

RESPONSE TO FEEDBACK RECEIVED

May 2021

Consultation Paper on Proposed Regulations and Notices for Licensed Credit Bureaus and Approved Members

MAS

Monetary Authority of Singapore

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1 Preface

1.1 On 16 October 2020, MAS issued a consultation paper on proposed Regulations and Notices to effect the objectives of the Credit Bureau Act (“the Act”). The paper proposed requirements for licensed credit bureaus (“LCBs”) and approved members in the following documents:

Credit Bureau Regulations

- Credit Bureau Regulations 2020¹;
- Credit Bureau (Composition of Offences) Regulations 2020¹;

Credit Bureau Notices

- Notice to Licensed Credit Bureaus and Approved Members;
- Notice on Technology Risk Management; and
- Notice on Cyber Hygiene.

1.2 The consultation period closed on 15 November 2020, and MAS would like to thank all respondents for their contributions. The list of respondents is in Annex A and the full submissions are provided in Annex B.

1.3 MAS has carefully considered the feedback received and we have incorporated them where appropriate. Comments that are of wider interest, together with MAS’ responses are set out below.

2 Overview of Feedback

2.1 Respondents were broadly supportive of the proposed requirements. Majority of the comments were clarificatory in nature. MAS has only received suggestions for

¹ The regulations will be published as Credit Bureau Regulations 2021 and Credit Bureau (Composition of Offences) Regulations 2021.

amendments to the CBN. An overview of the feedback received and the key amendments which MAS will make, arising from the feedback received, are set out below.

(a) Credit Bureau Regulations

- The feedback received was clarificatory. We have not received any feedback to amend the proposed Credit Bureau Regulations 2020 (“CB Regulations”) and Credit Bureau (Composition of Offences) Regulations 2020¹ (“Composition Regulations”).

(b) Notice to Licensed Credit Bureaus and Approved Members

We have received feedback that was clarificatory and feedback to amend the Notice to Licensed Credit Bureaus and Approved Members (“CBN”).

Code of Conduct

- Matters relating to data integrity, data reporting and operational risk of credit reporting processes will be added under the Code of Conduct which an LCB must maintain for the LCB and its approved members.

Dispute Resolution Committee (“DRC”) and Approved Members Committee (“AMC”)

- Amendments will be made to clarify the composition of AMC. We will clarify the types of disputes that the DRC is responsible for.

Operational Requirements for LCBs

- MAS will extend the period for an LCB to complete the investigation and correction process for disputed data to 10 business days from the date when the request under section 18 of the Act is received either by an approved member or the LCB. Amendments will also be made to cater for situations where the LCB requires more time.
- In addition, an LCB will be required to provide a narrative in the credit report to indicate any dispute in respect of any error or omission in any data in the credit report, where the dispute has not been resolved. There will not be a need to exclude such disputed data from the computation of the credit score.

Operational Requirements for Approved Members

- MAS will extend the period for an approved member to complete the investigation and correction process for disputed data to 10 business days from the date when the request under section 35(1) of the Act is received by either the approved member or an LCB. Amendments will also be made to cater for situations where the approved member requires more time.
- The frequency of submission of data to an LCB will be amended from a weekly basis to a monthly basis.

Transition Period

- In view of amendments to the operational requirements for the LCB and approved members, there will only be a transition period for the LCB to establish the DRC and AMC, within six months from the date when the CBN takes effect.

(c) Notice on Technology Risk Management and Notice on Cyber Hygiene

- We have received feedback that was clarificatory and feedback to amend the Notice on Technology Risk Management (“TRMN”).

3 Credit Bureau Regulations

3.1 The CB Regulations set out provisions of general application, such as the type of fees payable by an LCB, and the procedures that apply when a person is given an opportunity to be heard by MAS. Some respondents provided feedback that the proposed application fee was too low and might set a low entry barrier, encouraging applications from inexperienced applicants.

3.2 There was also a suggestion to set minimum requirements for new applicants and questions were raised on the timeline for the application of corporate credit reporting business licence. A respondent asked if there would be guidelines on data to be contributed to the LCB and data to be displayed in credit reports.

MAS' Response

3.3 When setting licence application and renewal fees, MAS took into account, among other things, the fees charged for other financial institutions with a similar level of complexity in operations and similar requirements for supervisory resources. Applicants have to meet the admission criteria and satisfy MAS that they will be able to meet all requirements applicable to LCBs.

3.4 Currently, there are no specific timelines set regarding the application process for a corporate credit reporting business licence. Those who are interested to operate a corporate credit reporting business licence should approach MAS to discuss their plans. MAS will provide further guidance to interested applicants as appropriate.

3.5 On the type of data to be contributed and displayed by an LCB, MAS expects an LCB to assess the merit and quality of the data contributed by its members and any other parties. The LCB should consider how it fulfils the purpose of a credit report. Where there are changes to be made to the format of a credit report or credit scoring methodology, an LCB has to seek MAS' prior approval in accordance with section 59(b) of the Act. MAS will monitor the implementation of the regime and consider the issuance of guidelines at a later stage.

4 Notice to Licensed Credit Bureaus and Approved Members

Governance

4.1 MAS proposed requiring an LCB to put in place a Code of Conduct, and for an LCB to establish a DRC to be responsible for the resolution of unresolved disputes by an LCB or its approved member and to establish a AMC to be responsible for reviewing and making recommendations on the credit reporting processes between an LCB and its approved members respectively. These requirements are meant to ensure that the LCB has in place strong governance standards.

4.2 A respondent suggested including in the Code of Conduct a requirement for the LCB to set standard reporting requirements and definitions, and put in place necessary measures to mitigate operational risks and ensure completeness and accuracy of the data collected.

4.3 Some respondents sought clarification on the type of complaints and disputes that the DRC is responsible for, the qualification and experience of the DRC members and

the frequency of the meeting. A respondent suggested for dispute resolution to be handled by the Financial Industry Disputes Resolution Centre Ltd (“FIDReC”) instead of setting up a DRC to oversee these matters.

4.4 There was also a suggestion to expand the responsibility of the AMC to recommend reporting standards, definitions and control measures to the LCBs. This is to ensure consistency in data aggregation and reporting, and to manage operational risks.

4.5 Several respondents requested for flexibility in the composition of the AMC as there could be situations where there is no member in a particular approved class of member or where no member in a particular approved class of member is willing to be part of the AMC.

MAS’ Response

4.6 MAS agrees that it is important for an LCB to set out standard reporting requirements and controls to mitigate operational risks and preserve data integrity. The requirements under the Code of Conduct will therefore be expanded to cover the manner in which an LCB and its members protect the integrity of any data they possess and mitigate the operational risks relating to the credit reporting process. The Code of Conduct will also cover the manner in which an approved member reports data and the scope and retention period of any data collected, use or disclosed by an LCB.

4.7 MAS does not agree with the suggestion for unresolved disputes to be addressed by FIDReC. It is important that consumers be given a ready avenue for disputes to be reviewed by experts familiar with the credit reporting process in a fair and independent manner, before a consumer has to resort to filing a complaint to FIDReC. The DRC will only be required to review disputes which remain unresolved between a data subject and an LCB or its approved members, after investigation has been conducted by the LCB or its approved members, or both, as the case may be. We will make edits to clarify this role in the CBN.

4.8 The LCB should consider the responsibilities of the DRC and ensure that the appointed committee members are able to perform the role effectively. As to the frequency of DRC meetings, the LCB should consider the appropriate frequency based on factors such as volume and frequency of such unresolved disputes.

4.9 On the role of the AMC, MAS will clarify that it includes the responsibility of making recommendations on policies concerning the credit reporting process between an LCB and its approved members.

4.10 On the composition of the AMC, MAS agrees that some flexibility may be appropriate in certain circumstances and will make amendments accordingly while preserving the right for all relevant classes of the AMC to be represented, as far as possible.

Operational Requirements for LCBs

4.11 MAS proposed various operational requirements relating to safeguarding data held by LCBs and verification of data subject's identity. MAS also proposed to require an LCB to complete the investigation of disputed data within 5 business days, and correction of data within 2 additional business days. Approval from MAS would be required for cases which required longer investigation and correction period.

4.12 Several respondents requested extending the proposed period of investigation and correction due to the volume and complexity of the investigation process. There was also feedback on the challenges involved as well as potential moral hazard in removing disputed data from the credit report.

MAS' Response

4.13 In consideration of current operational challenges, MAS will set the period for completion of investigation and correction of disputed data as 10 business days from the date when the request under section 18 of the Act is received by either an approved member or the LCB. Nevertheless, MAS expects an LCB and its approved members to investigate all data disputes fairly and expeditiously. For cases where delays are beyond the control of the LCB, the LCB will have to notify MAS and MAS' prior approval will be required for extension beyond a 20-business day period. MAS will monitor the time taken for disputed cases to be resolved and relook the period specified for resolution of disputed cases as appropriate.

4.14 On the treatment of disputed data in the credit report, MAS notes the feedback that there could be potential moral hazard in excluding such data before investigation is complete. MAS will therefore amend the requirement for the LCB to indicate in the credit report that the data is being disputed and has not been resolved. This allows approved members to make informed assessments as to the treatment of such disputed data in the credit report.

Operational Requirements for approved members

4.15 MAS proposed various operational requirements relating to maintenance of records for periodic audits or investigation, the protection of the confidentiality of the

customer information and the periodic submission of data to the LCB. MAS also proposed requirements for the investigation and correction of disputed data similar to that on an LCB.

4.16 MAS also proposed requiring an approved member to complete the investigation of disputed data within 5 business days, and correction of data within 2 additional business days. Approval from MAS would be required for cases which require longer investigation and correction period.

4.17 In addition, to ensure that credit reports contain updated data of the data subjects, MAS proposed for the approved members to submit the data for the purpose of credit reporting to the LCBs on a weekly basis.

4.18 Some respondents asked if the retention period for documents used to support requests for access to customer information was to be applied retrospectively and if it was necessary to retain the documents if the credit application was rejected. There was also a question on the type of documentary evidence to validate approved members' request for credit reports and other customer information. Another respondent also asked whether approved members are required to verify the validity of applications before they request for the credit report. This is to lower the risk of approved members having access to credit reports based on fraudulent applications.

4.19 As credit applications are increasingly performed digitally, some respondents sought clarification on how the requirement for a time-stamp application form could be met. A respondent also sought guidance on the type of documentary evidence required to be furnished to the LCB for periodic credit review cases.

4.20 A respondent asked if employment screening is one of the permitted purposes for approved members to request the customer information from the LCB or use any of the customer information received from the LCB.

4.21 Several respondents suggested to lengthen the period to investigate the disputed data and correct the data. Some also suggested seeking the approval for extension through the LCB instead of MAS.

4.22 Most respondents cited practical challenges in providing data to LCBs on weekly basis due to the general monthly payment cycles. There was also feedback that weekly updated data may not make material difference to a data subject's credit ratings. Hence, they suggested lengthening the frequency of reporting to a monthly basis.

MAS' Response

4.23 In relation to the retention period of documents used to support approved members' access to customer information, the requirement will apply to requests made from the date of commencement of the CBN. It will apply to all requests for access to the customer information, including credit applications which were eventually rejected.

4.24 To validate the approved members' request for the customer information, the LCB and its approved members should consider the most appropriate form of document, such as electronic records of credit applications where credit applications have been made digitally. On fraudulent credit applications, First Schedule of the Credit Bureau Act sets out the prescribed classes of entities which may be approved members of an LCB. These are financial institutions such as banks and credit card companies in Singapore, which are expected to maintain robust controls to address the risk of fraudulent credit applications.

4.25 Any employer who wishes to assess the financial soundness of its current or prospective employees for employment screening may obtain a copy of the individual's credit report from an LCB with the individual's written consent. This is permitted under section 16 of the Credit Bureau Act.

4.26 Similar to paragraph 4.13, MAS will extend the period for completion of investigation and correction of disputed data to 10 business days from the date when the request under section 35(1) of the Act is received by either the approved member or an LCB. For cases where delays are beyond the control of the approved members, the LCB must be notified and MAS' prior approval will be required for extension beyond a 20-business day period. MAS will monitor the time taken for disputed cases to be resolved and relook the period specified for resolution of disputed cases as appropriate.

4.27 MAS notes the current practical challenges involved in increasing data submission to a weekly basis. As such, MAS will only stipulate monthly data submission for now. MAS will continue to engage the industry to review if certain data which may be relevant for more frequent updating in order to inform credit assessments, such as outstanding balances, can be provided more frequently.

Transition Period

4.28 MAS proposed transitional periods of 6 months and 12 months for the industry to comply with certain requirements which entail changes to governance structures and systems.

4.29 Most respondents provided feedback that the transition period to meet the weekly data submission requirement was insufficient as it entails significant system enhancements.

MAS' Response

4.30 Given that MAS will amend the period for investigation and correction of disputed cases and the data submission frequency to a monthly basis, there is no longer a need for a transition period to meet these requirements. There will continue to be a transitional period of six months (from the date when the CBN takes effect) for the requirements to form a DRC and AMC to take effect.

5 Notice on Technology Risk Management and Notice on Cyber Hygiene

5.1 MAS had proposed to subject LCBs to similar technology risk management requirements and cyber security measures as other financial institutions regulated by MAS. These requirements were meant to ensure that LCBs have robust infrastructure, systems and processes to manage technology risks and cyber threats.

5.2 One respondent proposed that technology risk management should encompass data protection management requirements which should be applicable to all types of data held by LCBs. The respondent also proposed to include the management of outsourcing and the use of cloud computing services as part of MAS requirements on technology risk management.

5.3 We have also received queries seeking clarifications on general application of the requirements. The responses are appended in Annex C.

MAS' Response

5.4 The TRMN includes requirement for LCBs to protect customer information from unauthorised access and disclosure. Guidance on data security measures are also included in the Technology Risk Management Guidelines published by MAS in Jan 2021, which would be applicable to LCBs.

5.5 MAS notes that guidance on management of third-party services, such as cloud computing services, have been included in the Technology Risk Management Guidelines

published in Jan 2021 and Guidelines on Outsourcing, which was published in Jul 2016 and revised in Oct 2018.

MONETARY AUTHORITY OF SINGAPORE

28 May 2021

6 Annex A

**LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON
THE PROPOSED REGULATIONS AND NOTICES FOR LICENSED CREDIT
BUREAUS AND APPROVED MEMBERS**

1. Credit Bureau Singapore Pte Ltd, who requested for their comments to be kept confidential
2. Experian Credit Bureau Singapore Pte Ltd, who requested for some of their comments to be kept confidential
3. Chris, who requested for his comments to be kept confidential
4. 7 respondents, who requested for full confidentiality of identity and submission

Please refer to [Annex B](#) for the submissions.

7 Annex B

FULL SUBMISSION FROM RESPONDENTS TO THE CONSULTATION PAPER ON THE PROPOSED REGULATIONS AND NOTICES TO LICENSED CREDIT BUREAUS AND APPROVED MEMBERS

S/N	Respondent	Response from Respondent
1	Credit Bureau Singapore Pte Ltd	Respondent wishes to keep entire submission confidential
2	Experian Credit Bureau Singapore Pte Ltd	<p>Credit Bureau Notices Question 3: Dispute Resolution Committee and Approved Members Committee</p> <p>(a) With reference to paragraph 3.4(a) of the NOTICE TO LICENSED CREDIT BUREAUS AND APPROVED MEMBERS CREDIT BUREAU ACT 2016, what are the matters DRC is required or expected to report to the Board of Directors of the LCB?</p> <p>(b) With reference to the requirement of having minimum 5 persons in the DRC, could 4 of them be employees of LCB?</p> <p>(c) What are the eligibility requirements for an independent member to join the DRC such as skills, qualification, profession etc. In addition, is the LCB expected to provide remuneration to the independent member? If we are expected to, are there any guidelines regarding the amount of such payment?</p> <p>(d) With reference to the requirement of having minimum 5 persons in the AMC-</p> <p>(i) Could Experian have less than 5 people if the bureau has less than 4 categories of members mentioned in Credit Bureau Act (for example if there are only 2 categories of members, could AMC have only 3 members, i.e. one from each category and one independent member)?</p> <p>(ii) Could the representative of the bureau also be a member of AMC?</p> <p>(iii) Could we have multiple representatives from same Bank Member representing in the committee? E.g. 2 – UOB, 1- BOC, 1- DBS, 1- Independent</p>

		<p>(e) What are the eligibility requirements for an independent member to join the AMC such as skills, qualification, profession etc. in addition, is the LCB expected to provide remuneration to the independent member? If we are expected to pay, any guidelines regarding the amount of such payment?</p> <p>(f) Does the LCB require to have one member from each class of members defined in the First schedule of Act in Credit bureau Act 2016 - a bank, a merchant bank, a card issues and a finance company licensed under the Finance Companies Act (Cap. 108)? In case the LCB does not have a member from a particular class e.g. Finance Companies Act (Cap. 108), do we still need a representative from that class in the AMC?</p> <p>(g) Can a representative from FIDReC join as an independent member in the AMC?</p> <p>(h) For optimization of resources, can the same members who are part of the DRC also be part of the AMC?</p> <p>(i) Given our global expertise, could we leverage global resources to take up these responsibilities?</p> <p>Question 4: Operational Requirements for LCBs</p> <p><u>Verification of Identity of a Data Subject and Persons Appointed to Act on the Behalf of the Data Subject – Clause 3.13/3.14</u></p> <p>(a) How long is the LCB expected to maintain a copy of the relevant verification documents in the situations below given provisions of the PDPA? Our current practice is to retain for a period of two years.</p> <p>(b) For consumers that walk-in to Experian office to obtain their report, we will require them to provide their ID document (ID card, driving license or passport) for identity verification and we will keep a copy to prove that we have performed the identity verification.</p> <p>(c) For cases when data subject appoints a legal person or a natural person to act on his/her behalf, Experian bank bureau only allows this request for consumers that walk-in to Experian office to retrieve the credit report. The authorized person needs to bring the data subject's original ID document and have the data subject to fill in and sign the authorization section in Experian Application Form.</p>
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		<p><u>Validation of Approved Members' Requests for Credit Reports and Other Customer Information Clause 3.19</u></p> <p>(a) Experian conducts monthly sample checks to ensure that the requests made by banks are consented by individuals. Are there any further checks or measures that the LCB needs to put in place on our end to support this requirement?</p> <p>(b) For periodic credit review, what kind of documentary evidence is required? Will letter or statement or contact history with customer suffice?</p> <p><u>Maintenance of Records for Periodic Audits or Investigation Clause 4.1</u></p> <p>(a) In the case of customers whose applications were rejected by the approved member, would there still be a need to maintain a record of the evidence to support their request for access to customer information for a period of 5 years?</p> <p><u>Duty to Maintain Confidentiality of Customer Information Clause 4.2</u></p> <p>(a) For the purpose of conducting a periodic credit review, what kind of documentary evidence is the approved member required to furnish to the LCB? E.g. contact history with customer?</p> <p><u>Investigation and Correction of Disputed Data by a Licensed Credit Bureau Clause 3.20</u></p> <p>(a) We would like to request to increase the 5 business days to 10 business days as based on past experiences on handling disputed data cases. Experian believe that 10 business days would be more practical to complete the process.</p> <p><u>Investigation and Correction of Disputed Data by a Licensed Credit Bureau Clause 3.22</u></p> <p>(a) Similarly for the correction and notification of changes, we would request 2 business days in addition to the 10 business days requested above. This is because currently if there is any correction of data, we notify banks who LCB have disclosed data in the past 1 year instead of 3 months.</p> <p>(b) In addition to the above clarifications, we would also propose that MAS consider facilitating a process whereby</p>
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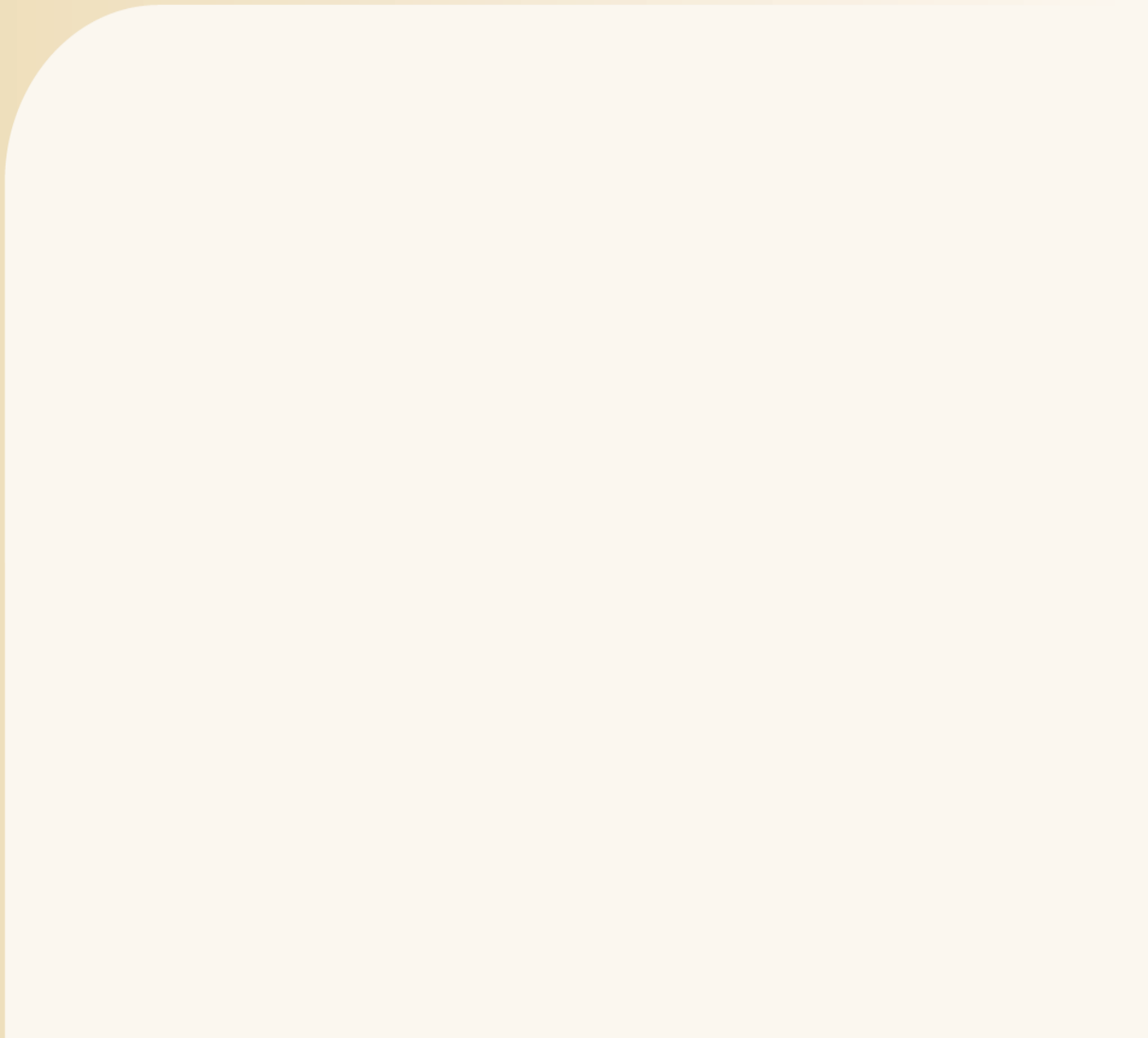
		the outcomes of dispute resolutions are shared across participating bureaus to ensure data parity in line with global best practices in the space.
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8 Annex C

**CLARIFICATIONS ON NOTICES ON TECHNOLOGY RISK MANAGEMENT AND
CYBER HYGIENE**

Questions	MAS' Responses
Notice on Technology Risk Management	
<p>1. One respondent enquired about MAS' expectations on the Recovery Point Objective ("RPO") for critical systems as it has not been included in the TRMN.</p>	<p>The RPO is commonly known as the maximum acceptable amount of data loss for an IT system should a disaster occur. RPO is typically determined based on the nature and type of services provided. For example, a time critical service may require a very stringent RPO to minimise business impact following a disruption. LCBs would need to establish and implement strategies to meet their RPO and their business resumption and system recovery priorities.</p>
Notice on Cyber Hygiene	
<p>2. One respondent sought clarification on the type of measures required to secure administrative accounts</p>	<p>Administrative accounts allow users to perform highly sensitive system operations such as starting and stopping system services, modifying critical system settings, assigning system privileges to users and removing system audit trails. System stability and security can be adversely affected if the access to administrative accounts are poorly controlled.</p> <p>Administrative accounts and access rights should be granted on a "need-to-use" basis. Procedures should be established to assess and approve the granting of administrative accounts. Periodic reviews should be performed to verify that administrative rights are appropriately assigned on a need-to-use basis and revoked when no longer required.</p> <p>LCBs should also implement measures such as password complexity, password expiration, dual control of passwords and segregation of duties for system administration to safeguard against unauthorised access to administrative accounts.</p>
<p>3. One respondent enquired whether security standards are only applicable for 'critical systems' as defined in the CHN.</p>	<p>The security standards should be applicable to every system used by the LCB as set out in paragraph 4.3(a) in the CHN.</p>

<p>4. One respondent sought clarifications on the measures needed to meet the network perimeter defence requirement.</p>	<p>To meet the requirement, the LCB is required to implement measures that are commensurate with the scale and complexity of its network. LCBs can exercise flexibility in the implementation of controls to protect its network from unauthorised traffic. Examples of possible solutions would include implementing a network router or firewall.</p>
<p>5. One respondent enquired whether multi-factor authentication (“MFA”) would be applicable for critical systems only. The respondent also enquired whether MFA must be implemented for approved members using the online financial services provided by the LCB.</p>	<p>In the context of CHN, the MFA requirement applies to administrative accounts that are used to access critical systems and all accounts on any system that the LCB uses to access relevant person information through the Internet, including those provided by its third parties.</p> <p>User accounts held or used by the members of the LCB are not in scope for the MFA requirement. Guidance on user authentication for online financial services offered (e.g., to perform online credit enquiries) are included in the Technology Risk Management Guidelines published in Jan 2021.</p>



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