

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.

- 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