

# A Cutting-Edge Platform to Drive Economic Transformation OIC BUSINESS INTELLIGENCE CENTRE (OBIC)

## **Topic: Global Legal Regimes on Data Sharing and Privacy: OBIC In Perspective**



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#### **OBIC and Data Relevance**

- The OIC Regions credit information system lags global standards.
- International practices in regulation of credit reporting vary greatly around the world.
- Our aim is to summarize the key aspects in regulation of credit reporting and its implications for development of credit markets and consumer protection.



#### **Data Sharing and Privacy**

- Digitalization and free flow of information has transformed global business
- Privacy and data-protective measures have become a paramount consideration for business organizations in response to ensuing frequent and highly publicized data breaches.
- It is important for companies to understand the security safeguards and regulations in place to protect their privacy and data.
- Increased opportunities have come new and increased risks, together with complex legislative regimes that vary significantly by jurisdiction and are constantly evolving.

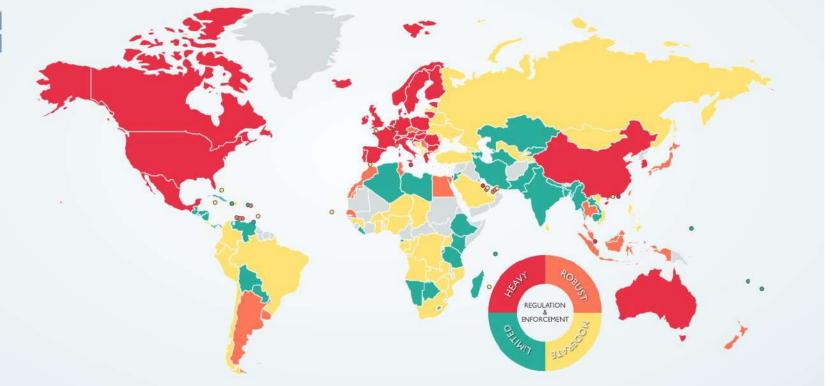


#### **Broad Issues of Credit Data**

- Goals of credit reporting
- Importance of credit reporting for lending to individuals and SMEs.
- Information on individuals versus information on firms.
- Balancing privacy protection and effective information sharing.



#### **Global Data Regulation Map**



Source: DLA Piper Intelligence



#### **Global Data Protection Regimes**

- The **General Data Protection Regulation** (GDPR), which was implemented by the European Union (EU) in 2018.
- The **California Consumer Privacy Act** (CCPA), which was signed into law in California in 2018, and came into force in 2020.
- **APEC Privacy Framework** by the Asia-Pacific Economic Cooperation.
- Privacy by Design Framework by the International Association of Privacy Professionals (IAPP) to embed privacy considerations into the design of products and services.
- The **Organization for Economic Cooperation and Development** (OECD) has also developed guidelines for the protection of personal data, which provide a framework for the collection, use, and protection of personal data in a global context.



#### Legal Requirements for Credit Reporting..1

- 1. Legal framework for credit reporting: (i) these covers regulations concerning bank secrecy (ii) data protection law (iii) consumer protection; (iv) fair credit granting and consumer credit regulations; and (v) provisions regarding privacy and personal or corporate secret in existing laws.
- 2. Scope of the law: usually no restrictions on collection of information from public sources such as court records, bankruptcy filings etc.
- **3. Limits on the time period information** is stored and distributed; International best practice is to establish time limits on the length of the credit history record available to a lender.



#### Legal Requirements for Credit Reporting..2

**4. Data processing systems and data safety.** In most countries there is a tendency to rely on industry self-regulation for ensuring data safety. Data protection authority may require a credit bureau to present the results of an independent audit of data security systems to certify compliance with the standards set by the law.

**5. Data collection – notification**. In several European countries data protection law requires notification of data subjects regarding the information transfer to a credit registry.

**6. Disclosure of credit report – purposes.** Defining a set of legitimate purposes is the key aspect in ensuring privacy and authorized access to the data



#### Legal Requirements for Credit Reporting..2

**7. Credit report disclosure – consent.** In many countries, law requires consent of an individual to authorize issuance of a credit report by a credit registry.

**8. Consumer protection.** A mechanism for non-judicial dispute resolution. Procedures should be in place to facilitate challenges to erroneous data.

**9. Consumer outreach and education.** The role of credit reports is often misunderstood by consumers. People seldom think about or review their credit report until they have a problem so the association, they have with credit reports is often a negative one.



### Conclusion

- The overall legal and regulatory framework for credit reporting should be clear, predictable, non-discriminatory, proportionate and supportive of data subject/consumer rights.
- The legal and regulatory framework should include effective judicial or extrajudicial dispute resolution mechanisms.
- The architecture of OBIC takes into considerations these key requirements to provide cross-border credit data sharing and transfers.



#### **OBIC PARTNERS**



## Thank you