

28th March 2002

By fax and e-mail

Ms Anita Sit
Clerk to Panel
Legislative Council
Legislative Council Building
8 Jackson Road
Central, Hong Kong

Dear Ms Sit

LegCo Panel on Financial Affairs
Meeting on 9th April 2002
Proposal on Sharing of Positive Consumer Credit Data

We write to thank the Panel for inviting HKAB to participate in the discussion at the above meeting regarding the industry's proposal on the sharing of greater positive consumer credit data amongst financial institutions.

We understand from your letter dated 6th March that the Panel would like details of the proposal, including the scope of consumer credit data to be exchanged, use and disclosure of such information, and the measures to be adopted to protect such information. A presentation covering these and other crucial issues will be given by the Chairman Bank's representative to the Panel at the meeting on 9th April. In the meantime, we have prepared the attached paper, both in Chinese and English, giving a high level description of

the scope of the positive consumer credit data proposed to be shared by financial institutions. We would appreciate it if you could arrange for copies of the paper to be distributed to all the Panel members for their information prior to the meeting.

Yours sincerely

Eva Wong
Secretary

Enc.

LegCo Panel on Financial Affairs – Meeting on 9th April 2002

Briefing Paper

1. After positive data sharing as proposed by the industry is implemented, financial institutions will exchange details of the credit facilities granted to new and existing customers in respect of:
 - credit cards
 - unsecured personal loans
 - secured personal loans (e.g. home mortgages and car loans)
2. Financial institutions will share details of credit exposure and repayment history, including credit/loan limit granted, type of facility (term or revolving), outstanding loan balance, original number of payments, last statement balance (credit cards)/last payment amount due, last payment amount, date, and value of collaterals (at date of drawdown).
3. Details as described in (2) above for each facility will be shown on the credit report (without the name of the lender unless the financial institution receiving the credit report is also the lender). An example of the credit report is shown on Appendix 1.
4. Repayment details prior to the implementation of positive data sharing will not be reported nor shared.
5. Financial institutions will have access to credit reports issued by the credit reference agency for credit evaluation purpose only. This is in line with the access requirements laid down in the Code of Practice on Consumer Credit Data issued by the Privacy Commissioner. The use of such data for marketing purposes is disallowed.

Appendix 1- Sample of Reporting on Positive Credit Data and the Credit Report (Assuming Positive Data Sharing is Implemented on 1.1.2003)

Customer: Chan Tai Man (I.D. No. A123456(0))

(A) Credit Exposure in January 2003

Credit/Loan	Lender	Credit/ Loan Limit	Term	Collateral Value	Type of Facility
Credit card	Bank A	\$ 40,000	N/A	N/A	N/A
Tax loan	Bank B	\$ 50,000	6 months	N/A	Term
Mortgage	Bank C	\$1,000,000	180 months	\$ 1,500,000	Term

(B) Repayment Reported by Relevant Banks

Month (2003)	Credit Card		Tax Loan			Mortgage		
	Last Statement Due	Last Amount Paid	Last Instalment Due	Last Instalment Paid	Outstanding Balance	Last Instalment Due	Last Instalment Paid	Outstanding Balance
	January	\$ 2,000	\$ 2,000	\$ 9,000	\$ 9,000	\$ 27,000	\$ 10,000	\$ 10,000
February	\$ 1,200	\$ 1,200	\$ 9,000	\$ 9,000	\$ 18,000	\$ 10,000	\$ 10,000	\$ 408,694
March	\$ 500	\$ 500	\$ 9,000	\$ 9,000	\$ 9,000	\$ 10,000	\$ 10,000	\$ 400,378
April	\$ 8,200	\$ 8,200	\$ 9,000	\$ 9,000	\$ -	\$ 10,000	\$ 10,000	\$ 392,001
May	\$ 1,400	\$ 1,400				\$ 10,000	\$ 10,000	\$ 383,561
June	\$ 200	\$ 200				\$ 10,000	\$ 10,000	\$ 375,057

**(C) Credit Report Available to Bank C When Considering
a Credit Card Application From Chan Tai Man on 14.7.03**

Applicant: Chan Tai Man (I.D. No. A123456(0))			
Credit Card	Credit limit	\$	40,000
	Last statement due	\$	200
	Last payment made	\$	200
	Date of last payment		14th June 2003
	Highest credit used	\$	8,200
	(Between Jan-June 2003)		
Mortgage	Loan amount	\$	1,000,000
	Original no. of payments	\$	180
	Outstanding loan balance	\$	375,057
	Last instalment due	\$	10,000
	Last payment made	\$	10,000
	Date of last payment		1st June 2003
	Name of lender		Bank C
	Value of collateral	\$	1,500,000