



## **FAQ – Operational and Supervisory aspects related to Credit Reference Agencies**

**The Central Bank of Malta presents in the following sections, a compilation of the most frequently asked questions about Credit Reference Agencies, their licensing process and its main service, the issuance of credit scores. This document aims to provide readers with additional information and guidance on the legislation pertaining Credit Reference Agencies.**

### **Section A: General Queries**

#### **1. What is a Credit Reference Agency?**

Directive 15 issued by the Central Bank of Malta (CBM) defines a credit reference agency as “any undertaking licensed by the Trade Licensing Unit”(within the Commerce Department) in terms of Article 47A (1) of the Trading Licences Act (Cap. 441), the main business of which is to “prepare, assemble and evaluate credit information and related credit and risk management services on legal and natural persons for the purpose of issuing credit scores to be furnished to third parties, provided that a credit reference agency is not precluded from carrying out other related tasks.”

#### **2. Who can apply for a licence to operate as a credit reference agency?**

Only institutions which fall within the definition of credit reference agency (CRA) shall apply for a licence.

#### **3. What is the definition of a credit score?**

The Trading Licences Act (Cap. 441) defines ‘credit score’ as a “measure of creditworthiness derived from credit information and which must under pain of nullity include data derived from the Central Credit Register.” This means that a credit reference agency will only be able to issue a credit score by including data derived from the CBM’s Central Credit Register.

#### **4. What is the Central Credit Register?**

The Central Credit Register (CCR) is a database which contains non-anonymous exposure-by-exposure information of debtors, both legal and natural persons, provided by resident credit institutions (banks) licensed in accordance with the Banking Act (Cap. 371 of the Laws of Malta) including those exercising the freedom of establishment in accordance with European Passport Rights for Credit Institutions Regulations (S.L. 371.1);. More information about the CCR can be found in the following section of the CBM’s website <https://www.centralbankmalta.org/en/ccr>.

## Section B: Applying to become a licenced CRA

### 5. What are the documents needed to apply for a CRA licence?

Anyone interested in applying for a CRA licence should fill all the application forms (where applicable) listed on CBM's webpage <https://www.centralbankmalta.org/credit-reference-agencies>. On the application package there is a list of documents the prospective CRA will need to submit along with the forms. Moreover, the required documents to apply for a CRA licence are also listed in terms of Articles 47A (1) of the Trading Licences Act (Cap. 441).

### 6. How long do I have to wait for my company to become fully licenced as a CRA?

Upon submission of the application, the Trade Licensing Unit (TLU) of the Commerce Department has 5 working days to submit a copy of the documents to the CBM. Upon receipt of the documentation, the CBM has 10 working days to establish whether the application is complete and it shall inform the TLU of the status of the licence application. Once an application is deemed to be complete, the CBM has 3 months to give a recommendation for the issuance of a licence to the Department of Trade. The 3 months' period can be extended at discretion of the CBM for another one period of 3 months and in that case the TLU will be notified and shall inform the applicant of the extension.

The chart below provides an overview of the timelines involved in the licencing process:



\*T represents the day when the process starts, which usually coincides with the last day of the previous stage.

### 7. Who needs to fill the application forms? Only the legal representative of the company?

The complete application to be submitted to obtain a CRA licence is comprised of four (4) different forms and each one of these documents has its own requirements as to who should fill it in. On the CBM's webpage <https://www.centralbankmalta.org/credit-reference-agencies> one can find a link to download the documentation as well as a brief summary for each application form and who should fill it in. The documentation summary provided on the above link is intended to help the applicant. However, it is the applicant's responsibility to ensure all necessary forms are duly filled in where necessary.

### 8. Who should fill the Annex II: Personal Questionnaire?

The Personal Questionnaire shall be completed by natural persons to be appointed:

- (a) as qualifying shareholders;
- (b) to effectively direct the business and the operations of the credit reference agency (Chairperson, Directors (Executive and Non-Executive), Chief Executive Officers, General Managers or similar positions);
- (c) to occupy certain positions of trust, within a company or legal organisation which has applied to be licensed as a credit reference agency (hereinafter 'CRA');
- (d) as Council Members.

**9. Who should fill the Annex III: Corporate Questionnaire?**

The Corporate Questionnaire shall only be submitted if the prospective CRA has one or more legal persons amongst its qualifying shareholders. One Corporate Questionnaire shall be submitted for each legal person appointed to be as a qualifying shareholder.

**10. Does the owner of a corporate qualifying shareholder have to submit a Personal Questionnaire as well?**

Only natural persons related to the prospective CRA and who falls under one of the categories of persons listed on question 8 shall submit a Personal Questionnaire. If the owner of a qualifying corporate shareholder does not also fall under those categories, his or her Personal Questionnaire shall not be submitted.

**11. What are the fees involved in the application for a CRA licence?**

The application shall be accompanied by a non-refundable fee of five hundred euro (€500). The licence to carry out the business of a CRA shall be renewable every five (5) years and a five hundred euro (€500) charge for renewal of the licence will be issued. Moreover, there is also an annual supervisory fee of five thousand euro (€5,000).

**12. How is consent obtained?**

Credit scores may not be issued unless the credit reference agency has the specific consent of the natural or legal person concerned. Consent may be obtained by either the walk-in customer signing the information request notification form available either at the CRA, or by signing the same form in a credit institution.

**13. Can the consent forms have a validity range, rather than one time/day validity? If a person wants his/her own score monthly via a CRA, can permission be granted for a period of time, say 12 months?**

In line with CBM's Directive No. 15, consent must be obtained prior to each credit score issuance; all consent forms signed by walk-in customers at a CRA are valid for one request only.

**14. Is it possible to offer a subscription-based service for issuing credit score?**

The CBM Directive No. 15 states that natural persons should be able to receive a free credit score per calendar year. Having met this requirement, and as long as consent is always given by the natural person prior to the credit score issuance, the CRAs may supply additional scores at their own accord and create their own payment rules.

**15. Can you clarify when a person is authorised to disclose information relating to the affairs of a credit reference agency or of a scored person?**

No person shall disclose any information relating to the affairs of a CRA or a scored person, except:

- i) For the performance of his or her duties or exercise of his or her functions;
- ii) When the scored person expressly consent in writing, to the disclosure of information relating to his or her affairs;
- iii) When lawfully required to do so by any court or under a provision of any law.

**Section C: CBM Supervisory Role**

**16. What is the role of the Central Bank of Malta regarding the activities of credit reference agencies?**

In line with the amendments effected to the Central Bank of Malta Act (Cap. 204 of the Laws of Malta) and the new Central Bank of Malta Directive No 15 on 'Supervision of Credit Reference Agencies' the CBM was appointed as the supervisory authority of CRAs and amongst other, its duties will involve keeping an updated public register of all CRAs, conducting on and off-site inspections to ascertain the operations of a CRA are in line with the legislation and ensuring the CRA is using CCR data when issuing a credit score.

**17. How will the Central Bank of Malta verify if incorrect credit information was used in the issuance of a credit score?**

The CBM will conduct inspections on the correct usage of the most up-to-date CCR information. The intention of the CBM is to attest whether the information a CRA has in its possession is used correctly and not to inspect the content of the information itself.

**18. Could you elaborate on the process to have an outsourcing provider approved by the Bank?**

Prior to obtaining approval, the outsource services provider will need to send to the CBM same information included in Trading Licences Act 47A. (2). Once the documents are sent, the CBM will decide on the approval or not of the outsourcing provider within 3 months from the date of receipt of the complete documentation.

**19. Due to a more interconnected society, it is possible for an overseas based company to have access and produce reports on other companies operating in Malta. How will the Central Bank of Malta enforce its regulation on those foreign-based credit reference agencies that issue credit scores on persons residents in Malta?**

The CBM cannot enforce regulations or supervise entities licenced overseas. Foreign-based companies are not licensed by the CBM and therefore they do not have access to the CBM's Central Credit Register; their credit score have no validity on Maltese territory.

## Section D: Getting a Credit Score

### **20. Where can I get my credit score?**

Credit scores are obtained from CRAs. The CBM keeps and publishes a list of all registered CRAs on its official website <https://www.centralbankmalta.org/credit-reference-agencies>. The list has information on the name, website and contact details of each CRA.

### **21. What are the time scales for receiving and giving the scores data?**

A customer can request a credit score anytime as there is no stipulated timescale for receiving requests. For the issuance of a credit score, as per CBM's Directive No. 15, under normal circumstances the score should be ready for collection within two working days from when the CRA receives the request.

### **22. How much does a credit score report cost?**

The CBM Directive No. 15 states that natural persons should be able to receive one (1) free credit score per calendar year. If a natural person requires additional credit score within the same calendar year, a CRAs may supply additional scores at their own accord and create their own payment rules. A legal person is not entitled by law to a free credit score and shall contact the CRA and enquire about the price for the service.

### **23. Would technical problems warrant an extension of the '2 working days' limit to issue a credit score?**

An extension on the '2 working days' deadline may be allowed at the discretion of the CBM, provided these technical issues are not reoccurring in a way they no longer become exceptional cases but rather become the respective CRA's *modus operandi*.

### **24. Who can request the issuance of a credit score?**

A request for the issuance of a credit score by a legal or natural person through a CRA can only be made upon consent. Credit institutions can also ask for a credit score on behalf of their clients. Existing clients prior to the enactment of Directive 15 will be informed by credit institution that their CCR data can be used for the issuance of a credit score. On the other hand, all prospective clients will be asked to give their consent. Once a prospective client becomes an existing client of a credit institution, the latter can request automatically a credit score to monitor the creditworthiness of the client.

### **25. Can I receive my credit score by e-mail? Can I check my credit score using a mobile app?**

Credit scores requested by legal or natural person directly to the CRA must be picked up in person from the CRA premises unless different procedures are in place arising during exceptional circumstances. There are currently no procedures in place for e-mail or mobile app communication with regards to sending and receiving credit scores.

### **26. Is there a deadline for the customer to collect the credit score?**

The credit score shall be collected by the scored person or a lawful representative within five (5) working days from when the credit score is issued. Should the credit score not be collected within the stipulated timeframe, such copy of the credit score shall be destroyed.

### **27. In the cases of Maltese national living abroad, are they also required to pick up the credit score in person?**

The procedure currently in place requires the natural person to pick up the report in person or, if living abroad, provide the power of attorney to a person residing in Malta, for example a lawyer, giving him/her the authority to pick up the report on his/her behalf, unless different procedures are in place arising during exceptional circumstances.

**28. If a person has a complaint about his or her credit score, how do they proceed?**

A complaint for the correction of a credit score has to be made in writing to the CRA within 30 days from when the credit score was collected. The complainant shall clearly state the reason/s for requesting a revision of a credit score and documents in support of the complaint shall be attached to the written complaint.

**29. How long does it take for a person to receive an answer from the CRA regarding a complaint?**

After receiving a complaint, the CRA will initiate an investigation to verify whether the information included in the compilation of the credit score conforms to the credit information available. This investigation will need to be concluded within 10 working days from the receipt of the complaint.

**30. What happens if the CRA concludes wrong credit information was used in the compilation of a credit score?**

Should the CRA establish that incorrect information had been used in the disputed credit score, it will inform the complainant without due delay and issue a new score by no later than 2 working days from the conclusion of the investigation.

Provided that where the CRA establishes that incorrect information included in the credit score is related to CCR data, the CRA will inform the complainant to collect the CCR data from the CBM.

**31. Apart from the credit score report, how can a person get hold of his or her data that was processed by the CRA in the issuance of the credit score?**

Natural or legal persons can have access to an extract of information concerning himself/herself available on the CCR, by contacting the CBM. The procedure for doing so can be found on the CBM webpage <https://www.centralbankmalta.org/en/ccr>.

For other data the person will need to contact the CRA to be informed of the appropriate procedures.