

Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



SPI Project on the Expansion of the Credit Bureau Services

Project Objective

A recommendation to the banking industry in support of a Protocol for positive information sharing.

Project Management Team

Project Owner (PO): Steven Cornelis van Gornigen, President, Raiffeisen Bank

Project Manager (PM): Jianu Lazar, Director, Raiffeisen Bank

Deputy Project Manager (DPM): Serban Epure, General Manager, Credit Bureau

Minutes

Third Meeting

November 17 2006 – SPI Office

Attendees: PLEASE VERIFY & COMPLETE, thanks!

PM – Jianu Lazar

DPM – Serban Epure

PWG members:

Lucia Stefan

Daniela Barbu

Ana Costea

Stefano Stoppani, IFC Expert and SPI Project Technical Anchor

SPI Secretariat: Ramona Bratu and Oana Nedelescu

Agenda

1. Presentation by Stefano Stoppani, IFC Expert and SPI Project Technical Anchor;
2. Topics discussed by the Working Group:
 - 2.1. Negative Banks;
 - 2.2. National Authority for Supervision of Personal Data Processing;
 - 2.3. SPI Committee;
 - 2.4. RBA;

- 2.5. Positive Banks;
- 2.6. Credit Bureau;
- 2.7. SPI Committee Actionable Paper.

3. Next Meeting

1. Presentation made by Stefano Stoppani, IFC Expert and SPI Project Technical Anchor

Outlined the **key findings** of the interviews held with market participants and authorities last week:

- “Positive sharing is good, but not a (technical) priority for our bank right now” (some Banks)
- “We are very much in favor of positive information, but will not openly engage resources to support the project until we have the final regulation of the DPA” (NBR, Dir. Regulation)
- “Thank you for sharing with us international experiences on the importance of Credit Bureaus. We would like to here the opinion of the Romanian financial system” (DPA)
- “Overall, the lack of adequate information infrastructure coupled with aggressive lending strategies of banks is a recipe for potential economic and financial disaster!” (Stefano Stoppani)

Made the following **recommendations**:

- **DPA:**
 1. WB/SPI to follow up the meeting with a Summary letter and documentation
 2. United Banking sector + NBR to meet with DPA as an immediate follow up to our meeting
 3. BC to explore CB association with Experian (and maximise the latter’s availability of expert Lawyers with long-term exposure to the applications of EU directives)
- **NBR:**
 1. WB/IFC to share int’l examples of regulations
 2. Study Tour to best practice experiences
 3. Support to drafting of Regulations
- **Banks/Lenders:**
 1. Roundtable with Banks & other Lenders (decision makers) to share int’l and Romanian experiences (ideally after the DPA will have admitted positive sharing in principle)
- **Biroul de Credit:**
 1. Focus development of activity on “lowest hanging fruits”
 2. Be proactive with reluctant members with “retrospective analysis” on limited samples
 3. Evaluate options to make banks’ life easier by simplifying the IT impact
 4. Implement CoC/Compliance Committee to avoid alibis of lenders/DPA and give image of best practice operational framework
 5. Build partnership with expert Scoring Company! Cannot reinvent the wheel and should benefit from int’l experience in maximizing the data value and

market strategies (IFC can engage in Technical Assistance project – on a cost-recovery basis - to support BC select the right partner).

- **All Stakeholders:**

1. National outreach event/conference with int'l case studies and speakers, on positive/ full bureau experiences (IFC could involve Visa International, contribute to the agenda and with speakers)

2. **Discussions of the working group were centered on the following aspects:**

- 2.1. **Negative banks**

- a. Necessity to bring in the working group representatives of negative banks in order to ensure that a consensus is reached among all relevant stakeholders. Mr. Epure will ask Ms. Daniela Cojocaru from BRD whether she is willing to join the group; Oana will contact person from HVB Locuinte who was willing to join the group; Oana will also provide Stefano with the name of the new BCR Vicepresident for Retail.
 - b. Discussions with Finansbank and Banca Transilvania
Mr. Epure will schedule meeting with the two banks representatives to be held during the week November 20-24.

- 2.2. **National Authority for Supervision of Personal Data Processing**

Oana and Stefano will send a follow up letter to NASPDP to summarize the discussions, provide additional documentation (technical documents on positive info sharing) and offer assistance for additional clarifications. The project working group members also proposed the setting up of a mix (banks-authorities) consultation working group that could assist the NASPDP in redrafting the proposed decision. Jianu could raise the problem with Mr. Van Groningen and this proposal could be discussed at the next RBA Board Meeting (to be held on Tuesday, November 20, 2006).

- 2.3. **SPI Committee**

Oana will draft a letter to be sent by Mr. van Groningen as Project Owner to SPI Committee to outline the need for NBR to step in and issue a regulation to promote positive info sharing. The letter will be accompanied by a proposal for technical assistance for drafting the regulation, to be provided by IFC (prepared by Stefano).

- 2.4. **RBA**

Jianu will inform Mr. Van Groningen about the latest developments of the project and will stress the need for a concerted action by all stakeholders, including the banking community, through RBA. Mr. van Groningen could propose a discussion on the matter at the next RAB Board Meeting.

- 2.5. **Positive Banks**

Lucia and Daniela will prepare a centralized document to outline a common position to support the Phase II implementation (from the perspective of positive banks). Oana will provide input on international experience.

2.6. Credit Bureau

Mr. Epure will circulate the study on the operations of credit bureaus around the world (prepared by ACCIS).

Lucia and Daniela will provide the Credit Bureau with a common list of technical problems encountered by positive banks in implementing the Phase II by end of Week 20-24 November.

Following the letter regarding the technical problems encountered, Credit Bureau will mobilize Siveco in order to solve the problems raised by banks.

Solving the technical issues is important for providing to the new participant to Phase II the comfort of a smooth integration and utilization of the system.

Credit Bureau should also think on how to provide assistance to banks joining Phase II.

2.7. SPI Committee Actionable Paper

Jianu and Oana will prepare an outline of the SPI Committee paper to be presented at the next SPI Committee meeting, in December. The outline will be discussed at the next project working group meeting.

3. Next meeting

Proposal: Friday, November 24, 2006, 9:30, Credit Bureau.