Credit Information Database In China

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Credit Information Database In China

- Outline
  - Operating Organization
  - Establishment of the Commercial and Consumer Credit Information Databases
  - Information Sharing and Reporting Institutions
  - Data collected
  - Products and Services
  - Consumer Protection
  - Benefits of the credit reporting
  - Next steps
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Commercial Credit Information Database and Consumer Credit Information Database

- National centralized Information sharing database.
- Operated and managed by Credit Reference Centre of People’s Bank of China (CRC) now.
Credit Reference Centre of People’s Bank of China (CRC)

- Founded in 2006
- Independent organization under the direct control of PBC (Public Service Unit)
- The only national credit bureau engaging in credit reporting in banking sector, and also collect non-traditional information from other sources in China
- Headquarter: Beijing
- Branches: 36 sub-centers (within PBC branches in each province and the municipality directly under the central government), mainly serving consumer credit report inquiry
Establishment of the Commercial Credit Information Database

- **1992**: Implementation of “Loan Card” in some areas of China
- **1997**: The building of the “Bank Credit Registry and Consulting System” approved (BCRCS)
- **2002**: BCRCS has been built
- **2006**: BCRCS has been integrated into a national unified credit database for enterprises
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Establishment of the Consumer Credit Information Database

- **PBC approved the operation of Shanghai Credit Information Services Company as its pilot for the establishment of consumer credit information system**
  - **In 1999**

- **Launched the establishment of the national centralized consumer credit information database**
  - **In early 2004**

- **The consumer credit information database started to operate across the nation**
  - **In January 2006**
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Objectives

- To mitigate the risk on information asymmetry in the credit market
- To promote the development of credit market
- To enable regulators better exercise their supervisory work and facilitate the implementation of monetary policies
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Information Sharing and Reporting Institutions

- Information Sharing
  - Compulsory reporting for all banks
  - CRC collect and process data
  - Banks pay for inquiry

- Reporting Institutions
  - Coverage of reporting institutions -- nearly all credit granters
  - Collecting with financing guarantee companies and asset management companies is in progress
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Data providers (Financial institutions):
- Policy banks
- State-owned commercial banks
- Joint-stock commercial banks
- Urban commercial banks
- Post saving bank
- Micro credit companies
- Rural credit cooperatives
- Urban credit cooperatives
- Rural commercial banks
- Foreign banks
- Trust and investment companies
- Finance leasing companies
- Finance companies
- Others licensed by CBRC (banking regulator)
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Data providers (Non Financial Institutions)

- Housing provident fund management centers
- State Administration of Taxation
- Telecommunications companies
- State Administration of Quality Supervision, Inspection and Quarantine
- Ministry of Environment Protection
- Social security fund management centers
- Courts
- Other government bodies

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Data Collected

- Traditional credit information and Non-traditional credit information: Positive & negative information

- Types of Information collected
  - Bank Information
  - ID information of clients, credit transactions information, financial information of enterprises
Types of Information collected

- Non-bank information
  - ID information: personal ID from Ministry of Public Security, organization ID code.
  - Non-traditional credit information: utility payment, telecommunications payment, salary arrears.
- Public records: tax arrears records, court records, and administrative licensing records.
Information Coverage

- National integrated database

- Database coverage (by the end of August 2012)
  - About 18.4 million enterprises and other types of organizations are covered; among it, over 8.8 million have credit records.
  - Over 800 million individuals are covered; and among them, 280 million have credit records.
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**Products and Services**

- **Credit Report**
  - with all information stored in the database under the data subject
  - On-line inquiry and Off-line batch inquiries
- **Data on Credit Structure**
- **Customized analysis reports**
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Information Collection and Services

- **FIs**
  - ID information
  - Bank credit information

- **Gov**
  - Public records
    - Social security fund payment

- **Others**
  - Non-traditional credit data

Credit information database

- Financial institutions
- Government departments, Judicial system
- Data subject

ID database from Ministry of Public Security
National organization code sharing platform
Inquiry volume

- Growth of inquiry volume of the commercial credit information database

- Up to August 31, 2012, the total cumulative number of inquiries is over 280 million, of which 63.9 million inquiries occurred in 2012.

- The average number of inquiries per day is 262,000 in 2012.

- The highest single-day number of inquiries reached 639,000.
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Inquiry volume

Growth of inquiry volume of the consumer credit information database

- Up to August 31 2012, the total cumulative number of inquiries is over 1.23 billion, of which more than 170 million inquiries occurred in 2012.
- The average number of inquiries per day is 708,000 times in 2012.
- The highest single-day number of inquiries is 1,405,000 times.
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Inquiry volume

- Growth of inquiry in consumer credit database by data subjects

- Total: 7 million times
- Monthly average: 5,847 times (2007); 230,000 times (2008); 640,000 times (2009); 110,000 times (2010); 180,000 times (2011); 310,000 times (2012.1-8)
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Consumer Protection

- **Access to consumer’s own credit file**
  - The consumer may, upon providing proper identification, request a copy of a report from the CRC.

- **Right for dispute**
  - The Consumer may dispute with the CRC for the inaccurate information in his or her credit report in writing.
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Consumer Protection

- The right to administrative relief
  - The Regulator receive consumer’s complaints on credit report, examine the way the staff in financial institutions and the CRC handling credit information and executes punishment on any behavior related to leakage or illegal usage of personal credit information.
The right to judicial relief

- Consumers have the right to file law suit against data provider and the CRC. 75% of law suit cases are caused by the inaccurate data provided by the data providers, and all of it have been corrected.
Benefits of the credit reporting

- **Enhance loan application processing efficiency**
  - Commercial banks’ feedback: credit reporting products and services have been used by commercial banks in the life cycle management of their clients.
    - Credit report is now been used in loan application approval, early warning of high-risk customers; collection, and prevention of credit risk for Group companies
    - Commercial banks’ feedback: credit report helped to triple the efficiency of their loan application processing.
Benefits of the credit reporting

- Contribute to the improvement of banks‘ risk management

  - The overall NPL in the banking sector declines each year (dropped from 8.01% in 2006 to 1.14% in 2010).
Benefits of the credit reporting

- Provided information to regulators on financial sector and other relevant government departments for the supervision of macro-economy.

- Provided credit information service to government departments and judicial authorities according to laws and regulations.
Public’s credit awareness increased

- The number of inquiries made by individuals keeps increasing.

- By the end of August 2012, the total cumulative number of inquiries reached 7 million. The number of inquiries per month increased from 14,000 in November 2007 to 470,000 in August 2012.
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Benefits of the credit reporting

- Improved China's credit environment
- China's credit information index grew from 2 in 2004 to 4 in 2006 (The World Bank, Doing Business Report in 2007)
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Next steps  未来发展方向

- **Enhance data quality**
  - Data update frequency and data quality

- **Expand information collection**
  - Increase the scope of data collection

- **Value added product development**
  - Risk analysis
  - Provide data support for commercial banks' internal credit risk management
  - Provide more and better services to consumers (online inquiry, call inquiry, dispute settlement)
  - Rural, micro and small credit reporting