



## **CIRCULAR TO BANKING INSTITUTIONS No. 04/2018: REGULAR REVIEW OF CREDIT DATA & DEVELOPMENT OF QUALITY CONTROLS**

1. The Reserve Bank wishes to advise banking institutions that the Credit Registry has received and processed over 96% of banking sector loans into the system. The Registry started receiving loan records from banks in January 2017 and these are updated, continuously, on a monthly basis. To date, over 70% of the database has been searched by subscribing institutions.
2. Meanwhile, the Reserve Bank has noted a number of challenges in banks' credit data and processes largely relating to erroneous duplication of customer identifiers, which adversely affect the credit history of borrowing clients and the integrity of a portion of the records in the Credit Registry. The credit data errors have been rectified on a case-by-case basis with individual banks.
3. As part of holistic measures to enhance the stability of the Credit Registry system and promote a robust database, banking institutions are required to scale up their practices, systems, structures and controls around the compilation and submission of credit data to the Reserve Bank.
4. In this regard, every banking institution is required to institute the measures outlined hereunder.
  - a) Establish a dedicated team within existing structures to diligently handle credit registry data submissions in a timely manner while ensuring data integrity;
  - b) Develop effective internal control systems and governance arrangements to meticulously manage credit registry data compilation;

- c) Document the internal controls and procedures on credit registry data management and support systems by **8 June 2018**;
  - d) Require internal assurance functions to conduct rigorous credit registry data quality checks on a continuous basis. Findings of the review process shall be summarised in a Credit Data Quality Review Report to be tabled before a designated management committee (e.g. Credit Committee) on a quarterly basis;
  - e) Submit Credit Data Quality Review Report to the Reserve Bank on a quarterly basis within 21 days of the end of quarter, commencing with the quarter ending **30 June 2018**;
  - f) Investigate any anomalies noted and report these to the Credit Registry for resolution; and
  - g) Engage external auditors to carry out half-year reviews, where the institution does not have the requisite internal capacity and skills to conduct the data review exercises.
5. Please note that the Reserve Bank is available to provide training and guidance to banking institutions' staff on the expected data review process and mechanisms and other expectations outlined above.
6. Once again, we take this opportunity to reiterate that data integrity is of utmost importance for the proper functioning of the Credit Registry and banking institutions must prioritise regular review of own credit data and adopt effective quality control systems and structures.

15 May 2018

**Bank Supervision**