

A BILL

FOR

AN ACT TO PROVIDE FOR LEGAL FRAMEWORK FOR CREDIT BUREAU SERVICES; AND FOR OTHER MATTERS CONNECTED THEREWITH

Sponsored by Senator Rafiu Adedayo Ibrahim

[] Commencement

BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria as follows:

1 PART I - ESTABLISHMENT OF THE CREDIT BUREAU REPORT SCHEME

2 1.-(1) This Act may be cited as the Credit Bureau Reporting Bill, Citation
3 2016.

4 (2) This Act shall have effect from the day it is signed into law.

5 2. This Act is based on the principles of: Basement of the Act

6 (a) Opening up credit facilities to a larger population of Nigerians
7 through consumer credit rating system;

8 (b) Producing effective Credit data-base to determine the credit
9 worthiness of individual accessing credit in our financial system;

10 (c) Qualifications for establishment of a credit bureau;

11 (d) Fair credit reporting guideline.

12 PART II - GUIDELINES FOR THE OPERATIONS OF CREDIT BUREAUS

13 3.-(1) Save as may otherwise be provided in this Act, a company
14 shall only be licensed to operate as a Credit Bureau by the Central Bank: of
15 Nigeria upon satisfaction of the following conditions and other guidelines as
16 may be released from time to time by the Central Bank of Nigeria: Guideline for operations

17 (a) A company duly incorporated in Nigeria in accordance with the
18 provisions of the Companies and Allied Matters Act of 1990 as amended and
19 any other relevant law in force for the time being;

20 (b) The company shall have a minimum paid up capital of
21 N50,000,000 (Fifty Million Naira only);

1 (c) The company shall have offices in all the states of the federation or
2 have working relationship with local credit bureaus in the case of National
3 Credit Bureaus;

4 (d) The company shall comply with guidelines and directives that
5 shall be issued by the Central Bank of Nigeria from time to time either prior to
6 or after grant of license to practise by the Central Bank of Nigeria;

7 (e) Consent of customers shall be a condition precedent to issuance of
8 credit information to prospective employers;

9 (f) Unemployed persons shall obtain credit reports free from the
10 Credit Bureaus.

11 (2) In accordance with the principle of Federalism State Governments
12 may make laws for operations of Credit Bureaus within each state subject
13 however to issuance of licenses based on such laws by the States Ministry of
14 Trade or Commerce.

15 PART III - FUNCTIONS OF CREDIT BUREAUS

Functions of
credit bureaus

16 4. Credit Bureaus Shall:

17 (a) Create a credit infrastructured database,

18 (b) Access information from users stated below:

19 (i) Banks;

20 (ii) Micro-Finance Institutions/Mortgage Institutions;

21 (iii) Auto equipment and other finance companies;

22 (iv) Leasing Companies;

23 (v) Mortgage institutions;

24 (vi) Insurance companies;

25 (vii) Institutions offering finance for medium, small and micro
26 enterprises;

27 (viii) Cooperative Societies;

28 (ix) Credit issuing Petrol/Gas Filing Stations;

29 (x) Any other institutions that may be licensed to engage in the
30 business of lending from time to time.

1 (c) Collate such Credit Information;

2 (d) Maintain such data-base in order to analyse and determine the
3 credit worthiness of customers to Credit Institutions;

4 (e) Ensure accurate ratings of customers to guarantee reliability of
5 reports;

6 (f) Rate Credit performance in categories A for excellent 'B' for
7 Good 'C' for fair, 'D' for poor and 'E' for very poor in accordance with the true
8 reflections of the agreed payment terms;

9 (g) Release the credit reports to credit agencies, employers and
10 related bodies without offering opinion on whether or not the credit or job
11 which is the basis for issuance of such credit rating should be granted or
12 declined;

13 (h) Shall jointly provide a link system with financial institution for
14 easy exchange of Data;

15 (i) The Bureaus shall delete negative information immediately
16 upon liquidation of the loan by the customer;

17 (j) The Credit Bureaus shall not include information relating to sex,
18 race, colour religious issues either in its questionnaires or in the credit
19 reports.

20 **5.-(1) The operations of the Credit Bureau shall cover:**

21 (a) Natural persons;

22 (b) Corporate entities who have existing credit request and or
23 relationship with users.

24 (2) Only legal entities with credit and employment issues related
25 basis shall be entitled to request for information from the Bureau save
26 individuals who solely requires personal credit information and data for
27 update, correction and clarification. Provided that those qualified under this
28 section to request for credit information shall be known and referred to as
29 'users'.

Scope of Credit
Bureaus
Operations

Restriction of
usage of Credit
Information

- 1 (3) Usage of Credit Bureaus information shall be limited to the
2 following:
3 (a) In response to court order;
4 (b) to persons who require the details in respect of a credit transaction;
5 (c) to any organisations who requires the usage of the details for
6 employment purposes;
7 (d) to organisation who requires the details in respect of contract of
8 insurance;
9 (e) (b), (c), (d) can only be entertained upon consent of the individual
10 whose credit information is to accessed.

Powers of the
Central Bank
of Nigeria

- 11 PART IV - POWERS OF THE CENTRAL BANK OF NIGERIA
12 6. The Central Bank of Nigeria (CBN) shall have powers to:
13 (a) Make regulations for the operations of the Credit Bureau system in
14 line with this Act;
15 (b) Review and monitor the activities of the Bureau, and users;
16 (c) Issue guidelines for operation of Credit Bureaus system;
17 (d) Issue licences to qualified Credit Bureaus in line with the
18 provision of this act;
19 (e) Obtain annual reports of credit ratings of corporate entities from
20 Credit Bureaus for appraisals and interventions when necessary;
21 (f) Revoke licences issued to Credit Bureaus for failure to comply
22 with the provisions of this Act and or other guidelines as may be issued from
23 time to time by CBN:
24 Provided however that prior to revocation of the licence of any Bureau, on non-
25 compliance, the CBN through the Governor shall issue not less than three
26 notices of breach committed by the Bureau, failure to rectify such breaches
27 shall result in suspension or revocation in the case of constant breach of the
28 provisions of this Act of the Bureau's operating licence.
29 (g) Approve forms, and other documents that shall govern the
30 relationship between the Bureaus, customers and other relevant parties;

1 (h) Specify and inspect the Information Communication
2 Technology department of the Credit Bureaus system to ensure reliability,
3 backup and security of credit data;

4 (i) Inspect and ensure that the Credit Bureaus put in place
5 operational tools before final approval;

6 (j) Prepare and render returns of credit information obtained from
7 the credit bureaus to the Minister of finance for review and directives by the
8 Federal Executive Council annually;

9 (k) Set up monitoring units in the surveillance department of the
10 CBN to monitor the time of request for credit information, the period it takes
11 to render such information by the Bureaus, the accuracy of such
12 information, qualifications and competence of Bureau personnel, and
13 compliance with other rules and regulations necessary for efficient,
14 effective and successful operation of the Credit Bureaus.

15 (l) Obtain credit bureau reports from the bureaus for purpose of
16 national planning and economic stability. This should be without prejudice
17 to the individuals right to privacy.

18 PART V - FUNCTIONS OF CREDIT INFORMATION PROVIDERS

19 7.-(1) (a) From the commencement of this Act, all credit
20 information providers as outlined in section 4;

21 (b) of this Act shall obtain a duly executed mandate from their
22 credit applicants before processing credit reports;

23 (b) Executions of the mandate form as provided in subsection 7 (a)
24 shall be a condition precedent to processing of credit requests by institution
25 licensed to grant credits.;

26 (c) Upon execution of the mandate form as specified above the
27 customer shall be deemed to have consented to issuance of his credit
28 information by the Credit Bureaus to the credit Issuer;

29 (d) For the purpose of this Act the oath of secrecy governing
30 financial institutions/customer relationship is hereby waived only as it

Functions of
Credit Information
providers

1 relates to disclosure of credit information by information providers to Credit
 2 Bureaus on the one hand and issuance of Credit ratings to authorised end users,
 3 as provided for in section 5 of this Act on the other hand.

4 (2) The information provider shall send accurate credit information to
 5 the Bureaus which shall include, but not limited to the following:

6 (a) Credit Limit;

7 (b) Date of approval;

8 (c) Date of disbursement;

9 (d) Moratorium period (if any);

10 (e) Agreed instalmental payments;

11 (f) Payment schedules;

12 (g) Compliance or otherwise with payment schedules;

13 (h) Outstanding payment defaults;

14 (i) Number of letters of demand issued (if any);

15 (j) Concise history of loan approval within the last five years in case of
 16 an existing credit customer;

17 (k) Duration for which the outstanding had remained unpaid;

18 (l) Any other information that may be relevant to the rating agencies.

19 (3) The information providers shall continually update its

20 customer/clients records forwarded to the Bureaus on monthly basis in cases

21 where there is further disbursement of excess over limit, default which

22 increases the risk or repayment that reduces the credit exposure;

23 (a) The information provider shall notify the Bureau of any legal and

24 or Judicial action taken against the customer/client whether or not the

25 customer/client has positive or negative credit information;

26 (b) The information provider shall notify the customer/client of

27 negative reports from the Bureau to enable the customer/client protest, correct

28 or rectify any error or situation that might have occasioned the negative report;

29 (c) The information provider shall act on complaints from either the

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1 Bureau or the customer/client within 15 days of such complaints by the
2 (c) If the customer does not file a complaint within the stipulated 15
3 customer;

4 (d) The information provider shall ensure that only accurate
5 information is sent to the Bureau at all times, provided that the information
6 Whenever a customer complaint is being treated, credit
7 provider shall be liable in tort for loss or damage that may be suffered by the
8 Bureau and or the customer/client for failure to correct genuine complaints
9 from the Bureau/customer/client and other third parties as a result of delay
10 in correcting inaccurate credit report. Judgment debt shall always be
11 referred to the Bureau by the users.

12 8.- (a) For the purpose of this Act, users are those outlined in
13 section 4 (b) above and shall have the right to use Credit information
14 obtained from Credit Bureaus for the purpose of Credit analysis;

Obligations on
the part of Credit
Information Users

15 (b) The user shall use credit information obtained from the Bureau
16 only for the purpose for which the request was made;

17 (c) The user shall pay a fee to be determined by the Central Bank.
18 Such charges shall be passed to the customer upon approval of such credit;

19 (d) The user shall notify the Bureau of changes and substitution of
20 such officers upon resignation, retirement or redeployment of such officers;
21 (e) The user shall not alter or substitute the Bureau report for
22 whatever reasons;

23 (f) The user shall furnish customers with the name, address and
24 telephone numbers of the Credit Bureau that issue negative credit reports
25 OB customers whenever the credit request is turned down based on the
26 Credit Bureaus report.

27 9.- (a) Every customer covered by this Act shall have the right to
28 demand and be given a copy of his credit report upon payment of a fee of
29 N1,000 or as may be approved through guidelines for the operation of Credit
30 Bureaus by CBN from time to time;

Rights of
Customers/clients

31 (b) Customers dissatisfied with the accuracy of his credit report
32 shall file a complaint to that effect with the Bureau and copy the user within

1 15 days from the day of issuance of such report;

2 (c) If the customer does not file a complaint within the stipulated 15
3 days period, such credit rating shall be deemed correct except proven
4 otherwise;

5 (d) Whenever a customer complaint is being treated, credit
6 information issued during such period shall carry an addendum thus Customer
7 objection to report under investigation;

8 (e) The customer shall have his Credit Report updated immediately
9 upon determination of his complaint;

10 (j) If a credit application is denied, the customer shall be entitled to
11 demand for reason behind such denial which in any case may either be because
12 there is 'no credit file' or due to delinquent credit history;

13 (g) The customer may from time to time demand for copies of reports
14 issued out on his account upon payment of the sum of NI,000 to the originating
15 Bureau.

Contract Governing
relationship
between the Credit
Bureaus and Users
of Information

16 **10. The relationship between the Credit Bureaus and users shall be**
17 **governed by a separate agreement which shall contain the following amongst**
18 **others:**

19 (a) Non disclosure clause or confidentiality of information for parties
20 involved;

21 (b) Time frame for issuance of information to facilitate credit report;

22 (c) Time frame for issuance of credit report;

23 (d) Accuracy of information supplied;

24 (e) Other provisions as may be necessary for smooth operation of the
25 Scheme.

Changes in status
of Customer

26 **11. Once a Credit is consummated changes in the customer's status**
27 **shall not be a ground for variation of the provisions of the offer letter, if such**
28 **variation shall adversely affect the customer:**

29 **Provided that in certain cases the terms of offer shall be varied by consent of**
30 **both parties.**

1	12. Any negative report on persons shall lapse on expiration of	Duration of validity of Negative Information
2	seven years except in the circumstances listed below:	
3	(a) Report on criminal convictions shall run without limitation;	
4	(b) Report on job application for senior positions requiring a	
5	minimum qualification of first degree or its equivalent shall have no time	
6	limit;	
7	(c) Report on Bankruptcy information shall run for 10 years;	
8	(d) Report on lawsuit or outstanding judgment against the	
9	judgment debtor shall last for 10 years.	
10	13. Credit Report shall only be obtained In respect of loans of	Minimum Amount subject to Credit Bureaus Report
11	N100,000 and above.	
12	14. -(a) From the commencement of this Act, all unfair debt	Abolition of unfair Debt collection practices
13	collection practices such as issuance of threat, intimidation, harassment	
14	through law enforcement agents which include but not limited to usage of	
15	Police, Army, Navy, Air Force and other related security agents to collect	
16	debt is hereby prohibited;	
17	(b) All debt collection exercise shall upon failure by the customer	
18	to fulfill his obligation after necessary notices have been issued be referred	
19	to court for adjudication provided however that the chief judge of each state	
20	of the federation and the FCT Chief Judge shall issue special practice	
21	directions from time to time to speed up recovery of the loans;	
22	(c) All credit fraudulently obtained shall be treated as criminal	
23	offences.	
24	15. The Minister may make regulations as may be necessary or	Power to make regulations
25	expedient for giving effects to the provision of this Act.	
26	16. In this Bill except the context otherwise requires:	Interpretation
27	"Credit Bureau" means 'a Bureau licensed under this act and other relevant	
28	Legislations to carry out the business of reporting and rating consumer	
29	credit history;	
30	"CBN" means the Central Bank of Nigeria;	

Duration of validity of Negative Information	12. Any negative report on persons shall lapse on expiration of	1
	1 "Banks" means the Banks licensed under the Banks and other Financial	2
	2 Institutions Act of 1991 and includes Micro-Finance Banks;	3
	3 (a) Report on criminal convictions shall run without limitation;	4
	4 (b) Report on job application for senior positions regarding a	5
	5 to loans advances and overdrafts obtained from institutions mentioned in	6
	6 minimum qualification of first degree or its equivalent shall have no time	7
	7 section 4 (b) of this Act;	8
	8 "Natural persons" means Biological persons;	9
	9 (c) Report on Bankruptcy information shall run for 10 years;	10
	10 "Corporate Entities" means companies incorporated in Nigeria under the	11
	11 (d) Report on lawsuit or outstanding judgment against the	12
	12 companies and Allied matters Act 1990 and any other relevant laws for the time	13
	13 being in force;	14
Minimum Amount subject to Credit Bureaus Report	13. Credit Report shall only be obtained in respect of loans of	15
	15 "Users" means, institutions mentioned in section 4 (b) of this Act;	16
	16 "Court orders" means Certified True Copies of Judgements of Courts of	17
	17 N100,000 and above	18
Abolition of unfair Debt collection practices	14-(a) From the commencement of this Act, all unfair debt	19
	19 records, and Tribunals;	20
	20 "Mandate form" means account opening forms;	21
	21 collection practices such as issuance of threat intimidation harassment	22
	22 through law enforcement agents which include but not limited to usage of	23
	23 "Moratorium period" means, the interim between the time a credit is granted	24
	24 Police, Army, Navy, Air Force and other related security agents to collect	25
	25 and the time repayment commences;	26
	26 "Information provider" means the institutions mentioned in section 4 (b) of this	27
	27 (b) All debt collection exercise shall upon failure by the customer	28
	28 Act.	29
	29 to fulfill his obligation after necessary notices have been issued be referred	30
	30 to court for adjudication provided however that the chief judge of each state	31
	31 of the federation and the FCT Chief Judge shall issue special practice	32
	32 directions from time to time to speed up recovery of the loans.	33
	33 (c) All credit fraudulently obtained shall be treated as criminal	34
	34 offences.	35
Power to make regulations	15. The Minister may make regulations as may be necessary or	36
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