

**Prakas**  
**On**  
**THE UTILIZATION AND PROTECTION OF CREDIT INFORMATION**



**The Governor of the National Bank of Cambodia**

- With reference to the Constitution of the Kingdom of Cambodia;
- With reference to the Royal Kram NS/RKM/0196/27, dated January 26, 1996 promulgating the Law on the Organization and Conduct of the National Bank of Cambodia;
- With reference to the Royal Kram NS/RKM/1199/1, dated November 18, 1999 promulgating the Law on Banking and Financial Institutions;
- With reference to the Royal Decree NS/0904/244, dated 7 September 2004 on the appointment of His Excellency Chea Chanto as Governor of the National Bank of Cambodia, in equivalent to Senior Minister;
- Pursuant to the agreement reached at the meeting of the senior officials of the National Bank of Cambodia, dated May 04, 2006

**DECIDES**

**Chapter 1**

General Provision

**Article 1.**

The purpose of this Prakas is to promote the sound credit activities and risk management of all entities participating in the financial system by authorizing the establishment of the Centralized Credit Information Collection Agency that collects and shares the Negative Credit Information relating to bank Borrowers amongst Member Banks and by protecting the secrecy of Borrower Information from the misuse and abuse of the credit information.

**Article 2.**

- Definitions of technical words and terms used in this Prakas:
- “Banking Law” means the Law on Banking and Financial Institutions.
- “Central Bank Law” means the Law on the Organization and Conduct of the National Bank of Cambodia.
- “Credit Information” refers to any information on the borrower which is obtained in connection with the provision of credit facility, or any information which is required for identifying and assessing borrower’s creditworthiness.
- “Centralized Credit Information Collection Agency” or “Agency” refers to the institution which is engaged in collecting, disseminating, and managing credit information.
- “Credit Information System” refers to software, hardware and governance that are required for the daily function of the Agency.
- “Member Banks” refer to banks which are established under the law on banking and financial institution of the Kingdom of Cambodia and other regulations, provide credit facility to borrowers and sign Code of Conduct to submit credit information to the Agency.

- “Other Participants” refers to a person, entity and financial institutions other than banks who have intention to be participants of the CIS and who are approved for the participants by the National Bank of Cambodia.
- “Credit Facility” refers to loan or any other kind of credit provided to the borrower by a financial institution.
- “Borrower” refers to an individual or a business entity for which the credit facility is provided.
- “Identification Information” refers to information which is required to assess the correct identification of an individual or a business entity.
- “Negative Credit Information” refers to information on overdue loans (more than 90 days past due), including principal and interest, and defaults on overdraft account as defined in the Code of Conduct.
- “Arrears” refers to more than 90-days overdue loans as defined in the Subject 18, Appendix 4 (Definition of Terms and Parameters Used in the CIS) of the Code of Conduct.
- “Default” refers to returned checks or dishonored bills due to insufficient or no funds or other reasons as specified in the Subject 18, Appendix 4 of the Code of Conduct.

### **Article 3**

1. Banks which are established under the Banking Law and other regulations and have intention to participate in the CIS shall sign the Code of Conduct with the National Bank of Cambodia.
2. The Code of Conduct that describes the collection, dissemination, management, and utilization of credit information shall be prepared and enforced by the National Bank of Cambodia.
3. The terms and conditions of the Code of Conduct may be modified from time to time as determined by the National Bank of Cambodia or in agreement with the CIS Management Committee.
4. A person, entity and financial institutions other than bank who have intention to be participants of the CIS may submit applications for participation to the National Bank of Cambodia.

### **Article 4**

The National Bank of Cambodia shall designate the Chairman of the Board of the Directors of the Agency hereafter “CIS Board of Directors” who will be in charge of its operations. The Chairman may delegate the supervision and control of the daily function to a Management Committee Chair.

## **Chapter 2**

Establishment of the Credit Information System

### **Article 5**

1. The NBC shall be the Agency engaged in operating and managing the CIS and developing various policies regarding its ongoing operations.
2. The Agency shall develop and maintain the web-based credit information sharing system through which member banks and the authorized other financial institutions shall report and share centralized credit information.
3. The Agency shall be comprised of CIS Board of Directors, Management Committee and Operations Team. The Chairman of the CIS Board of Directors shall appoint 6 to 8 directors from within the Agency and from Member Banks, if necessary. Members of the Management Committee other than necessary number of participants from the Agency may include representatives of Member Banks recommended by the CIS Board of Directors, a representative of the Association of Banks in Cambodia and expert person(s) recommended by the CIS Board of Directors. The Operations Team shall be comprised of a leader and staffs of the IT Office of the Agency.

4. The Agency is authorized to impose penalty or suspend the CIS membership of the member banks and other participants who are in breach of the Code of Conduct.

## **Article 6**

1. Member Banks and other participants of the CIS are hereby authorized to submit credit information in an electronic data format on a regular basis as specified in the guidelines to the Agency for the purpose of sharing credit information.
2. Any officer or employee and Member Bank who honestly manages and reports credit information into the CIS cannot be held liable for a breach of Chapter 15 on Professional Secrecy of the Law of Banking and Financial Institutions, unless he or she makes a breach in Article 18 of this Prakas .
3. Member Banks are authorized to have access to the credit information system managed by the Agency and utilize the credit information solely for the purpose of assessing the credit worthiness of a borrower.

## **Chapter 3**

### Management of Credit Information

## **Article 7**

1. The Agency shall establish the Management Committee in order to make the decision on the items listed below through consultation. Items (a) through (c) require the approval by the CIS Board of Directors prior to action. Items (d) and (e) can be determined and implemented by the Chair of the Management Committee, but they must be reported to the CIS Board of Directors ex post.
  - a. Matters pertaining to concrete Kinds of credit information to be collected by the Agency and retention period under the provision of the applicable Law
  - b. Matters pertaining to Bearing/Sharing and Settlement of the operational cost that is incurred in the process of centralized collection, management, and utilization of credit information by the Agency and investment on a new project
  - c. Matters pertaining to the investigation of the actual conditions of compliance with duties of financial institutions to provide credit information and imposition and usage of penalties
  - d. Matters pertaining to a preventive measure in case of misuse and leakage of credit information for purposes other than permitted by the Law
  - e. Specifics necessary for centralized collection, management, and utilization of credit information and supervision of the CIS Operations Team.
2. A Chair of the Management Committee shall be appointed by a Chairman of the CIS Board of Directors.
3. A Chair of the Management Committee shall organize and supervise the CIS Operations Team for daily functions of the CIS. A Leader of Operations Team shall be nominated among the staffs of the IT Office of the Agency and be appointed by the Chairman of the CIS Board of Directors.

## **Article 8**

1. The Agency should manage credit information in such a manner that credit information is accurate and up-to-date.
2. Out-dated credit information beyond the retention period that can give rise to disadvantage to Customers must be removed from the credit information system.

## **Article 9**

The Agency shall implement necessary technological and physical security measures in order to protect credit information from any third party's unauthorized access, loss, alteration, damage or destruction of credit information and other external threats arriving over the network.

## **Article 10**

The Agency shall prepare the Management Guidelines that clarify the internal procedures for the collection, management, and utilization of the credit information.

## **Chapter 4**

Protection of Borrowers' Credit Information

## **Article 11**

The Agency shall publicly disclose the matters regarding the type of credit information to be collected, disseminated, managed and utilized, the purpose of credit information management, the recipient of credit information and the rights of borrowers with regard to this subject.

## **Article 1**

In case each Member Bank intends to provide individual credit information on the items listed below to the Agency, it shall obtain consent in writing from the individual using the form in Annex 2 of this Prakas.

- (a) Outstanding loans
- (b) Identity information such as Individual's name, address, and identification number.
- (c) Specifics listed in the Code of Conduct

## **Article 13**

Member Bank shall notify Borrower before reporting borrower's negative credit information to the Agency and keep a record of Notification to Borrower Form from Annex 4 of this Prakas.

## **Article 14**

Individual credit information shall be provided and utilized exclusively for the purpose of assessing borrower's creditworthiness and judging whether to establish or maintain financial transaction with the borrower. However, this shall not apply to cases where the individual consent in writing to the provision and utilization of his or her credit information for other purposes, or where the individual voluntarily provide his or her credit information.

## **Article 15**

An individual may, after taking all reasonable steps to establish his or her identity, request a perusal copy of one's own credit information to a Member Bank where he or she maintains his or her account. In such case, the individual shall be provided with a copy of credit information record retained by the Agency within reasonable time.

## **Article 16**

Upon request from a Member bank, the Agency may provide necessary assistance to the individual in explaining the credit information released to him or her.

## **Article 17**

1. In case the individual considers one's own credit information retained by the Agency to be different from the fact, he or she can make a correction request in writing to a Member Bank or to the Agency.
2. Upon receipt of a correction request made pursuant to Paragraph 1 of Article 17, a Member Bank and the Agency shall send the Request for Verification, from using the CIS web screen, within seven (7) business days from the date of receipt of correction request to Member Bank who initially registered data. If the request is valid, the Member Bank who initially registered data shall have it recorded to the credit information system within seven (7) business days from the date of receipt of correction request and notify the customer.
3. In case the investigation cannot be completed within seven (7) business days from the date of receipt of correction request, the Member Bank shall notify the interim results to the individual and Agency. The Agency shall examine the case and deliver final conclusion within seven (7) business days from the date the investigation is completed.
4. The Agency and Member Banks shall retain records that include procedures and results of the credit investigation.

## **Article 18**

Any officer or employee of the Agency and a Member bank who is entrusted with the collection, dissemination, management and utilization of credit information shall not for any purpose other than prescribed in this Prakas reveal or make use of individual's credit information which they have become aware in connection with the performance of his/her duties.

## **Chapter 5**

### Supplementary Provisions

## **Article 19**

1. In case the Agency or a Member bank inflict a loss on the individual due to the violation of Article 17, they shall be held responsible for indemnification against all costs, charges, losses, damages and expenses incurred. However, this shall not apply when the Agency or a Member bank are not found liable for any willful violation of this Prakas, bad faith, malice and gross negligence.
2. The Agency shall prepare the penalty and fee schedule for violation of this Prakas and the Code of Conduct, obtain the approval from the National Bank of Cambodia, and enforce the approved penalty and fee schedule.

## **Article 20**

A Chair of the CIS Management Committee shall prepare, with an aid from the Operations Team Leader, the annual budgetary plan for an approval by the CIS Board of Directors.

## **Article 21**

Banks established under the Banking Law and other regulations and other participants to the CIS shall keep the Credit Information Report that is available from the CIS and the Borrower Consent Form for all loans made out and overdraft account established for borrowers after the signing date of this Prakas. In case that a bank is not a member bank to the CIS, a bank may keep its own internal credit information report instead. In this case, bank should demonstrate the relevance of its internal credit information inquiry process and acquire the permission from the National Bank of Cambodia to use its internal credit information report form instead.

## Article 22

The Direction General, the Secretariat General, the Inspection General, the Cashier General, all Departments of the National Bank of Cambodia, and all Banks and Financial Institutions, and the Representative Offices of foreign banks under the National Bank of Cambodia's supervisory authority shall strictly implement this Prakas.

## Article 23

Other previous provisions contrary to this Prakas are hereby repealed.

## Article 24

This Prakas shall have affect from the signing date.

Phnom Penh, May 10, 2006

The Governor

Signed and sealed: Chea Chanto

- cc: - The parties concerned as stated in Article 22
- Administrative
  - File
  - The member of the Board of Directors
  - CM "for info."
  - Department of CM "for publication in the National Gazette"

Annex 1 of Prakas on the Utilization and Protection of Credit Information

Application for Participant of the CIS

Governor  
National Bank of Cambodia

Subject: Request for participation in CIS.

As mentioned in the above subject, I have the honor to inform H.E. the Governor that after fully understand the meaning of the Prakas on the Utilization and Protection of Credit Information, the credit information sharing among bank is very useful in enhancing the sound credit activities and in managing all banking risks involved.

Therefore, I would like to request the pleasure to H.E. the Governor to consider the possibility to authorize (the bank's name) to join as a participant of the credit sharing information system, which has been established by the Asian Development Bank.

Please the Governor accepts our high consideration.

Signature (Legal Entity)

Annex 2 of Prakas on the Utilization and Protection of Credit Information

Borrower Consent Form

XYZ Bank

(address)

Dear XYZ Bank,

The (negative) credit information that you acquired from my business transactions can be provided to a third party only upon my consent. Hereby I confirm my agreement on providing my (negative) credit information to the Centralized Credit Information Agency (NBC) for the purpose of assisting accurate assessment of my creditworthiness.

The types of credit information which will be provided are as follows:

1. Identification information, including Name, ID number/Business Registration number, address, business profession, and etc.
2. (Negative) credit information, including credit line, outstanding amount, amount in arrears, nominal amount on defaulting checks and bills, date of recognition, release, and etc.

This agreement will become effective on the date of signature.

ABC (Borrower Name)

(Signature)

(Date)

Annex 3 of Prakas on the Utilization and Protection of Credit Information

· Through Web or formal letter

Request for Correction

Date:

I am ABC (representative of DEF Company)

Address

To: XYZ Bank

Address

I noticed that my credit information (or of DEF company), which had been reported in the Credit Sharing Information System is not accurate as stated followed:

.. Name

.. Address

.. Arrears

.. Reporting reason

.. Other (please state the details)

Therefore, please rectify this information accordingly.

Signature

(Please tick in the box  and state the correct information)

Annex 4 of Prakas on the Utilization and Protection of Credit Information

Notification to Borrower Form

XYZ Bank  
(address)

Date:

Dear Mr./Mrs./Ms. \_\_\_\_\_ ,

This is to notify that you (or your company) are going to be reported as delinquent (or defaulting) borrower to the Credit Information System, which is the centralized credit information collection agency, unless you make full repayment within expected report date indicated below:

1. Credit information to be reported to the CIS  
Date of first missed payment  
(or Date check is returned)  
Expected reporting date to the CIS  
Reason for reporting  
Outstanding amount to be reported  
Amount in arrears (or nominal amount in defaulting check)

2. Contact Information

Date: hour dd/mm/yy (phone number: \_\_\_\_\_) Informed / Cannot reach borrower  
Reason for "cannot reach borrower": ( no response / wrong telephone number / other reason: specify  
\_\_\_\_\_

If the content of the above notification is incorrect or you have any inquiry regarding this notification, please contact the following credit information officer.

Bank Name: \_\_\_\_\_ Branch Name: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Name of Officer: \_\_\_\_\_

Note to Borrowers:

1. It shall be noted that, according to the rules and regulations applicable to the CIS, the credit information such as arrears and default reported to the CIS would be retained and shared among the CIS Member Banks more than one year even if borrower is released because of the repayment.
2. Under the provisions of applicable laws and regulations, borrowers are entitled to have the access to own credit information and rights to rectification of incorrect information.