**The Bahrain Credit Reference Bureau**

**Code of Practice**

**Applied on All Members**

**Version: 1.3**

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This code has been developed by the BENEFIT Company and endorsed by the Central Bank of Bahrain.

## Article I: Introduction

The purpose of this code is to set up a regulatory frame for organizing the relationship between the Bahrain Credit Reference Bureau and the members. The BENEFIT Company licensed as Ancillary Service Provider institution supporting the financial sector operates the Credit Reference Bureau upon Decree by Law (64) for 2006, amended by Law (34) for 2015. This document covers the codes and rules which regulate the activities of the Bureau, and its role in gathering credit information from members, as well as storing, analyzing, and classifying the information, in addition to preparing credit reports based on the information provided, and providing the members with credit reports of high transparency in confidential manner. In addition, this code underlines the Bureau's guidelines in providing services to clients and members, and familiarizing the clients with its activities, their rights, complaints & disputes and follow up procedures, and the data correction procedure of information held in its database as provided by its members.

The Bureau stores the credit information of clients in its database and makes it available electronically for the members to be used for evaluating the client's credit status while making a decision on lending, renewal, reschedule, or restructure a credit facility only, or in other cases through which goods and services are provided to any person against deferred payments. The Bureau and members may also use the credit information for statistical or study purposes without reflecting the identity of the information's owner.

## Article II: Authority& Purposes

### 2.1 Authority

The Bahrain Credit Reference Bureau operates under the commercial name of The BENEFIT Company B.S.C (closed), as Ancillary Service Provide licensed by the Central Bank of Bahrain, based on Decree by Law (34) for 2015 amending some provisions of the Central Bank of Bahrain & Financial Institutions Law (64) for 2006 on receiving credit information of clients and provision of such information to members in pursuance to the regulations, terms & conditions issued by the Central Bank

### 2.2 Credit Reference Bureau Purpose

The main objective of the Credit Reference Bureau is to receive, store, analyze and classify credit information, and then prepare credit reports based on the provided credit information and provide members with such reports upon their request. The main objectives as follows: -

2.2.1 Receive credit information on clients, as well as maintaining, analyzing and classifying them, in addition to preparing credit reports based on such information and providing clients and members of the Bureau with such information upon a request submitted to the Bureau from the either the client or any member.

2.2.2 Provide information on the client's financial obligations and debts, including all types of credit facilities.

2.2.3 Share information with Credit Bureaus outside Kingdom of Bahrain following obtainment of required approvals from the Central Bank in compliance with the terms & conditions specified by the Central Bank.

2.2.4 Receive information from government bodies and other entities and individuals who are authorized to provide the Bureau with credit information.

2.2.5 Sign contracts with members of the Bureau to include the terms & conditions of receiving information from members and providing them with credit reports.

2.2.6 Provide clients and members with credit reports upon request in accordance with the terms and conditions included in this code.

2.2.7 Receive and follow up complaints & disputes from members' clients along with providing necessary explanations to them.

2.2.8 Use credit information for preparation of statistics and studies without revealing the identity of the information's owner.

## Article III: Database

**3 Database:** The electronic database includes the credit files of clients, covering all information received from members which were collected, analyzed and stored by the Bureau.

### 3.1 The Bureau maintains a database including the following information:

3.1.1 Basic Information of the applicant, covering his/her name, address / commercial register and other necessary information which reflect the applicant's identity and can detect any case of fraud.

3.1.2 Previous applications and inquiries submitted by the members on the credit reports of any of his/her clients, and results and decision of the previous inquiries. Non-Disclosure rules apply throughout the inquiry process made by the member.

3.1.3 Details of loans, credit facilities and credit information as submitted to the Bureau from data providers, which must be stored and maintained by the Bureau in a safe confidential manner and presented in a consolidated pattern upon a written or electronic request from the applicant.

### 3.2 Data Retention

3.2.1 The Bureau should not allow retaining any credit information on clients' accounts that may affect negatively on granting credit facility to the client, for more than (5) five years from the date of the credit's accounts closing/settlement date or the date on which those accounts passage has regained normally. This rule applies to retail clients only and includes all credit information maintained by the Bureau on which the credit was provided to the client regardless of the nature of such information or the nature of the grounds of basis of which the credit has been provided.

3.2.2 The Bureau shall set up and operate a database and organize the process of obtaining correct and logical credit information. The Bureau is not entitled to make any changes in the provided information. In case of any dispute by the client against the incorrectness of the provided credit information, the client must notify the Bureau immediately, and the Bureau shall not be held liable whatsoever for any incorrectness of the information provided.

## Article IV: Credit Register

4.1 Credit Register is a record prepared by the Bureau including the credit information on clients. Credit register is established based on the credit information of clients as provided by members for storage, classification and analysis at a later stage.

4.2 The Bureau must maintain the information included in the credit register, and must rely on them in preparing the clients' credit reports.

4.3 The information included in the credit register can be used for statistics and study purposes in a manner not reflecting the identity of information's owners.

4.4 The credit register contains the following information:

4.4.1 The client's name, identity number, personal data, resident and work address, income details, social status, and other information registered at the Bureau's members. In case of a nominal person (entities), the activity license, commercial register number, the address and any other related information registered in the Bureau's member.

4.4.2 Details and information of the client's debts and credit facilities, sales on credit, installments, other claims payable against the client, the due and maturity dates, the terms & conditions, collaterals and guarantees, payment method, and the client's ability to comply with payment to government bodies/entities including fees, installments, fines or any other claims against the client for such entities.

4.4.3 Any legal cases of credit nature filed against the client and court orders issued in this respect.

4.4.4 Any case of insolvency, bankruptcy or liquidation filed against the client and court orders issued in this respect, as well as the name of liquidator or bankruptcy keeper, the value of assets, the debt, the maturity dates and liquidation costs.

4.4.5 Enquiries made on the credit report including the name and activity of the enquirer, the date and data of the enquiry, and whether a decision was made with regard to the enquiry.

4.4.6 The credit score of the client and any other information of credit nature that may affect the credit worthiness of the client.

4.4.7 The collaterals and guarantees provided by the client, as well as their types, values and dates of evaluation.

4.4.8 Information on the data provider, and the nature of its activity and its address.

## Article V: Use of Credit Reports/Information

5.1 The members must strictly access and use the Bureau Credit Reports for purposes of evaluating the client's credit status for enabling the member to take any decision of credit grant, renewal, reschedule, and restructure credit facilities, or for any other cases through which commodities/services are provided to any person against guarantee of deferred payment or an obligation of sale on credit.

5.2 Credit reports and information may be used for statistics and study purposes in a manner not reflecting the identity of information's owners.

## Article VI: Credit Information Confidentiality

6.1 Clients' credit information and reports must be provided, received and shared with full confidentiality, in accordance with the rules and regulations set forth by the law and this code.

6.2 Without prejudice to provisions of Clause 6.1, all employees and subordinates of the Bureau must comply with maintaining the confidentiality of the credit information, and must not disclose any credit information during their employment and after their service. They must also sign confidentiality and non-disclosure agreement which includes the following:

6.2.1 Not to provide any information verbally or in writing related to members or clients to any third party, or any information related to the activities of any member.

6.2.2 Apply highest levels of security and confidentiality to ensure the safety of all documents received from the members or to be delivered to them.

6.3 Without prejudice to provisions of Clause 6.1, all members and their employees and subordinates must comply with maintaining the confidentiality of the credit information, and must not disclose any credit information during their employment and after their service.

## Article VII: The Bureau's Relationship with Members (Providers of Information and Data)

7.1 Clients' credit information must be provided, received and shared by the Bureau and members in accordance with the rules and regulations set forth in the contract signed between the Bureau and the member showing their obligations as follows:

7.1.1 Follow the regulatory rules issued by the Bureau. The members or the Bureau must notify the Central Bank against any violation of the provisions of the law or this code.

7.1.2 Provide complete correct and accurate credit information by the member in a timely manner along, and adopt all necessary measures to ensure the confidentiality and verification of the information.

7.1.3 Update the information of clients by the member on daily basis or monthly basis at most in case of no change of the account status, in conformity with the manuals prepared by the Bureau.

7.1.4 The client should be notified by the member about the credit report and its contents in case of credit application rejection due to the credit report, and must also be notified of his/her right to raise any complaint/dispute against the information included in the credit report.

7.1.5 Handle the complaints/disputes raised by clients within a maximum of (5) five working days from the date of receiving the complaint/dispute from the client or the Bureau in accordance with the rules and regulations set forth in Article VIII.

7.1.6 The member shall bear the responsibility towards the correctness and accuracy of information provided to the Bureau and shall ensure its accuracy and confidentiality till it is received by the Bureau.

7.2 Members may enquire about credit information upon a written request on a special form especially designed for this purpose and paying the required fees. This relationship should be regulated upon a contract signed between the member and the Bureau ensuring the rights of the enquirer to enquire and obtain credit reports and benefit from other services provided by the Bureau upon the condition of the member's full compliance with the following: -

7.2.1 Enquiry must be made for the purpose of evaluating the client's credit status during taking decision of credit grant, renewal, reschedule or restructure, or in other cases through which goods/services are provided to any person against obligation of deferred payment or sale on credit.

7.2.2 Credit report must be used during the time of the purpose indicated in the enquiry request.

7.2.3 Not to circulate or share the information included in the credit report with other parties. No one other than the members should have access to such information whether with or without fee.

7.2.4 The Enquiring member must not introduce any changes or amendments in any field or clause of the credit report received from the Bureau.

7.2.5 The enquiring member may not waive its right to other parties, nor authorize others to use this right of enquiry.

7.2.6 The enquiring member is obliged to ensure that the enquiry is made through authorized personnel, and must notify the Bureau of their names, positions and personal details. The member must notify the Bureau of any changes in the enquiry request's authorized personnel list, or in case of the termination of any team member. The member must also ensure that the inquiry team fully complies with and maintain the confidentiality of information.

## Article VIII: Client's Rights & Relationship with the Bureau

8.1 The client is entitled to obtain his/her credit report from the Bureau for free once every 12 months.

8.2 The client is entitled to request additional credit report directly from the Bureau against payment of (BD 4), or payment of (BD 5) in case he requests it through any member.

8.3 The member who submits the enquiry application must verify the client's identity.

### 8.4 Client's Credit Report:

The Bureau undertakes to issue the credit report which includes a summary of the credit register within (2) two working days from the date of receiving the request, unless otherwise stated in the request. Additionally, the Bureau also undertakes not to keep a copy of the report, and to send it to the client by hand or via registered mail or by any electronic channel as per the customer's request.

### 8.5 Complaints & Disputes Procedure:

8.5.1 All complaints are recorded in accordance with the applicable rules and regulations of the Bureau. In addition, the Bureau undertakes to document all measures related to complaints for easy reference and review by the Bureau's Management.

8.5.2 The Bureau receives complaints/disputes from members, clients and the Central Bank.

8.5.3 The client is entitled to raise a dispute against his/her credit information within 14 days from the date of receiving the credit report. The member must settle the dispute for no fees, and inform the client within (5) five working days from the date of the dispute.

8.5.4 The client may submit the dispute directly to the Bureau, and the concern member must review the dispute in coordination with the Bureau for no fees within (5) five working days, and must notify the Bureau and the client accordingly.

8.5.5 The Bureau must review the dispute raised by the client. If found that the dispute is irrelevant to the correctness of any information, the Bureau takes the step of filing it and informing the client of the decision and reason of filing it within (1) one working day from the date of receiving the dispute. In case the dispute is accepted, the Bureau must review it and make all necessary corrections in the information if there is an operation or process error within the Bureau system, or forwarding it to the member who provided the information to review the dispute.

8.5.6 Credit reports issued during the dispute review must include a reference to the dispute.

8.5.7 Once amendments are made in the credit report due to a dispute, the Bureau must inform the client on introduced amendments, and should send him a copy of the amended credit report. In addition, the Bureau should notify all enquirers who formerly made previous enquiries and obtained credit reports within the last (3) three months about the amendments.

8.5.8 In case a complaint is related to inquiries made with no justifiable or lawful purpose, the Bureau must get back to the inquirer and ask him to provide a lawful reason of inquiry. In case there is no lawful reason for the inquiry, the Bureau must raise a dispute to the Central Bank and the relevant member's regulator for necessary actions.

## 8.6 Correction of Credit Information

8.6.1 The client is entitled to ask the member to insert additional information related to his/her credit status, provided that he/she must prove the authenticity of provided information.

8.6.2 The Bureau or the member must correct the information in accordance with applicable rules and regulations at the Bureau and as set forth in the membership agreement and the Bureau Manual.

8.6.3 The Bureau must notify the Central Bank of any dispute raised by the client in relation to any misuse of his/her credit information by any member for necessary action.

## 8.7 Client Awareness System

8.7.1 The Bureau must adopt necessary measures of enhancing client's awareness on its activities, their rights, dispute procedure by clients/members, and dispute follow up; and shall provide the necessary explanations through local media, TV and radio channel, especially through the following tools:

- Website of the Central Bank, the Members and the Bureau.
- Customer Services Brochures of the Bureau and Members.
- Customer Guide attached to the credit report upon requesting it for the first time effective from January 2017.

8.7.2 The Bureau must obtain the Central Bank's approval on the Clients Awareness & Protection Program, and must follow the awareness tools specified by the Central Bank.

## Article IX: Bureau Operation Rules and Conditions

### 9.1 Lending Rules

The Bureau undertakes to insert the Central Bank's directives on credit facilities in its automated system.

### 9.2 Operation Rules

9.2.1 The Bureau must regulate its internal administration in an optimal manner that ensures the achievement of the aspired goals and objectives. In addition, it must provide its divisions with highly trained and qualified caliber, and its administration must include Technical Support Services, and Customers Services.

9.2.2 The Bureau approves quality assurance systems to ensure application of best practices with regard to administrative measures, data auditing and retention, and customer service.

9.2.3 All Bureau divisions will be provided with Operational Guide which is available for review by the Central Bank.

9.2.4 The Bureau shall monitor all operators and subordinates to ensure their full compliance with the information confidentiality rule.

9.2.5 The Bureau should approve and apply effective measures and policies which ensure the confidentiality of clients' information during storage and sharing, including the electronic storage of documents.

9.2.6 The Bureau shall provide training courses on handling clients' information to its staff and members' users of the Bureau system.

9.2.7 The Bureau shall maintain names of members, authorized users and operators. All users (the Bureau and members) must provide all required details related to their addresses, contact numbers and details of their identification cards as part of the necessary preparatory measures for the users.

**Annex (1): Definitions:**

The following terms and phrases are defined as mentioned in this code of practice, unless otherwise set forth as follows:

- **The Law**
  Decree by Law (34) for 2015 amended by some provisions of the Central Bank of Bahrain & Financial Institutions Law issued by Law (64) for 2006

- **The Central Bank**
  The Central Bank of Bahrain

- **The Bureau**
  The Bahrain Credit Reference Bureau operated by the BENEFIT Company

- **Credit Information**
  The information/data related to the financial obligations of the client, including all types of clients' debts and credit facilities, as well as the sales-on-credit signed with clients, deferred payments, sales by installments, and any other claims against clients with their maturity dates, the terms & conditions and guarantees related thereto, in addition to the mechanisms of re-payment and clients' commitment, as well as other data/information related to claims of government agencies against the client, including fees, installments and fines or any other claims from these agencies.

- **Members**
  The members of the Bahrain Credit Reference Bureau who are authorized by the law and government entities including Ministries and bodies defined by the Cabinet's Resolution to provide the Bureau with credit information of their clients and other persons who are obliged by the Central Bank to provide the Bureau with any credit information of their clients.

- **Client**
  Customers of any members of the credit reference bureaus for whom these Bureau stores credit information related to them.

- **Credit Report**
  Any report includes credit information reflecting the credit ability of the client. This report is issued by the Bureau upon the request of the client or any member of the Bureau.

- **Credit File**
  The file contains credit information related to clients, and results of their analysis and processing.

- **Database**
  The electronic database is prepared, processed and stored by the Bureau. It includes credit files of clients, which are collected by data providers covering all information of clients.

- **Credit Score**
  It means the use of credit information in the credit file of the client at the Bureau with the aim of reaching a digital evaluation based on statistical grounds applied on all clients without discrimination for the purpose of determining the level of risks related to the client's ability to fulfill his/her future financial obligations.

- **BENEFIT**
  The BENEFIT Company B.S.C (closed) licensed by the Central Bank of Bahrain as Ancillary Service Provider to operate the Bahrain Credit Reference Bureau.