

Press release issued by the Consumer Council

Quantifiable benchmarks to measure the benefits to the public should be clearly established if the proposal on Sharing of Positive Credit Data is to go ahead.

This was suggested by the Consumer Council in response to the Consultation Document issued today (August 28) by the Office of the Privacy Commissioner for Personal Data on the proposed provisions on consumer credit data protection.

The Council noted that there has already been an improvement in the aggressive marketing tactics of banks in the promotion of loans and credit cards. The industry has also responded to public concern by limiting the scope of credit information sharing by excluding residential mortgage loans, and allowing a 24 months transition period.

The banking and finance industry has made repeated representations that the sharing of positive credit data will assist in relieving consumer debt and bankruptcy problems and, amongst other benefits to consumers, bring about lower interest rates.

Based on past assertions made by industry and government as to benefits of expanding the data base, the Council suggests that the following benchmarks should now be spelled out for the community to consider alongside the PCO's paper:

- The expected differentiation in interest rates for those consumers with different credit risks.
- The expected reduction in default rates and bankruptcies, that are attributed to the fault of debtors, rather than economic causes (such as loss of employment).
- The expected increase in the percentage of consumers who will be eligible to obtain credit under the expanded data base, as compared to the level under the current limited data base.

Once these benchmarks are set, their achievement must be measured by an independent body over a period of time. Failure to achieve these benchmarks will require a serious rethink or possible reversion back to the current position.,

The Consumer Council will study the Consultation Document with particular attention paid to accuracy of the credit data, free access by consumers to their own data and privacy safeguards, etc.