

# Convergence Romania Financial Sector Modernization

## Special Projects Initiative Public-Private Steering Committee



Bucharest, March 28, 2007

**Ms. Dana Demetrian**  
**Director, Risk and Products Management Department**  
**Banca Română pentru Dezvoltare S.A. – Groupe Société Générale**  
**Bucharest**

**Mr. Arion Negrilă**  
**Director, Risk Management Department**  
**Banca Comercială Română S.A.**  
**Bucharest**

Dear Ms. Demetrian and Dear Mr. Negrilă,

### *Positive credit information reporting – implementation phase walk through*

We would like to follow up on the letter that the SPI Committee Members – Mr. First-Deputy Governor Florin Georgescu and Mr. President Radu Gratian Ghetea have addressed to your banks' CEOs on January 16, 2007 on the expansion of positive credit information sharing.

We understand that your banks are currently considering starting reporting positive credit information, in line with the recent Governor Isarescu's recommendation that banks dispose of a complete image of the individual borrowers' level of indebtedness and with the discussions held in the RBA General Assembly meeting.

In order to better inform you, we thought that it would be useful to give you some useful background on the implementation phase of positive credit information reporting, prepared by the Credit Bureau. As you can see from the attached memorandum, the Credit Bureau expects that by the end of 2007, the positive information about borrowers could cover about 83 percent of the total retail market.

The Credit Bureau stands ready to clarify any remaining implementation aspects with you.

Ramona Bratu  
SPI Director for Bank Products  
and Services

Best regards,

Oana Nedelescu  
SPI Director for Analytics  
and Policy

cc: SPI Committee Members (Mr. Florin Georgescu, First-Deputy Governor, National Bank of Romania; Mr. Radu Gratian Ghetea, President, Romanian Banking Association); Mr. Serban Epure, General Manager, Biroul de Credit.

#### **SPI Committee Secretariat:**

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***Positive credit information reporting – implementation phase walk through***  
**Memorandum prepared by the Credit Bureau**

**I. Main requirements for the IT systems and other operational procedures needed for joining positive information sharing**

**a. *adoption of Metro 2 Standard***

In this phase, the Credit Bureau provides the following support: Appendix G provided to the participants which report positive data is the Romanian adapted version of Metro 2 Standard.

**b. *design of bank-specific application to ensure communication between bank and the Credit Bureau and internal testing***

In this phase, the Credit Bureau provides the following support:

- Training for end-users, in order to ensure the proper utilization of the system at all levels. The courses are developed on two components (business and IT) for each category of end-users, in order to address their specific needs in utilization of the system or part of it;
- Documentation for applications usage, such as: users' manuals for each category of end-users; data flow document, describing the data collection and transmission.

**c. *end-to-end testing***

In this phase, the Credit Bureau provides a fully operational test environment where each interested participant can test the data generated by its own software.

In addition, the Credit Bureau provides ongoing support to positive credit information reporting banks, as follows:

- System facility for bulked inquiries in batch mode with audit trail;
- Files models, detailed in the forms used in the transmission; document describing the API inquiries (server to server);
- Debug and solve specific errors appeared during the tests;
- Special cases for testing the integration of the Credit Report in the banks credit/scoring application.

**II. Output from joining positive information sharing**

The following information will become available once banks join positive information:

- Borrower's exposure with banks;
- A 5 year full history of the borrower;
- Improvement of the credit history profile' assessment (6 categories for past due amounts; sending to collection);
- Special comments related to the account status;
- Statistical monthly reports on positive data (when this type of data will be provided by the majority of the participants).

If BCR and BRD join positive information reporting, the Credit Bureau positive data about bank borrowers will cover 68 percent of the retail market. Another four banks (accounting for 15 percent of the retail market) are considering sharing positive information in a short period of time. Therefore, ***by the end of 2007 it is expected that the positive information available could cover about 83 percent of the market.***