



# CREDIT INFORMATION CORPORATION

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From right to left: PCEO Jaime P. Garchitorena, Deputy Officer Ronald A. Ortile of Land Registration Authority (LRA) and Congressman Arthur C. Yap with and Ms. Pinky Webb as moderator during the 6th Ease of Doing Business Summit on 13th of June 2018 at PICC.

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MANILA, PHILIPPINES – 03 July 2018 – The Court of Appeals denied the Motion for Reconsideration filed by the Baguio Benguet Community Credit Cooperative (BBCCC) against the Credit Information Corporation (CIC). The CA upheld the constitutionality of the inclusion of cooperatives in submitting credit data of their member-borrowers to the CIC.

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In a Resolution dated 6 June 2018 signed by Chairperson Associate Justice Remedios A. Salazar-Fernando of the Former 2nd Division CA, declared that the petition raised by the said credit cooperative does not warrant the reversal of the assailed decision which stated that even if credit cooperatives extend loans only to their members or that cooperatives are autonomous, they are not exempt from the mandatory coverage of the law because they provide credit facilities to their members.

The Former 2nd Division CA also maintained that the law which created CIC aims to establish a credit information system that is as comprehensive as possible and that the exclusion of credit cooperatives from the mandatory coverage and operation of the law will, to some extent, weaken, if not defeat the purpose of the law.

On 7 March 2018 BBCCC, through its Manager May Ann Bungag with Atty. Nelson V. Gayo, Oscar R. Adversalo, Conrad B. Chan, Mario S. Valdez, Emmanuel V. Tadeo and Consuelo M. Fernandez, filed a Motion for Reconsideration stating that the CA misinterpreted the issue they raised and the law.

On 22 January 2018, the Court of Appeals on its Notice of Judgment affirmed they were not convinced, denied the petition for lack of merit and dismissed the petition. It upheld the constitutionality of RA 9510 and its Implementing Rules and Regulations.

The CIC has been tasked to be the country's central credit registry. It was created by Republic Act No. 9510 entitled: Credit Information Systems Act (CISA) to receive data from banks, credit cards, cooperatives and other financing institutions in order to establish the Philippines' comprehensive and reliable credit information. Once CIC is fully operational, cooperatives will be able to assist their member-borrowers from being over-indebted. This would also assure that cooperatives which are extending loans or credits to their member-borrowers are prioritized to collect unpaid loans from defaulted members.

**CHARACTER, CAPACITY, AND COLLATERAL AS ASSETS ON ACQUIRING LOAN - CIC PCEO AT THE 6TH EASE OF DOING BUSINESS SUMMIT 2018**

PASAY CITY – 13 June 2018 – During the 6th Ease of Doing Business Summit held at Philippine International Convention Center (PICC), PCEO Jaime P. Garchitorena emphasized that the creation of Credit Information Corporation (CIC) will reduce the cost of lending in the country by way of providing reliable credit information and securing that financial institutions are extending credit facility among borrowers who are creditworthy.

Together with Congressman Arthur C. Yap, Chairperson of House Committee on Economic Affairs, and Deputy Officer Ronald A. Ortile of Land Registration Authority (LRA), a panel discussion on the development of credit infrastructure has been provided in relation to better loan opportunities for MSMEs.

PCEO Garchitorena said that banks should be able to have other basis to investigate if a potential borrower is creditworthy such as the character, capability of a potential borrower to pay, and the collateral which can be possible once the CIS is made available for public access.



PCEO Jaime P. Garchitorena with Deputy Officer Ronald A. Ortile from Land Registration Authority (LRA)

He cleared that the CIC doesn't perform any background investigation to potential borrowers but rather gathers credit information which will soon be used both by borrowers and lenders to monitor the payment behavior and the capability of a borrower to pay for a loan.

**Development of CIS**

Based on the study conducted, about 5 Million Filipinos have formal records of borrowing and CIC has about 5.3 million individual records in its Credit Information System (CIS) although it has not yet captured records from small cooperatives and microfinance due to their technological issues.

Even if there is a lack of data in the system, it is already currently being utilized by one accredited credit bureau for a bank on a very limited scale, the CIC President and CEO said.

He also raised that out of 100 borrowers, 75% to 80% are rejected when they apply for loans. Rejections have high rates due to collateral dependencies of most financial institutions when they screen applicants. Once the CIS is accessible, both by borrowers and lenders, it is expected that there will be less collateral requirement from the lender.



Pinky Webb as the moderator together with Congressman Arthur C. Yap, Deputy Officer Ronald A. Ortile (LRA) and PCEO Jaime P. Garchitorena

**Access to CIS**

The lender is not obligated to use the credit data from the CIS to assess the credibility of the borrower, so if the reason for rejecting the loan does not arise from the credit data collated by CIC, the agency will not be able to provide resolutions to queries of individuals and businesses falling under such situation.

PCEO Garchitorena also clarified that delay on the execution of the CIS was due to ensuring the security of the system and that the credit data of all borrowers are protected.

# CIC AS PART OF THE 1ST NATIONAL DATA PRIVACY CONFERENCE

PASAY CITY – 29 May 2018 – PCEO Jaime P. Garchitorena discussed how CIC upholds the data privacy rights of the Filipinos during the 1st National Data Privacy Conference led by the National Privacy Commission (NPC) at the Philippine International Convention Center (PICC).

With the theme “Protecting the Filipino’s Right to Data Privacy,” this two-day event attended by 2,000 Data Protection Officers (DPO) from public and private sectors is in line with the Privacy Awareness Week (PAW) - annual international awareness on privacy issues and importance of protecting personal information.

The event was headed by Commissioner and Chairman Raymund E. Liboro, with DICT Undersecretary Eliseo M. Rio, Jr., Senator Juan Edgardo M. Angara, DTI Undersecretary Ruth B. Castelo and DBM Undersecretary Lilia C. Guillermo opening the event on its first day with insightful and informative discussion on the importance of protecting the privacy rights of Filipino consumers.

## Data Privacy vs. Collated Credit Information

PCEO Jaime P. Garchitorena discussed the Data Subjects’ Rights from a PIC’s Perspective: How the CIC Upholds the Data Privacy Rights of Filipinos on the second day of the event.

PCEO Garchitorena cleared that collection of credit information of CIC from financial institution does not violate the data privacy rights of the Filipino under the Philippine Data Privacy Act of 2012 (R.A. No. 10173) Section 4. e.



**Protecting the Filipino’s Right to Data Privacy**  
**28 - 31 MAY**



PCEO Jaime P. Garchitorena at the 1st National Data Privacy Conference

Thus, this gives the institution the right to collect and store all credit information making it available to the public as long as it’s relevant. He assured that the data retained are governed by specific rules and designed to protect the data subjects or the borrowers and the financial institutions.

## Biggest Aggregator of Data in the Philippines

With more than 28,000 data collected from the financial institutions, 5.3 million data subjects in the Credit Information System (CIS) and expecting more than 25 million data by the next 18 months, PCEO Garchitorena said that CIC is the biggest aggregator of data in the Philippines which aims to have a robust and accurate system that will match and attribute all credit related exposure to the correct individuals.

He also expressed that as the central credit registry in the country, CIC has the responsibility to mandate the Data Subject (DS) to be aware of the legal obligation of the Submitting Entity (SE) to submit credit data and monitor that these SEs pass through all IT security requirements and established awareness by the SE that there are financial and legal penalties for the erroneous submission of data.

It is expected that the participants of 1st National Data Privacy Conference will be able to appreciate the experiences of various sectors on implementing the data privacy act especially to the rights of their data subjects.



## CIC AT THE 46TH GENERAL ASSEMBLY OF QUEZON FEDERATION AND UNION OF COOPERATIVES

TAYABAS, QUEZON – 18 May 2018 – The Credit Information Corporation (CIC) presented its mandate in relation to Republic Act No. 9510 otherwise known as Credit Information Systems Act (CISA) on the 46th General Assembly of Quezon Federation and Union of Cooperatives (QFUC) at St. Jude Coop Hotel and Event Center.

Joined by member representatives from 48 cooperatives all over Southern Tagalog, this convention of cooperative members and leaders targets to be a learning gathering for entrepreneurs on raising awareness and knowledge on the best practices and innovative strategies.

Atty. Aileen L. Amor-Bautista represented the CIC on the said event and shared with the participants the benefits of aggregated credit data among cooperatives as a submitting entity.

### CIC as a Library of Credit Information

On her talk, Atty. Amor-Bautista cleared that while credit bureau offers background investigation of a potential borrower, credit scoring and analysis, CIC serves as a public credit registry, thus in accordance to the law,

is only mandated to collect and disseminate aggregated credit data.

### Benefits of CIS to the Cooperatives

The timeliness of the Credit Information System (CIS) to the mission of fostering growth and development in the cooperative sector will give way to lower minimal interest rates because the generated credit report of a cooperative's potential member-borrower will reflect their payment behavior.

Once fully operational, cooperatives that are willing to provide loan assistance to their members/borrowers will have an ease of monitoring and assessment of the creditworthiness of such individuals.

QFUC is a well-known platform for the cooperatives sector in Quezon and neighboring provinces of Laguna and Marinduque with the goal of converging and building business and services as well as establishing a cooperative training institute.

# The Importance of Your Payment Behavior: Are you creditworthy?

Dear Credo,

I am Lorena and I was able to start my own convenience store by acquiring a loan through a financial institution. I have always seen myself as financially responsible for I always see to it that I pay my bills on time and save money as well for future business ventures that I wish to take.

But then, something inevitable happened to me and my family – my daughter got sick and I have used almost all of our resources to pay for the hospital bill and her medicine. This incident has led me to stop paying my balance with the financial institution.

Now that my daughter is in a better condition, I noticed that our convenience store has suffered and the only way that I can think of saving it is through acquiring a new loan with a 5-6 informal lending institution.

I know that this isn't a wise decision for the interest they're offering is quite high compared to the interest offered by the bank I have a loan with. But I'm afraid they won't allow me to acquire a new loan since I have an existing unpaid loan with them.

I hope you can help me decide on the proper steps I should take to save the major source of income for my family.

Best,  
Lorena



Dear Lorena,

Thank you for your letter.

What we can tell you is that you are not alone in your situation. One of the biggest challenges for an entrepreneur is keeping personal and business finances separate, especially in times of urgent financial need. In many cases, the business can suffer some setbacks as the cash flow is taken away from the business.

From what you have written, until this time you have been up to date with your payments. Before going to an informal lender, you may wish to go back to your current formal lending institution to see if they can accommodate any part of your additional funding requirements. Given that you seem to have a good relationship with them indicates that they might accommodate you.

To help your chances at getting additional funding, check to see if you have any of these items:

**1. Collateral.** This can be any asset that you have that may have any value that the bank will take as a security or guaranty. It can be land, vehicles, or even personal assets. Depending on

your relationship with the current lender, any asset can be considered as collateral.

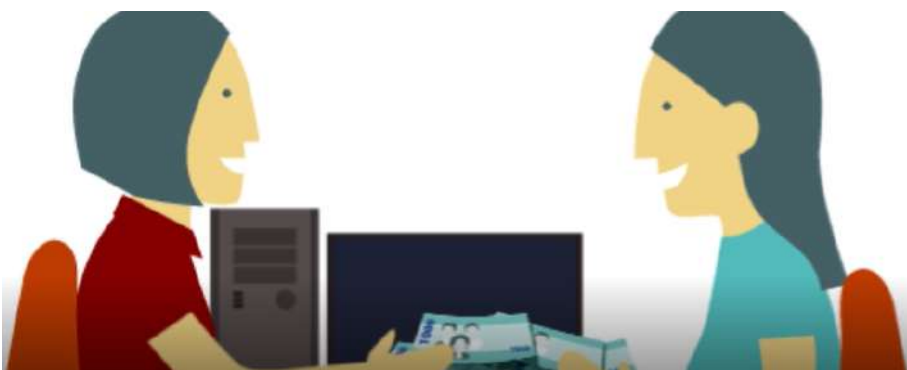
**2. Co-Borrower.** Having friends or family is always a plus as formal lenders may look for co-borrowers when lending you money. A co-borrower is someone who is willing to help you get the additional loan and is willing to share the risk with you. Just make sure that whoever offers to be your co-borrower is fully aware of the purpose of your loan and the potential downside if the loan is not repaid.

**3. Friends and Family.** While borrowing from friends and family have the potential to cause rifts, sometimes going to friends and family for financial support is a good option to have. In some cases, sympathetic family members will help you without obligation. In other cases, they may be willing to be your co-borrower or guarantor. Just make sure that any terms and conditions between you and your family members are well-defined and even written, in order to avoid any misunderstandings in the future.

The life of an entrepreneur is not an easy one. But with the right knowledge on how to get and handle credit, the chances of success become much better.

Good luck and we wish you success and good health.

Credo



## UPDATES ON THE REPUBLIC ACT NO. 9510 AT THE COA-MCLE LECTURE SERIES

METRO MANILA – 24 May and 07 June 2018 – As part of Commission on Audit’s (COA) Mandatory Continuing Legal Education (MCLE), CIC gave updates on the Republic Act No. 9510 or Credit Information Systems Act (CISA) to its participants from different regional offices at COA’s Professional Development Office.

**CIC as the Public Registry in the Philippines**  
CIC’s Senior Vice President for Business Development and Communications, Atty. Aileen L. Amor-Bautista, relayed that credit registry is not a novel idea for several European countries



Atty. Amor-Bautista relaying R.A. No. 9510 (CISA) at the COA MCLE Lecture Series



During the open forum, the SVP for Business Development and Communications clarified that the purpose of credit report is to determine the creditworthiness of a borrower, thus shall not be used for marketing or any other purposes.

She highlighted how some OFWs experience difficulties in acquiring credit facility in foreign countries for they are first required to submit their credit report from their country of origin – which is just one of the things that the CIC seeks to address.

Access to credit report shall be available to the general public soon to determine the quality of the credit report being generated.

and other advance economies have long ago utilized credit registry in order to monitor the payment behavior of borrowers.

In the Philippines, CIBI was the first credit bureau created in the '80s, but financial institutions are not mandatorily required to submit their credit information, hence submission of credit data of their borrowers are voluntary which makes the aggregated credit data less comprehensive.

The birth of Credit Information Corporation (CIC) through Republic Act No. 9510 led to mandatory submission of basic credit data from all financial institutions. The CIC is also under the supervision of Securities and Exchange Commission (SEC) and Governance Commission for GOCCs (GCG).



Participants at the COA MCLE Lecture Series

# CIC AIDS IN STRENGTHENING CONSUMER LOAN PRACTICES IN PH - S&P

MANILA, PHILIPPINES – 16 May 2018 – Establishment of Credit Information Corporation (CIC) made known as one of the factors for upgrading of Banking Industry Country Risk Assessment (BICRA) of Philippines from Group 7 to Group 6.

The Philippine Banking Sector has reached the Group 6 category from previously Group 7 in the recent BICRA assessment of Standard and Poor's (S&P) due to the improvement of credit fundamentals, citing CIC for its perseverance to further strengthen the consumer loan practices in the Philippines.

## Availability of Credit Information

It is expected that the credit history of borrowers in the CIC's Credit Information System (CIS) would help the banks in better lending decisions in the future.

According to S&P, establishment of credit bureaus and improvement in the practices of consumer loans segment have helped the country in reducing its credit risk.

S&P also stated "In our view, clarity on creditworthiness should foster risk based pricing in the segment. We believe this will strengthen the underwriting standards in consumer lending and, over the long-term,



PCEO Jaime P. Garchitorena relaying updates with cooperatives



CIC relaying opportunities and updates with CCAP Members

better transparency should lower non-performing loans closer to the overall banking system NPLs," in the availability of credit history that will help accredited credit bureaus provide credit scores and reports by the end of 2018.

The S&P has also revised the economic risk trend of the Philippines from positive to stable.



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