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ঢাকা

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Guidelines on Licensing, Operation and Regulation of Credit Bureau

চতুর্থ শিল্প বিপ্লবের এই যুগে ব্যক্তির ঋণ প্রাপ্তি, অর্থ পরিশোধ ইত্যাদির যোগ্যতা নির্ধারণে সর্বাধুনিক প্রযুক্তি ব্যবহৃত হচ্ছে। বিশ্বব্যাপী বিভিন্ন প্রতিষ্ঠান কর্তৃক বিভিন্ন উৎস হতে গ্রাহকের তথ্য সংগ্রহ করে তা কৃত্রিম বুদ্ধিমত্তার মাধ্যমে বিশ্লেষণ করে গ্রাহকের অর্থ পরিশোধের সক্ষমতা নির্ধারণ করা হচ্ছে। এর ফলশ্রুতিতে ব্যাংক গ্রাহকের পাশাপাশি যে সকল ব্যক্তি কোন ব্যাংকের গ্রাহক নয়, তাদেরও পরিশোধ যোগ্যতা অনুসারে দ্রুত ঋণ প্রাপ্তির সুযোগ সৃষ্টি হচ্ছে। অর্থাৎ এ পদ্ধতি আধুনিক ক্রেডিট রিস্ক এসেসমেন্ট এর পাশাপাশি আর্থিক অন্তর্ভুক্তি বৃদ্ধিতেও ভূমিকা রাখছে।

২। দেশে ঋণ প্রদানে ঝুঁকি হ্রাসের প্রয়োজনে যুগোপযোগী ক্রেডিট রিস্ক এসেসমেন্ট পদ্ধতি প্রণয়ন করা প্রয়োজন। তাই ঋণ যোগ্যতা নির্ধারণ, পরিশোধ সক্ষমতা যাচাইকল্পে নিত্যনতুন বিভিন্ন ধরনের বিশ্লেষণমূলক তথ্য বিবেচনাপূর্বক ঋণ প্রদানে ব্যাংকের সিদ্ধান্ত গ্রহণের ক্ষেত্রে বেসরকারি ক্রেডিট ব্যুরো ঋণমান নির্ধারণে কাজ করতে পারে। এ ব্যুরোসমূহ সিআইবিসহ বিভিন্ন উৎস হতে গ্রাহকের অনুমতি সাপেক্ষে তথ্য সংগ্রহ করে তা বিশ্লেষণপূর্বক নির্ণিত ঋণমান ব্যবহারকারীকে অবহিত করবে।

৩। এমতাবস্থায়, কোন ব্যক্তির ঋণ অথবা অন্যান্য পরিশোধ সক্ষমতা পরিমাপের জন্য ব্যক্তি খাতে ক্রেডিট ব্যুরো স্থাপনের লক্ষ্যে বাংলাদেশ ব্যাংক অর্ডার ১৯৭২ এর ৭এ(এফ), ১৬(২৫,২৬) এবং ৮২ ধারায় প্রদত্ত ক্ষমতাবলে Guidelines on Licensing, Operation and Regulation of Credit Bureau প্রণয়ন করা হয়েছে।

৪। উক্ত গাইডলাইন সংশ্লিষ্ট সকলের অবগতির জন্য বাংলাদেশ ব্যাংকের ওয়েবসাইটে আপলোড করা হলো।

(মোঃ মোতাছিম বিল্লাহ)
পরিচালক (পিএসডি)
ফোন: ৯৫৩০৩৩৪

BANGLADESH BANK

Guidelines on the Licensing, Operation and Regulation of Credit
Bureau

Payment Systems Department

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SECTION 1 - DEFINITION OF TERMS

- 1.1 “Act” - means the Bank Company Act, 1991;
- 1.2 “Adverse action” shall include, but not limited to, actions taken by a User resulting in the denial of Credit, cancellation of Credit, reduction of value of a Credit line, denial of employment, or denial of any advantage to which a Data Subject would otherwise be entitled;
- 1.3 “API” – refers to Application Programming Interface to technologically connect multiple software applications;
- 1.4 “Banks” shall have the same meaning as defined in the Act-;
- 1.5 “BB” – means the Bangladesh Bank, the central bank of Bangladesh established under the Order;
- 1.6 “Board of Directors”- means the Board of Directors of a Credit Bureau;
- 1.7 “CEO” - refers to the Chief Executive Officer appointed by a Credit Bureau;
- 1.8 “Company”- refers to the companies as defined in the Companies Act, 1994;
- 1.9 “Companies Act” – means The Companies Act, 1994;
- 1.10 “Consent” – means a signed (physical/electronic) written/electronic authorization by a Data Subject, his/her legal representative or authorized agent indicating his/her approval to inquire and provide his/her data from/to the Credit Bureau;
- 1.11 “Credit Bureau” (CB) - means an institution that collects information from credit information provider and other available sources and performs credit scoring;
- 1.12 “Credit File” – means an electronic or physical docket containing a Data Subject’s personal and Credit Information that are collected, processed and maintained by a Credit Bureau;
- 1.13 “Credit Information” –means any information with respect to a Data Subject relating to
 - 1.13.1 the amounts, nature, and structure of loans, advances, lease finance and any other credit facilities, funded or non-funded, granted by a credit institution and repayment thereof;
 - 1.13.2 any other financial record available from the Credit Information Providers;
 - 1.13.3 any other information deemed relevant by the Credit Bureau to determine the credit worthiness of the Data Subject;
- 1.14 “Credit Information Provider” – means entities that are allowed under these guidelines to furnish credit information to a Credit Bureau and include banks and other Finance Companies and such other institutions that provide any form of credit and entities that have personal or credit information or data related to the Data Subject’s payment habits or creditworthiness and furnish them to the Credit Bureau as per these guidelines;

- 1.15 “Credit Report” – means credit information issued by a Credit Bureau containing all or part of the data subject’s information available in the credit file or a summary thereof;
- 1.16 “Credit Scoring” – refers to a measure of the probability of default of a credit facility granted to a Data Subject;
- 1.17 “Database” - means a set of information administered by a Credit Bureau;
- 1.18 “Data Subject” – means any person or entity whose Credit Information is collected, compiled, and administered by the Credit Bureau;
- 1.19 “Director”- means an individual that is a member of the Board of Directors of a Credit Bureau;
- 1.20 “Finance Companies”- shall have the same meaning as licensed under the Finance Companies Act, 2023;
- 1.21 “Order”- means the Bangladesh Bank Order, 1972;
- 1.22 “Permissible Purpose”- means those activities specified in 11.2;
- 1.23 “PSD” - means Payment Systems Department of BB;
- 1.24 “Public Database”- means a database owned or operated by a public entity in Bangladesh that may contain data on a borrower, potential borrower, guarantor or potential guarantor;
- 1.25 “Rules of Reciprocity”- means a set of norms defining the level of mutual information exchange and cooperation between Data Providers and a Credit Bureau;
- 1.26 “User”– means any person or body who is allowed under these guidelines to seek Credit Information from a Credit Bureau for Permissible Purposes.

SECTION 2- INTRODUCTION

2.1 Background

Apart from the credit registry maintained by Bangladesh Bank under Article 43 of the Bangladesh Bank Order, 1972, to identify the default status of a data subject, it has become imperative that a more rigorous credit risk assessment process needs to be followed. With the advent of technology, credit scoring of borrowers in terms of default probability has become a regular practice of the credit market worldwide.

A healthy financial system supports long-term economic growth and development since it often provides productive and efficient methods for assessing risk and return on investment as well as for controlling and allocating credit operation risk at the national level.

The necessity of credit reporting systems is being appreciated more and more in the domain of the financial sector in order to aid supervision, enhance stability, and facilitate more organized management of credit portfolio. As a significant component of a healthy financial ecosystem, it serves as a medium of public interest as well.

Besides, a well-established financial ecosystem reduces information asymmetry and legal uncertainty, and thus, improves the efficiency of the lending market. Transparent credit reporting certainly helps banks and other Finance Companies manage their risk and give regulators up-to-date information on the risk profiles of regulated entities, including systemically significant ones.

Indeed, reduced default risk can result from proper identification of market failures by an efficient credit information system, such as adverse selection and asymmetry of information between lenders and borrowers. Better availability of credit to borrowers who previously had no or limited access to credit could result from this as well. In addition, it fosters a responsible credit culture by promoting healthy borrowing and repayment habit and preventing the likelihood of taking unnecessary debt burden.

Moreover, borrowers may keep an eye on their credit ratings over time and prevent unmanageable debt accumulation and identity theft by using a functional credit information system. They will also be able to use the "reputational collateral" to get credit outside of their current banking connection. This helps borrowers who are disadvantaged, such as small businesses, farmers, and first-time borrowers who have little to no physical collateral.

This policy is being developed in compliance with Article 82 of the Bangladesh Bank Order, 1972 to take advantage of modern technologies like Artificial Intelligence, Machine Learning, etc., in

the overall assessment of credit risk through credit scoring and grading by third parties as authorized by BB to do so.

- 2.2 These guidelines will be applicable to the operation of all credit bureaus licensed by BB.
- 2.3 The goal of these guidelines is to specify the operational, regulatory, and licensing criteria for a credit bureau.

SECTION 3 – PURPOSE AND OBJECTIVE OF THE GUIDELINES

These guidelines are issued considering the following objectives:

- 3.1 To reduce the information asymmetry about the borrowers in the financial market
- 3.2 To provide detailed guidelines for the operation of credit reporting/scoring companies in the country
- 3.3 To provide guidelines for data sharing among credit and other financial service providers
- 3.4 To make positive client information, which is often kept confidential, available to other lenders, increasing competition in the credit market and benefitting better credit applicants
- 3.5 To reduce default rates and average interest rates, facilitated by increased credit information, leading towards increased lending
- 3.6 To encourage borrowers to keep up a strong credit history which ultimately lowers non-performing loans (NPLs) and improves the quality of the credit portfolio
- 3.7 To expand the private loan markets through exchange of credit data
- 3.8 To examine and process credit proposals more quickly and cheaply
- 3.9 To promote digital lending both at individual and enterprise, especially CMSME, level

SECTION 4 – AUTHORITY OF THESE GUIDELINES

These guidelines are issued under the purview of Articles 7A(f), 16(25), 16 (26) and 82 of the Order.

SECTION 5 – JURISDICTION OF THE GUIDELINES

These guidelines will be applicable to all-

- 5.1. Credit Bureaus
- 5.2. Banks
- 5.3. Finance Companies
- 5.4. Mobile Financial Services Providers
- 5.5. Payment Systems Operators
- 5.6. Payment Service Providers
- 5.7. Institutions that provide any form of credit or seek credit information of a Data Subject
- 5.8. Anyone who wants to use credit information
- 5.9. Any other organization as may be declared by BB from time to time.

SECTION 6 – ESTABLISHMENT OF CREDIT BUREAU

A Credit Bureau shall be established according to these guidelines. A potential applicant who intends to apply to establish a credit bureau must satisfy the following criteria:

- 6.1 The proposed company must be a limited company
- 6.2 Investment from an individual or business entity incorporated outside of Bangladesh is allowed
- 6.3 The minimum paid-up capital of a Credit Bureau will be BDT One Hundred Million which needs to be complied before inception of its operation
- 6.4 Composition of the Board of Directors:
 - 6.4.1 Number of directors shall not exceed eleven
 - 6.4.2 At least two of the directors must have banking experience of Ten years
 - 6.4.3 At least two of the directors must have experience and academic background in technology-related businesses
 - 6.4.4 A shareholder holding more than two percent share of the total shares will be eligible to become a director of the Credit Bureau
 - 6.4.5 No individual shall be a director in more than one Credit Bureau at any point in time

6.5 Composition of Management:

6.5.1 The Chief Executive Officer, the Chief Technology Officer, the Database Administrator and the Chief Information Security Officer each must possess at least five years of relevant experience in the field of banking, electronic money, or fintech services

6.6 The Directors and Members of the management:

6.6.1 must not have a history of being convicted of any criminal offence or involved in any fraud/forgery, financial crime, or other illegal activities

6.6.2 must not have been dismissed from service from any financial institution

6.6.3 have not been involved with a company/firm whose registration/license has been revoked or cancelled

6.6.4 must not be a credit defaulter in personal capacity or in the capacity of an owner, director or shareholder of a business entity

6.6.5 must not have a history of being adjudicated a bankrupt by a court

6.6.6 must not have been declared mentally unsound by a court

SECTION 7 –APPLICATION AND LICENSING PROCEDURE

An individual or a company shall not operate a Credit Bureau in Bangladesh unless licensed by BB.

License will be issued following the procedures mentioned here in under. However, BB may bring necessary changes in this procedure from time to time.

7.1 Application

A company seeking to operate a Credit Bureau in Bangladesh shall apply to BB in such manner as decided by BB.

Application and licensing procedures will have several steps as described below:

Interested applicants should apply to Payment Systems Department (PSD) of BB for license to operate a Credit Bureau along with the following documents:

General Documents-

- a) Non-refundable application fee of BDT Five Hundred Thousand payable to the Bangladesh Bank;
- b) Proposed Memorandum and Articles of Association clearly mentioning the Credit Bureau service as their business;

- c) A table of the list of shareholders showing their residential addresses, their businesses or companies' addresses, the amount invested in the Credit Bureau as well as addresses of their current bankers;
- d) Name, date of birth, address, TIN/BIN, National ID Card Number, Passport Number, Credit Report (subject to the approval by the Act) of all the Board of Directors, CEO and other Senior Executives reporting directly to the CEO;
- e) Detailed feasibility report of the proposed Credit Bureau which shall include:
 - I. The objectives and aims of the proposed Credit Bureau;
 - II. A detailed and comprehensive business plan of the Credit Bureau including value proposition;
 - III. Methodology to be followed in credit scoring;
 - IV. Capital plan;
 - V. A five-year financial projection for the operation of the Credit Bureau indicating its expected growth and profitability;
 - VI. Details of the assumptions upon which the financial projections have been made;
 - VII. The organizational structure of the proposed Credit Bureau, setting out in detail the functions, relationships and responsibilities of the Board, the Management, and staff;
 - VIII. The composition of the proposed Board of Directors and the curriculum vitae (CV) of each member including information on positions held by them in other organizations;
 - IX. Code of Conduct, Reciprocity Rules and other relevant rules for the functioning of the system;
 - X. Sworn declaration of the Directors attesting to their willingness to adhere to these requirements and any code(s) of proper conduct and integrity as may be issued by the Bangladesh Bank from time to time.

Technical Documents-

- a) A clear data protection policy;
- b) Data collection strategy including the procedure to collect consent from the Data Subject;
- c) A detailed dispute resolution process;
- d) Detail plan of technology infrastructure which should comply with the latest version of "Guidelines on ICT Security for Banks and Non-Bank Financial Institutions" by BB;
- e) Proposed Management Information Systems, Internal Controls and Procedures, including Operational Manual;

- f) Submission of specimen copies of Credit Reports as well as the proposed charges for such Credit Reports;
- g) A clearly defined exit policy in case of business closure due to revocation of license by BB or any other reason.

7.2 Evaluation and Approval of Application:

- a) All the submitted applications will be examined and evaluated by two separate committees namely a Business Evaluation Committee and a Technical Evaluation Committee.
- b) Applications receiving minimum qualifying marks in both business and technical evaluation will be given provisional Non-Objection Certificate (NOC) or Letter of Intent (LOI) for establishing necessary infrastructure within a stipulated timeline according to the approved proposal.
- c) After the establishment of necessary infrastructure, BB will conduct onsite inspection.
- d) After satisfactory onsite inspection, approval of the license will be provided.

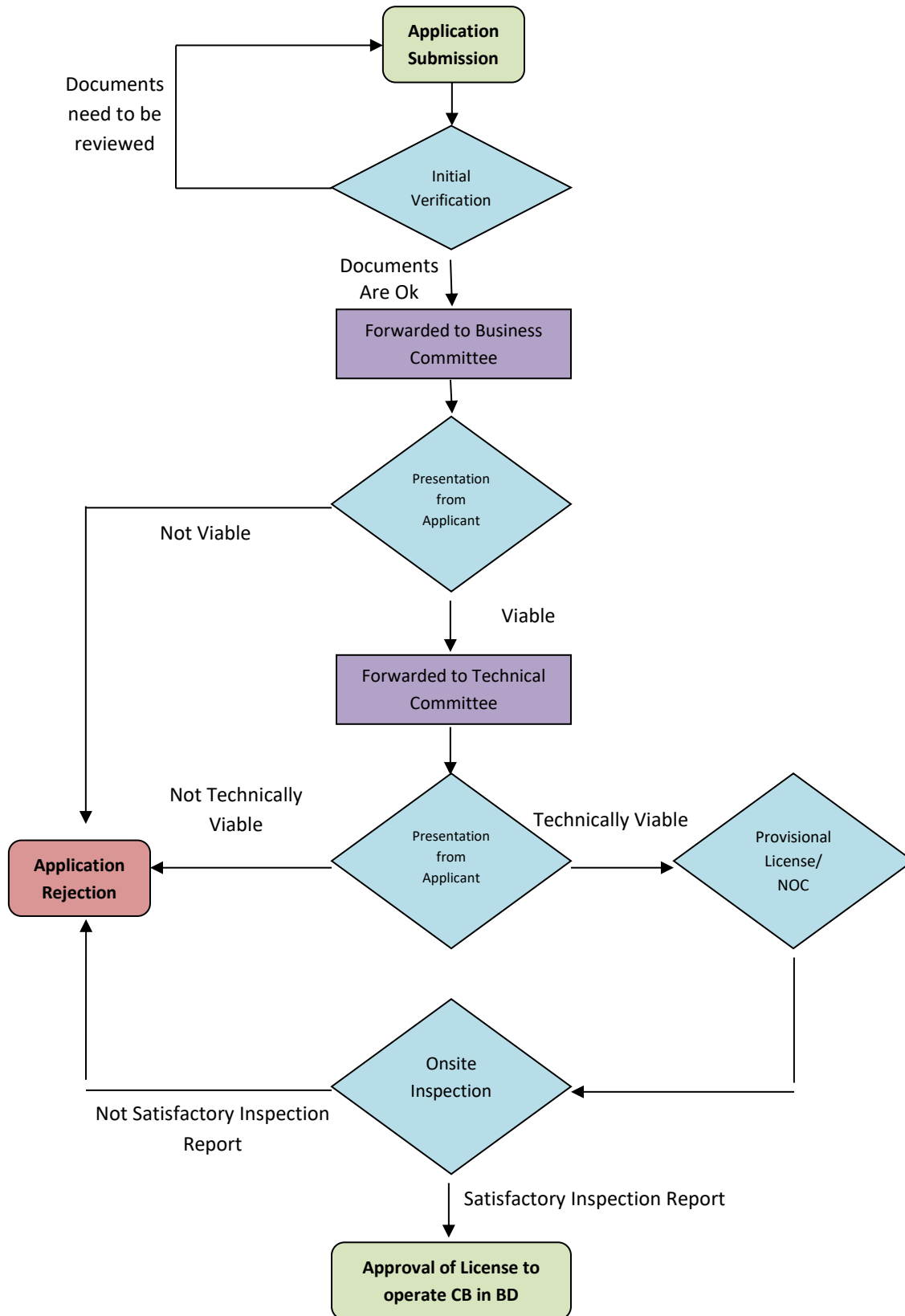
7.3 Operating License

On completion of the infrastructure setup, the company shall apply for the operating license to commence operation. BB shall grant a perpetual operating license to a Credit Bureau subject to the following:

- 7.3.1 The Credit Bureau has satisfied all conditions as specified in the section 7.1;
- 7.3.2 The Credit Bureau has met the required capital requirements;
- 7.3.3 The Credit Bureau has submitted a valid trade license;
- 7.3.4 The Credit Bureau is established as a limited company;
- 7.3.5 The Credit Bureau has formed a board;
- 7.3.6 The Credit Bureau has established sufficient technology infrastructure and collected all the necessary certifications required;
- 7.3.7 The Credit Bureau has collected the Software License Agreement, Management or Service Level Agreements, if any, which have been concluded with other parties or any Memorandum of Understanding in that regard;
- 7.3.8 The Credit Bureau has properly performed System Integration Test (SIT), User Acceptance Test (UAT) and Vulnerability and Penetration Test (VAPT);
- 7.3.9 BB has conducted onsite verification of its infrastructure set-up to ascertain its readiness to commence operations;
- 7.3.10 Deposited a license fee of BDT One Million in favor of the Bangladesh Bank;

- 7.4 The Credit Bureau so licensed shall comply with the provisions of these guidelines, regulations and circulars and any other instructions as may be issued by the BB from time to time;
- 7.5 A Provisional License/NOC shall automatically expire if a Credit Bureau fails to build its infrastructure or if it fails to commence its operations within one year of stipulated time after the date of issuance of the License or any other stipulated time by BB;
- 7.6 All licensed Credit Bureau shall be required to make the word "Credit Bureau" as part of their names.

Flow chart of the application submission and verification process is as follows:



SECTION 8 - LICENSE REVOCATION/SUSPENSION

BB may revoke/suspend the license of a Credit Bureau if

- 8.1 The Credit Bureau is engaged in any job not mentioned in the permissible purposes in this document;
- 8.2 The Credit Bureau fails to perform the jobs mentioned in this document or
 - 8.2.1 If the licensed Credit Bureau is wound up or otherwise dissolved
 - 8.2.2 The manner in which the licensed Credit Bureau's business is being conducted is not satisfactory
 - 8.2.3 The Credit Bureau is contravening or has contravened any provision of these guidelines, or any condition or restriction imposed or any notice issued by the authority under these guidelines
 - 8.2.4 It appears to BB that the Credit Bureau is failing or has failed to satisfy any of its obligations under or arising from these guidelines or any directives issued by BB
 - 8.2.5 The Credit Bureau has provided to BB any information or document required under these guidelines that is false or misleading
 - 8.2.6 It appears to BB that the credit bureau or any of its officers or employees has not performed their duties under these guidelines in good faith
 - 8.2.7 It appears to BB that it would be contrary to the public interest for the Credit Bureau to continue its operations
 - 8.2.8 The Credit Bureau fails or ceases to carry on any credit reporting business for which it is licensed
- 8.3 If the Credit Bureau is engaged in any intentional wrongdoing which caused adverse action for a client;
- 8.4 Failed to protect the confidentiality of the borrower/Data Subject;
- 8.5 BB, if it considers it desirable to do so, may
 - 8.5.1 Suspend the license of a Credit Bureau for specified period instead of revoking the license, and
 - 8.5.2 At any time
 - 8.5.2.1 Extend the suspension for specified period; or
 - 8.5.2.2 Revoke the suspension.

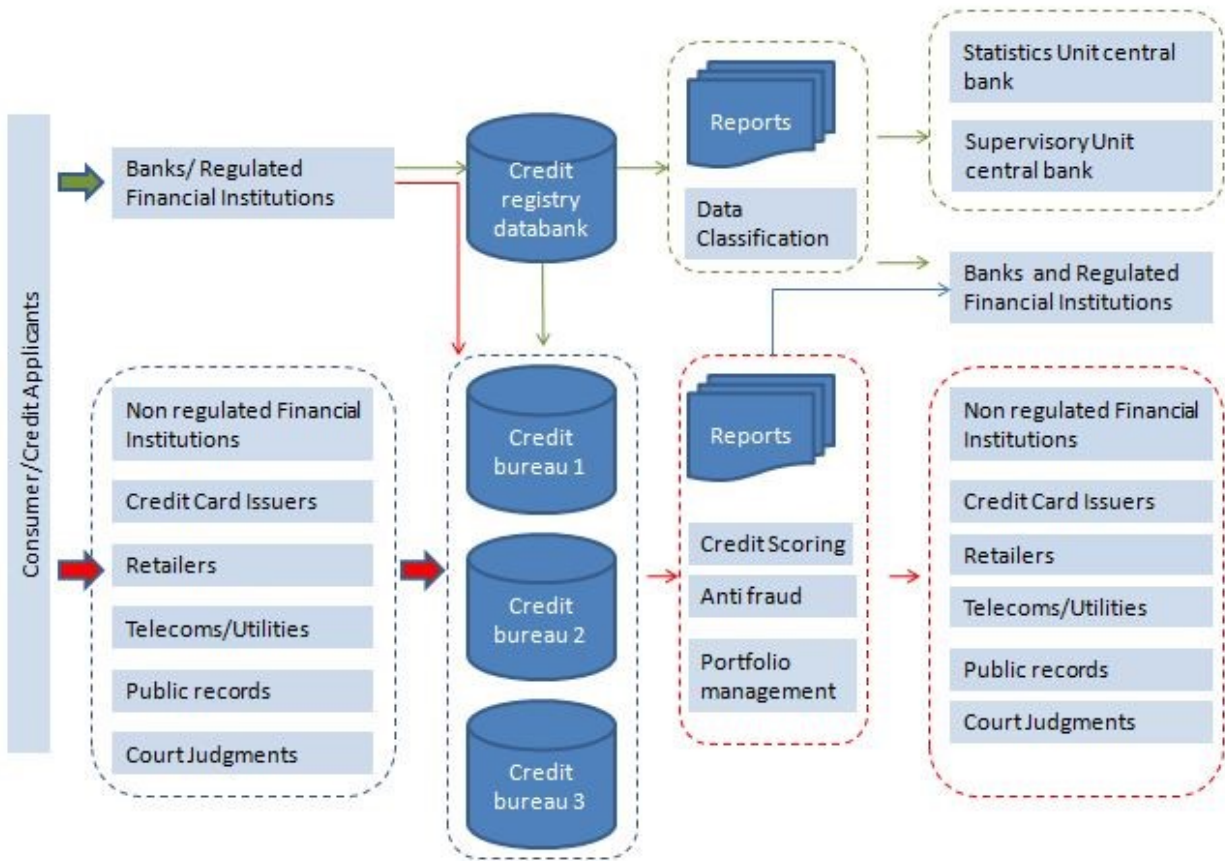
SECTION 9 -RIGHTS OF BANGLADESH BANK

- 9.1 Bangladesh Bank shall have the power to call for any information from a Credit Bureau regarding its business and affairs and to appoint inspecting officers to inspect its books, data, accounts, record and other documents.
- 9.2 It shall be duty of every director, officer or employee of Credit Bureaus to produce all such books, data, accounts, record and other documents in his/her custody or power to an inspecting officer.
- 9.3 The Credit Bureau shall submit quarterly reports as per instruction of BB.
- 9.4 If Bangladesh Bank is satisfied that any chairman, director, chief executive or any officer, by whatever name called, of a Credit Bureau, has been, or is likely to be, in breach of the provisions of these guidelines or rules or regulations made there under or any policy, directions issued there under, it may, for reasons to be recorded in writing, remove from office, with effect from such date as may be specified in order, or may hold the same liable to a fine.

SECTION 10 - OPERATIONAL MODEL

The Credit Bureau will follow a mixed model where information from existing registry, other regulated financial institutions and other available sources will be collected and analyzed for credit reporting/scoring.

The Credit Bureau shall collect basic personal history data directly from a Data Subject with proper consent. As per international best practices, the Data Subject is the owner of his/her data. So, the data must be shared by the organizations holding it once the Data Subject has provided proper consent to the Credit Bureau. Basic credit information of a borrower/data subject will be shared by the credit registry (Credit Information Bureau, CIB) of Bangladesh Bank and other necessary information may be collected from sources as per section 11.4.3 and a process flow is furnished underneath:



SECTION 11 - OPERATIONAL PROCEDURES OF CREDIT BUREAU

11.1 Functions of Credit Bureau

Credit Bureau shall not engage in any form of business other than those listed below:

- 11.1.1 May collect, manage, store and process credit information related to debtor (who is the Data Subject in this case) with proper consent;
- 11.1.2 May provide credit information and credit score of Data Subject to User, other Credit Bureaus, BB, Govt. Organizations and other institutions allowed by this document in a manner so that the identity of Data Subject is protected;
- 11.1.3 Undertake any other businesses as mentioned in this document.

11.2 Permissible Purposes

To access any Credit Information from a Credit Bureau, the User should have a Permissible Purpose and the Bureau must have proper consent from the respective Data Subject.

The Permissible Purposes are as follows:

- 11.2.1 Credit appraisal of a Data Subject
- 11.2.2 Assessment of repayment capacity of a Data Subject
- 11.2.3 Credit behavior of a Data Subject
- 11.2.4 Information about a Data Subject asked by a government entity, BB, or other applicable regulatory authorities in Bangladesh
- 11.2.5 Other purposes with the consent from the Data Subject

11.3 Scope of Data Sharing:

No personal data of a Data Subject is to be shared among the institutions dealing with customer data. Only the transactional data, credit data, data related to payment habits, public information or any other relevant positive or negative information that may have relevance in assessing credit scoring of an entity can be shared. However, no data related to the balance of deposit accounts is to be shared.

11.4 Data Collection and Data Sharing:

- 11.4.1 A licensed Credit Bureau shall be allowed to collect relevant information for Permissible Purposes only on the Credit History relating to the commitment of Data Subject, in order to determine their overall debt exposure, repayment behavior and other contractual obligations.
- 11.4.2 All Data Providers and Users, whether regulated by the Bangladesh Bank or not, will be subject to the same rules and obligations as provided in these guidelines.
- 11.4.3 Credit Bureau may collect data from any of the following sources as per the allowance to do so in their respective legislation:
 - 11.4.3.1 Banks and Finance Companies operating in Bangladesh pursuant to the Bank Company Act, 1991, and the Finance Companies Act, 2023;
 - 11.4.3.2 Credit Information Bureau (CIB) of BB;
 - 11.4.3.3 Other Credit Bureaus licensed by BB;
 - 11.4.3.4 Mortgage Finance Companies;
 - 11.4.3.5 Finance Companies;
 - 11.4.3.6 Insurance Companies;

- 11.4.3.7 Institutions that offer credit to medium, small and micro-enterprises. (Micro Finance Institutions);
 - 11.4.3.8 Asset Management Companies;
 - 11.4.3.9 Courts;
 - 11.4.3.10 Suppliers of goods and providers of services on a post-paid or installment payment basis;
 - 11.4.3.11 Mobile Financial Service Providers;
 - 11.4.3.12 Payment Service Providers;
 - 11.4.3.13 Telecommunication Service Providers;
 - 11.4.3.14 Utility companies;
 - 11.4.3.15 Any other companies having credit or non-credit information about the subject matter and are willing to provide such information;
 - 11.4.3.16 Other entities that have relevant data and information that complies with Permissible Purposes and serves the purposes of the Credit Bureau.
- 11.4.4 At the time of receiving Credit Information on a Data Subject, a Credit Bureau shall have reasonable procedures in place to ensure that all available relevant Credit Information on the Data Subject is obtained and have sufficient documents to prove the authenticity of data.
- 11.4.5 In case of collection of data from the source which is regulated by BB, the data provider is liable to provide correct and authentic data.
- 11.4.6 In case of collection of data from the source which is not regulated by BB, Credit Bureau must take the responsibility to ensure the correctness and authenticity of data as mentioned in this document.
- 11.4.7 A Credit Bureau may consult other Public Databases as sources of relevant information, provided that the confidentiality of the Data Subject is maintained and it is for Permissible Purposes.
- 11.4.8 Collected data should be stored within the geographic location of Bangladesh. Data cannot be stored in internet cloud located outside the geographic location of Bangladesh.

11.5 Information Dissemination and Consent of Data Subjects:

- 11.5.1 A Data Provider shall be required to give notice to all its customers or potential customers of its duty to seek Credit Report and to report Credit Information to a licensed Credit Bureau. Such notice can be given by placement of notice in the banking halls, on ATM screen, text messages, Account Opening forms and any other appropriate means.
- 11.5.2 Every User shall be required to obtain the consent of a Data Subject before requesting for the credit report of that Data Subject from licensed Credit

Bureaus. If the credit report however is required by either a law enforcement agency, a regulatory body or pursuant to a directive of a regulator or a court order, then the Data Subject's consent is not required.

- 11.5.3 While providing information to User, Credit Bureau must ensure two or more factor authentication to identify the User.

11.6 Responsibilities and Duties of Banks, Other Finance Companies and Other Users:

- 11.6.1 All Banks, Other Financial Companies, Mobile Financial Service Providers, and Payment Service Providers must have data exchange agreements with at least one licensed Credit Bureau.
- 11.6.2 A Credit Bureau must have data exchange agreement with all other Credit Bureaus.
- 11.6.3 As an alternate of the above procedure of manual upload of data, API-based connectivity may be established between the Credit Bureau and the Data Provider who has data sharing agreement with them to access real-time data of the borrower or the potential borrower.
- 11.6.4 A data provider or a credit information furnisher shall not knowingly disseminate credit information that contains false or misleading information.
- 11.6.5 All data provider shall update any change in the data submitted to a Credit Bureau at least monthly or more frequently or in accordance with a schedule provided by the Credit Bureau.
- 11.6.6 All Users shall adopt reasonable procedures to ensure that all Credit Information is kept confidential.
- 11.6.7 All Users shall utilize the Credit Information collected solely for permissible purposes set out in these guidelines.
- 11.6.8 Each User shall have its own credit decision-making rules. The Credit Information and other services provided by the Credit Bureau shall be considered as one of the tools for a credit risk decision process, but the decision shall not be made solely on the basis of the Credit Information obtained from the Credit Bureau.

11.7 Responsibilities and Duties of Credit Bureau:

A Credit Bureau shall –

- 11.7.1 Implement strict data quality control procedures to ensure the quality of its database and the continuity of its services.
- 11.7.2 Appoint external auditor for both technology and financial audit of the organization on annual basis.

- 11.7.3 Utilize the information collected solely for Permissible Purposes set out in these guidelines.
 - 11.7.4 Not knowingly disseminate credit or other information that contains false or misleading information.
 - 11.7.5 Adopt reasonable procedures to ensure that Data Providers can update data regularly and at least once in every calendar month.
 - 11.7.6 Adopt reasonable procedures to allow Data Providers, the Bangladesh Bank, other Credit Bureaus or Data Subjects to correct data found to be inaccurate, invalid, incomplete or out of date.
 - 11.7.7 Provide Bangladesh Bank, unrestricted access to all the Credit Information managed by the Credit Bureau, either through access to its systems or in a manner stipulated by the Bangladesh Bank, for the purpose of supervision.
 - 11.7.8 Observe, through its shareholders, Directors and Officers, policies and procedures, a perpetual duty of confidentiality regarding the Credit Information in its database.
 - 11.7.9 Shall not transfer, directly or indirectly, physically or otherwise any database, or provide access to any database containing Credit Information to any person or entity other than the Bangladesh Bank. Where the Credit Bureau needs to give access to its database to consultants and technical partners for the purpose of creating or designing products or any other legitimate purposes, such consultants and technical partners shall be contractually bound to observe the duties of confidentiality imposed on the Credit Bureau under these guidelines and shall enter into agreements accordingly.
 - 11.7.10 Ensure that all Users and Data Providers that are not statutorily under the regulatory purview of the BB are contractually bound to the duties and responsibilities of Data Providers and Users specified in these guidelines.
 - 11.7.11 Credit Bureau must adopt reasonable procedures to ensure that they can update data regularly and at least once in every calendar month.
 - 11.7.12 Credit Bureau must have reasonable and accessible Dispute Resolution Processes and procedures to allow Data Subjects to correct data found to be inaccurate, invalid, incomplete or out of date.
 - 11.7.13 Credit Bureau must have a credit scoring method approved by BB at the time of application submission for licensing purpose by the relevant credit bureau.
- 11.8 Unless any willful negligence on the part of Data Providers and Credit Bureau has been established, they shall not be held responsible for any decision made by the users of credit report.
- 11.9 Nature of data collected by Credit Bureau and Data Retention Period:

- 11.9.1 A Credit Bureau must maintain a Credit File on each Data Subject which, if available, should contain, at a minimum the Data Subject's personal and credit data including:
- a) Personal Historical Data:
 - i. Natural Person: They include the name, nationality, photograph, date and place of birth, identification documents, present and past addresses in the last three years, profession, details of present and past jobs in the past three years, spouse name in addition to any other data that meet the requirements of the Credit Bureau.
 - ii. Legal Persons: They include the name, legal status, shareholding structure, shareholders holding ten percent and above of the paid-up capital, company registration certificate and any other information that meet the requirements of the credit bureau.
 - b) Credit Data: It includes loan value and/or authorized credit limit, the outstanding balances, type of facility or product, maturity date, outstanding installments due and types of collaterals offered in addition to any other information that meet the requirements of the Credit Bureau.
 - c) Payment Habits: These are historical data for a minimum of five preceding years, reflecting the extent to which clients are regular in meeting their commitments on due dates and they include:
 - i. Positive information: Information that reflects the clients' payment of obligations on due dates.
 - ii. Negative information: Information related to clients' delinquencies including payment delays, irregularities, dishonored cheques and bills, defaults, court sentences, seizures, protested bills of exchange, insolvency and bankruptcy.
 - d) Public Record Information: Information available in public records including civil, commercial, real estate, court registries, the police, utilities, etc.
 - e) Inquiries made to the credit file: It includes the User's name, business, and date of inquiry. The credit file should not contain data related to affiliation to a political party or other general organizations, religious beliefs, or health conditions.

11.9.2 A Credit Bureau shall -

11.9.2.1 Maintain a database for a period of at least twelve years for each data subject. Among the total database, Credit Bureau will be responsible to provide one-year old data immediately to User if requested through proper channel. Credit Bureau is allowed to take at most seven working days to provide more than one-year old data to the user.

11.9.2.2 Implement procedures and systems that ensure that the Credit Information in its database is updated on an ongoing basis.

11.9.2.3 Update its database as and when information is provided by the data collection sources. The information shall be updated on a regular basis and as often as may be required in standardized formats/procedures.

11.10 Maintenance of Data Integrity and Security

11.10.1 A Credit Bureau shall take the reasonable security and control measures in order to avoid unauthorized access or improper use or mismanagement of information in its database by its staff, contractors, and technology partners, Users, other Credit Bureaus, Data Providers or Data Subjects.

11.10.2 A Credit Bureau shall not request, collect or share Credit Information, other than as permitted in these guidelines.

11.10.3 All data collected by a Credit Bureau on a Data Subject must be aggregated and the resulting Credit Information must only be made available on request to Users or the Bangladesh Bank for Permissible Purposes.

11.11 Fees and Charges

11.11.1 A Credit Bureau may charge fees for its services. Such charges shall continue to be approved by the BB pending the issuance of the guidelines to Credit Bureau Charges or instructions issued by BB.

11.11.2 Data Subjects shall have access, free of charges, to a copy of their Credit Report once per year or at a time when an adverse action has been taken by a User.

SECTION 12 – CUSTOMER DUE DILIGENCE

In order to provide better user experience, Credit Bureau shall make their user-onboarding process digital. Besides, they should also consider the security aspects in this regard.

SECTION 13 - INTEROPERABILITY

All the licensed Credit Bureaus shall be interoperable and connected to each other. Data shall be shared with other Credit Bureau based on the points mentioned in the already signed agreement between both parties and in exchange of a previously agreed fee.

SECTION 14 - RIGHTS OF DATA SUBJECT

- 14.1 The Credit Bureau will not impose any fees or charges on the Data Subject for providing any information to the Credit Bureau.
- 14.2 A Data Subject shall, upon production of satisfactory identification and payment of stipulated fee, have unhindered access to inspect his or her Credit Information at any Credit Bureau.
- 14.3 Where the Data Subject believes that the information contained in the database is inaccurate, incomplete or out of date, he or she may request the Credit Information to be corrected.
- 14.4 Any entry or statement confirmed as inaccurate or incomplete by the Data Provider shall be remedied within five working days from the date of receiving notice from the Data Provider.

SECTION 15 - DISPUTE RESOLUTION AND COMPLAINT HANDLING

- 15.1 All Credit Bureau and Users shall establish readily accessible processes and procedures, supported by a Complaint Resolution Unit to handle all complaints or disputes in respect of its data or operations.
- 15.2 For the duration of the investigation resulting from a complaint or dispute, the Credit Information in the Credit Bureau must indicate that the Credit Information is under dispute.
- 15.3 Where there are Legal Liabilities or cost arising from inaccurate data, because of illegal activity, gross negligence or reckless behavior, the Data Provider or the Credit Bureau shall be liable, depending upon their degree of culpability.
- 15.4 If a party to a dispute is not satisfied with the outcome, that party has the right to appeal to BB which shall establish readily accessible processes and procedures, supported by a Complaint Resolution Unit to handle all complaints or disputes. The determination of BB shall be deemed final but an unsatisfied party has the right of recourse to an appropriate court in Bangladesh.

- 15.5 The Credit Bureau shall render monthly reports on all disputes and complaints to the Bangladesh Bank in a format approved by the Bangladesh Bank.
- 15.6 Any dispute, contrary, claim arising out of, or relating to Credit Bureau-related transaction, shall be settled between the parties and if settlement is not reached, the dispute shall be referred to BB for arbitration.
- 15.7
- (i) A Credit Bureau may file a claim against the Data Provider whenever it is held liable for any incorrect, incomplete or out-of-date information.
 - (ii) Users of Credit Information provided by a Credit Bureau shall be held liable in the event of wrongful or fraudulent use of the Credit Information, or if the Users cause material damage to the Data Subject's financial reputation.
- 15.8 The Bangladesh Bank may, at any time, request information from Credit Bureau, Users, or Data Providers in order to evaluate complaints, accusations or inconsistencies detected related to the operations of a Credit Bureau or a User or Data Provider.

SECTION 16 - OPENING AND CLOSURE OF CREDIT BUREAU OFFICES

- 16.1 A Credit Bureau must obtain approval of the BB before opening, relocating or closing its office.
- 16.2 Such opening or closure of office by a Credit Bureau must be approved by the Board of Directors in accordance with its business plan.

SECTION 17 - SUBMISSION OF RETURNS AND AUDITED ACCOUNTS TO THE BB

- 17.1 Every Credit Bureau shall submit details of its activities according to the specified format to BB on a quarterly basis.
- 17.2 All Credit Bureaus shall submit their Audited Financial Statements not later than two months after completion of the financial reporting period. On special cases, BB may extend the submission date by two more months if it deems necessary.
- 17.3 BB, as part of its supervisory functions of the activities of Credit Bureau, shall have unrestricted access to the database and records of all licensed Credit Bureau in Bangladesh.

SECTION 18 – COMPLIANCE WITH THE GUIDELINES

- 18.1 Credit Bureau, Users and Data Providers must comply strictly with the provisions of these guidelines. However, in case of confirmed contravention, BB shall apply appropriate sanctions on the Credit Bureau and Data Providers that operate under its regulatory purview.
- 18.2 Where a Credit Bureau, through its shareholders, Directors or Officers illegally discloses any Credit Information, before or after its dissolution, the responsible party is liable to pay a penalty of Five Hundred Thousand Taka only and in the case of a continuing offence, additional fines will be imposed as deemed appropriate by the Bangladesh Bank.
- 18.3 In the attainment of its corporate purpose and the performance of its activities, a Credit Bureau shall comply with any directives issued by the BB.
- 18.4 The Board of Directors of a Credit Bureau, Data Provider or a User is responsible for ensuring compliance and internal dissemination of these guidelines.

SECTION 19 - DISSOLUTION, LIQUIDATION AND REVOCATION OF LICENSE

A Credit Bureau must have a defined exit policy.

- 19.1 Where a Credit Bureau is to be dissolved and liquidated, it shall notify BB in writing three months prior to the date of its final application to BB and the final application needs to be accompanied by the following documents:
 - 19.1.1 A copy of the minutes of the extraordinary meeting of shareholders in which the agreement to dissolve was recorded.
 - 19.1.2 Financial Statements as of the date the agreement to dissolve was made, as well as a report from the auditor appointed by the BB for that purpose.
 - 19.1.3 A sworn statement from the CEO specifying outstanding obligations (if any).
 - 19.1.4 Evidence of appointment of a liquidator.
 - 19.1.5 Evidence of court order if necessary.
 - 19.1.6 The BB shall on receipt of notice of dissolution or liquidation conduct an investigation of the Credit Bureau.
- 19.2 The Official Receiver or Liquidator of the Credit Bureau shall comply with the decision of the BB with regards to the management and control of its database on dissolution.

- 19.3 The Official Liquidator of a Credit Bureau shall deliver its database containing Credit Information to the BB in the form, and upon the terms and conditions stipulated by the BB.
- 19.4 A Credit Bureau License is valid until revoked by the BB. The BB may revoke a Credit Bureau License if it is satisfied that:
- i. There have been substantial unaddressed violations of these guidelines.
 - ii. The Credit Bureau is insolvent.
 - iii. It is in the public interest to do so.