the Bureau has agreed to provide the service, the Data Validation Process requires sample data with varied circumstances to be provided. The Customer names/CPR No. should be disguised to avoid any breach of confidentiality before Agreements are signed.

9.04: After successful completion of the data validation process the Member Agreement must be signed. It should also be confirmed by both parties that the Take-On data files are loadable so that the complete file [with correct names and CPR Nos.] can be delivered to the Bureau and loaded onto the Bureau Database.

9.05: The Member Preparation procedure will commence which requires the new Member to provide a list of Primary Users to be provided. This procedure will include the provision of User Manuals, Training and the completion of User Documentation.

9.06: The Member will receive written confirmation that access to the Bureau is enabled and that Search Enquiries can commence.

9.07: The move to networking the Users internally and the provision of data update in accordance with agreed schedule should commence immediately the Member is enabled.

10: Appendix:

The following procedures have been mentioned in this Document and will be described in detail in the Members Agreement or Operating Manuals which will be issued by the bureau or used in the Bureau organization.

10.01: Bureau Operations Manual.

Customer Service Manual.

Data Audit Control Manual.

Systems Operations Manual

QAS Audit Manual.

10.02: Member & User Bureau Operating Guidelines.

Set Up Procedure

Bureau On Line User Manual.

Customer Consent Procedure.

Customer Credit Report request procedure.

Complaints Procedure.

Data Rectification Procedure.

Deletion of Customers Consent.

10.03: Penalties.

Breach of confidentiality.

Non Provision of validated data in accordance with the Schedules.

Correction of loaded Loan Account Data.

Update ratio not in accordance with update rules.

None Payment of fees in accordance with the Members Agreement.

Customer's Consent not received.