

GUYANA

No. CB1 of 2011

**GUIDELINES****Issued Under****CREDIT REPORTING ACT****(Cap. 84:01)**

**IN THE EXERCISE OF THE POWERS CONFERRED UPON THE BANK BY SECTION 33 OF THE CREDIT REPORTING ACT, THE BANK MAKES THE FOLLOWING GUIDELINES:-**

These guidelines may be cited as the Credit Bureaus Licensing, Fees and Costs of Inspection Guidelines No. CB1, 2011.

**A. CRITERIA FOR LICENSING OF CREDIT BUREAUS**

The following criteria shall be considered by the Bank in evaluating an application to be licensed as a credit bureau.

**1. Qualifications of major Shareholders, Directors, Officers and Officials**

The Bank must be convinced that the applicant satisfies the fit and proper criteria by evaluating the personal history, business or employment records, experience and other background information of all major shareholders, directors, officers and officials. The qualifications of these persons should be at a level which will enable them to conduct business competently, competitively, and with integrity.

**2. Overall strategy**

The overall strategy of the applicant for succeeding in the market must be conceived and developed into an organized five-year business plan complete with operating policies,

procedures, continuity plan, ownership, governance and management structure. This plan shall take into account projected activities, existing and potential competitors, anticipated problems as well as possible remedies, and other elements that will affect the growth and projected performance of the proposed credit bureau.

### **3. Capital Adequacy**

The level of capital is important to ensure the long term viability and on-going stability of the proposed credit bureau. According to a five-year business plan, capital at a minimum should satisfy the amount prescribed by the Credit Reporting (Licensing) Regulations 2011 and must be adequate to support investments and projected volume and type of services in a competitive environment. The source of the initial capital and the availability of additional capital, should this be necessary in the future, will be considered.

### **4. Ownership Structure**

- 4.1 Control of a credit bureau by a board of directors representing a broad range of shareholders is desirable.
- 4.2 Investment by a credit information provider and/or its subsidiaries in a credit bureau shall not exceed 10% of the total paid-up capital of the credit bureau.
- 4.3 The ownership of the credit bureau shall be restricted to a maximum of 49 percent by the credit information providers. Ownership directly or indirectly, by the owner of another licensed credit bureau shall not be viewed positively.

### **5. Effective Supervision**

- 5.1 A credit bureau's board of directors and senior management are responsible for ensuring that the credit bureau has appropriate risk management processes and effective internal controls, to prevent any disruption in its business and to protect the data or information in its custody, possession or control from loss, misuse, unauthorized access or use, modification or unauthorized disclosure.
- 5.2 The applicant should reasonably ensure that there will be no factors which may inhibit effective supervision such as insufficient, inadequate, or unavailability of information and lack of transparency in the group to which the applicant may belong. The Bank of Guyana shall have access to all books, accounts, records, contracts, minutes of meetings, and any other documents, electronic data and any other relevant information in the possession or control of a credit bureau, of any director, officer or employee of the credit bureau, or of related parties.

### **6. Licensing Procedures**

#### ***Preliminary steps***



- 6.1 The applicant is required to attend a preliminary conference with the Bank of Guyana after the latter's initial review of the Request for Proposal (RFP).
- 6.2 The preliminary conference will provide the applicant with an overview of the law, guidelines, and regulations, particularly on the applicable minimum paid-up capital requirement, and other licensing prerequisites. The criteria for evaluating an application shall likewise be explained.
- 6.3 If the applicant reasonably establishes capacity and seriousness of intent to proceed with the proposed establishment of a credit bureau, the Application Form (Form I) contained in the Credit Reporting (Licensing) Regulations 2011 should be completed and submitted.

## **7. Application Form**

- 7.1 The Bank of Guyana shall require separate Information Sheets for each major corporate shareholder, subsidiary and affiliate. All prospective major individual shareholders, directors, officers and officials shall submit duly completed Personal Declaration Sheets. A shareholder (whether corporate or individual) with holdings of 5% and above shall be considered to be a major shareholder.
- 7.2 Any clarification on the completion of the forms and other documentary requirements as well as on other aspects of the licensing process may be requested from the Bank of Guyana.
- 7.3 Supporting documents and other requirements shall be as of a date not earlier than ninety days prior to the filing of the application, except for audited financial statements which shall pertain to the most recent annual or interim audit.
- 7.4 Completed forms are to be submitted to the Bank of Guyana. No section in the forms shall be left blank. Place "Not Applicable" or "None" as appropriate. If the space provided in format is not adequate, the required information or data needed may be annexed. Reference shall be made in the pertinent section of the form by placing the words "Refer to Annex\_\_\_\_\_".

## **8. Processing of application**

- 8.1 Material changes, such as in the composition of major shareholders, directors, officers, and capital structure while the application is being processed shall be duly communicated to the Bank of Guyana.
- 8.2 A notice of the issuance of the licence shall be published on the website of the Bank of Guyana, in addition to the other forms of notification provided under section 6(10) of the Act.

## **9. Start of Operations**

- 9.1 The licensed credit bureau shall notify the Bank of Guyana of its opening date at least thirty days before start of operations.
- 9.2 Within thirty days from start of operations, the licensed credit bureau shall submit an updated Information Sheet and Personal Declaration Sheets for directors, officers and officials if any changes have occurred since the licence was granted.
- 9.3 Updated Information Sheets or Personal Declaration Sheets of all persons required to complete these forms shall thereafter be submitted to the Bank of Guyana within fifteen days from the occurrence of any material change in the information previously submitted.
- 9.4 No major change or addition to the line of business or principal activities conducted by a licensed credit bureau shall be effected without prior approval of the Bank of Guyana. The development of products and services such as scoring or application processing is considered a component of the core business of the credit bureau and does not apply here.

#### **B. FEES AND COSTS OF INSPECTION**

The fees and costs charged by the Bank under section 8(4) of the Act for any inspection conducted on a credit bureau shall be governed by the following guidelines.

1. The fees for conducting a general inspection on a credit bureau by the Bank shall be assessed based on the actual hours spent on-site multiplied by the hourly rate for inspectors which rate would be the rate applicable to the licensed depository financial institutions at the time of inspection in addition to any related travel and per diem charges.
2. The Bank shall specify not later than July 1 of each year, the hourly rate for inspectors applicable for the succeeding calendar year in a notice to be sent to all credit bureaus.
3. An assessment for inspection fees shall be made by the Bank at the close of the inspection. Payment of the inspection fees shall be made to the Bank within ten working days from receipt by the credit bureau of the assessment.
4. Where a special inspection is conducted by one or more than one persons appointed by the Bank, the credit bureau inspected shall reimburse the costs incurred by the Bank based on the actual amount charged by the appointed person.

5. The Bank shall advise the credit bureau of the cost for the special inspection at the onset of the inspection. Payment of the inspection cost shall be made to the Bank within ten working days from receipt of the notification.
  
6. After an inspection is conducted, the Bank, within a reasonable time, shall submit a report of inspection to the credit bureau.

Made this 13<sup>th</sup> day of October, 2011.



Governor of the  
Bank of Guyana.