HONG KONG MONETARY AUTHORITY
香 港 金 融 管 理 局

Supervisory Policy Manual		
IC-6	**The Sharing and Use of Consumer Credit Data through Credit Reference Agencies**	V.7 – 12.06.26

This module should be read in conjunction with the Introduction and with the Glossary, which contains an explanation of abbreviations and other terms used in this Manual. If reading on-line, click on blue underlined headings to activate hyperlinks to the relevant module.

Purpose

To specify the minimum standards that AIs should observe in relation to the sharing and use of consumer credit data through credit reference agencies.

Classification

A statutory guideline issued by the MA under the Banking Ordinance, §16(10).

Previous guidelines superseded

IC-6 "The Sharing and Use of Consumer Credit Data through a Credit Reference Agency" (V.6 dated 08.07.22).

Application

To AIs which are involved in the provision of consumer credit.

Structure

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1. Introduction

1.1 Credit reference agencies ("CRAs") are organisations that engage in the collection, maintenance and dissemination of information about consumers' creditworthiness to lending institutions.

1.2 In Hong Kong, credit providers have been sharing consumer credit data since early 1980s. A fully-fledged CRA was established in late 1990s featuring full participation of AIs involved in provision of consumer credit. Over the years, the data sharing arrangements were enhanced and the data scope was expanded from negative credit data to cover positive data relating to credit cards and unsecured personal loans in 2003, and further to cover positive mortgage data in 2011.

1.3 In 2018, the Hong Kong Monetary Authority ("HKMA") started discussion with the banking industry ways to further enhance the mechanism of sharing and use of consumer credit data through a CRA. It highlighted the need of introducing more than one fully-fledged CRA with a view to enhancing the service quality of CRAs, improving protection to consumers, and reducing the operational risk of having only one service provider in the market, particularly the risk of single point of failure. With the support of the HKMA, the Industry Associations (namely the Hong Kong Association of Banks ("HKAB"), the DTC Association ("DTCA") and the Hong Kong S.A.R. Licensed Money Lenders Association Ltd. ("LMLA")) developed the Multiple Credit Reference Agencies ("MCRA") Model for credit providers to share and use consumer credit data through CRAs via the Credit Reference Platform which is underpinned by the prescribed documents in Schedule 1 of this module. The Credit Reference Platform commenced operation on 28 November 2022. The MCRA Model was officially named as Credit Data Smart ("CDS") and entered into full service in 2024.

1.4 The Privacy Commissioner for Personal Data ("PCPD") issued the Code of Practice on Consumer Credit Data ("the Code") in accordance with §12 of the Personal Data (Privacy) Ordinance ("PDPO") to provide practical guidance to credit providers, including AIs and their subsidiaries within the meaning of §2 of the Banking Ordinance, and CRAs on the handling of consumer credit data. The Code deals with issues relating to the collection, accuracy, use, security, access and correction of consumer credit data. A breach of the requirements under the Code would be accepted as evidence of breach of the relevant data protection principles or provisions under the PDPO unless there is evidence that the requirement of the PDPO was actually complied with in a different way, notwithstanding the non-observance of the Code. The PCPD may issue an enforcement notice to a data user following investigation of an alleged contravention of the relevant data protection principles or other provisions of the PDPO. Contravention of the enforcement notice by a data user after the enforcement notice is served on him would constitute an offence. In case of any conflict between this module and the Code, the Code shall prevail.

1.5 The minimum authorization criterion under paragraph 10 of the Seventh Schedule to the Banking Ordinance provides that the MA must be satisfied that an AI has, among others, adequate systems of control. The MA considers that this would include adequate systems of control to enable the AI to manage its credit risk effectively, and to properly protect and use consumer credit data. In this regard, the MA will take into account the extent to which AIs make full use of all relevant information (including that obtained from CRAs) in managing their credit exposure and whether AIs have adequate controls to ensure that their consumer credit data are properly safeguarded.

1.6 Failure to adhere to the standards and requirements set out in this module may call into question whether the AI continues to satisfy the relevant authorization criterion under the Banking Ordinance.

2. Definition

2.1 The terms used in this module have the following meaning:

- "Consumer credit data" means any personal data concerning an individual collected by an AI in the course of or in connection with the provision of consumer credit, or any personal data collected by or generated in the database of a CRA (including the mortgage count) in the course of or in connection with the providing of consumer credit reference service.

- "Consumer credit" means any loan, overdraft facility or other kind of credit, including leasing and hire-purchase, provided by an AI to and for the use of an individual as borrower, or to and for the use of another person for whom an individual acts as mortgagor or guarantor.

- "Credit reference agency" ("CRA") means any data user who carries on a business of providing a consumer credit reference service, whether or not that business is the sole or principal activity of that CRA. CRA refers to the CRAs selected by the Industry Associations under the MCRA Model.

- “Credit Reference Platform” means the computer system and network operated by an independent operator appointed by the Industry Associations which serves as a data switch between participating credit providers and the CRAs under the MCRA Model for the transmission of consumer credit data, credit reports and other relevant information in encrypted form, and as a data backup for the MCRA Model.

- “Interbank Debt Relief Plan” means an agreement to be concluded between a Debtor and multiple Creditors, having an exposure to the Debtor, for partial relief and/or rescheduling of debts owed to those Creditors pursuant to the terms of the Agreement for Interbank Debt Relief Plans endorsed by the Industry Associations.

- “Industry Associations” means HKAB, DTCA and LMLA.

- “Loan restructuring arrangement” means any scheme of arrangement in relation to debts owed by an individual consequent upon a default in the repayment of those debts.

- “Material default” means a default in payment for a period in excess of 60 days.

- “Mortgage account general data” has the same meaning as in the Code.

- “Mortgage loan” means a loan secured or to be secured by residential, retail, commercial or industrial properties, unless otherwise specified, and reference to “mortgage” shall be construed accordingly.

- "Mortgage Count" means the number of mortgage loans under which an individual is a borrower, mortgagor and/or guarantor.

- "MCRA Model" means the multiple CRAs model developed by the Industry Associations, and supported by the HKMA. The MCRA Model enables credit providers to share and use consumer credit data through more than one CRA selected for the provision of consumer credit reference services, underpinned by the prescribed documents in Schedule 1 of this module.

- "Prescribed consent" means the express consent of an individual given voluntarily but does not include any consent which has been withdrawn by notice in writing served on the person to whom the consent has been given (but without prejudice to so much of that act that has been done pursuant to the consent at any time before the notice is so served).

- For the purpose of paragraphs 5.3.1, 6.1, 6.5 and other related paragraphs, "review" means consideration by the AI of any of the following matters (and those matters only) in relation to existing credit facilities provided to the individual, namely: (i) an increase in the credit amount; (ii) the curtailing of credit (including the cancellation of credit or a decrease in the credit amount); or (iii) the putting in place or the implementation of a scheme of arrangement with the individual.

- "Scheme of arrangement" means any restructuring, rescheduling or other modification of terms of whatsoever nature in relation to debts owed by an individual, whether as borrower, as mortgagor or as guarantor, towards a single creditor or more than one creditor.

3. Comprehensive participation

3.1 The HKMA believes that the operation of fully-fledged consumer credit databases, including both positive and negative data, will be beneficial to AIs (in enabling them to be better informed and make more accurate assessment of customers' creditworthiness) and consumers (in enforcing borrower discipline, reducing cross subsidisation among consumers with different credit profiles and improving access to bank funding). To realise such benefits, the HKMA expects all AIs that are involved in the provision of consumer credit to participate as fully as possible in the sharing and use of consumer credit data (including positive mortgage data) through CRAs within the framework laid down by the Code. Under the operation of the Credit Reference Platform, it is important that the database of each CRA must be adequately comprehensive. The HKMA therefore expects the AIs to share consumer credit data to each and every CRA in the MCRA Model in line with the framework laid down in the prescribed documents in Schedule 1 of this module.

3.2 The HKMA also considers that using consumer credit data from CRA(s) for assessing credit applications (including mortgage loan applications) and conducting credit reviews is an essential part of an AI's credit management system unless there are satisfactory alternative arrangements for the comprehensive sharing of consumer credit data.

3.3 The HKMA would take into account the extent to which an AI participates in the contribution of consumer credit data to and makes full use of the same from CRA(s) via the Credit Reference Platform in assessing the effectiveness of the AI's credit management system.

3.4 Where an AI does not, in the opinion of the HKMA, make appropriate use of the relevant facilities of CRA(s), one option would be for the HKMA to require the AI concerned to mitigate the risk by restricting the amount of consumer credit business that it undertakes.

3.5 Without the need for each individual credit provider to establish direct bilateral network connection with each individual CRA under the MCRA Model, the Credit Reference Platform is operated by an independent operator as a data switch between participating credit providers and the CRAs for the transmission of consumer credit data, credit reports and other relevant information in encrypted form, and as a data backup. The Credit Reference Platform enables high scalability for credit providers and CRAs to link up; maintains a full set of consumer credit data for all CRAs with a master copy as backup; and enhances data protection through proper security and access control arrangements. The HKMA considers that AIs participating in the MCRA Model should participate via the Credit Reference Platform.

3.6 The senior management of AIs should ensure that sufficient priority and resources are devoted to enabling the computer systems of their institution to interface with the CRAs via the Credit Reference Platform in a timely and effective manner, in terms of contributing and making enquiry of consumer credit data.

3.7 In this regard, the HKMA expects AIs, in their capacity as participants in the sharing and use of consumer credit data through CRAs under the MCRA model, to support relevant industry initiatives aimed at enhancing the comprehensiveness and integrity of consumer credit data available through the Credit Reference Platform. These include initiatives that promote the effective participation of other credit providers, such as the onboarding of licensed money lenders onto the CDS, in accordance with applicable laws, Government policy and regulatory requirements. Such support may include constructive engagement with CRAs, the operator of the Credit Reference Platform, or relevant industry working groups, with a view to improving data coverage, data quality, and risk assessment outcomes under the MCRA model.

4. Handling of positive mortgage data

4.1 For the purpose of setting up a comprehensive mortgage loan database by CRAs and to comply with the PDPO's requirement, AIs are required to seek the prescribed consent of their existing mortgage customers and mortgage loan applicants (i.e. borrowers, mortgagors or guarantors) before uploading their pre-existing mortgage data to CRAs. Pre-existing mortgage data refers to the mortgage account general data of any account relating to a mortgage loan which already existed prior to 1 April 2011 and continues to exist after that date.

4.2 Where prescribed consent is obtained, an AI should adopt prudent procedures to check its validity through verifying the signature of a customer on the consent seeking form or other appropriate means.

4.3 Subject to AIs' compliance of the relevant notification requirement under the Code, AIs are permitted to upload to CRAs the mortgage account general data of new mortgage loans whose applications are received on or after 1 April 2011. To enable the uploading of such mortgage data, AIs should ensure that before collecting customers' personal data for mortgage loan applications, the relevant Personal Information Collection Statement is provided to customers in order to comply with the notification requirements under the Code.

4.4 For all relevant mortgage loan applications received on or after 1 April 2011, the HKMA expects that AIs would, as part of the mortgage loan application process, seek to obtain from mortgage loan applicants prescribed consent for the uploading of their pre-existing positive mortgage data to CRAs in case they have not already given such consent previously.

4.5 AIs should explain to the mortgage applicant that the prescribed consent applies to the pre-existing positive mortgage data and such consent will be addressed to all credit providers who are members of or have subscription agreements with CRAs ("Members") and to each of the CRAs. After the prescribed consent is received, it will be passed to the CRA(s) as engaged by the AI which will then check with all Members to verify if the customer has any mortgage loan with any of them. The CRA(s) will upload any mortgage account general data of the customer it receives to its database(s), compile the mortgage count of that customer, and then report the mortgage count back to the mortgage loan processing AI.

4.6 Where prescribed consent for the sharing of pre-existing positive mortgage data and written consent for accessing the mortgage count held by CRAs are obtained from a mortgage loan applicant, the mortgage loan processing AI should make use of the mortgage count information obtained from CRA(s) in verifying the applicant's declaration in respect of his existing mortgage loan(s).

4.7 AIs should check the mortgage count declared by the mortgage loan applicant against the mortgage count obtained from CRA(s). Follow-up enquiries should be conducted by the AI during the loan approval process in case of any discrepancy especially where the declared mortgage count is smaller than the mortgage count obtained from CRA(s). There should be clear and detailed policies and procedures established by AIs on the mortgage count verification process and the course of actions that AIs should take where the discrepancy cannot be reconciled.

4.8 Where prescribed consent is not obtained, the AI may still continue to process the mortgage loan application by obtaining additional relevant information from the applicant to assess the applicant's repayment ability. The AI will then decide whether it has sufficient information to conduct a credit assessment of the customer and whether additional measures are required to mitigate the potential credit risk involved. In this regard, AIs should comply with the requirements stipulated in the relevant guidelines or circulars pertaining to positive mortgage data sharing and mortgage loan business as issued by the HKMA from time to time.

4.9 An individual may withdraw his prescribed consent in relation to the sharing of pre-existing positive mortgage data by giving a notice in writing. Once received, the AI should inform CRAs as soon as practicable for follow-up. AIs should establish appropriate policies and procedures on the handling of customers' withdrawal notices and make reference to the relevant requirements of the PDPO where appropriate.

5. Safeguards on information security

5.1 General

5.1.1 For any credit information sharing arrangement to be effective and credible, the data must be properly safeguarded. Otherwise, AIs would be subject to substantial legal and reputation risks. AIs should therefore adopt all reasonable procedures to ensure that consumer credit data disclosed to or obtained from CRAs are properly safeguarded, with regard to the confidentiality, accuracy, relevance and proper utilisation of the information.

5.2 Policies and procedures

5.2.1 AIs should have clear and comprehensive policies and procedures for the sharing and use of consumer credit data through CRAs to ensure compliance with the requirements of the Code. The policies and procedures should be designed to:

- ensure the security, confidentiality and integrity of consumer credit data; and
- guard against unauthorized access to or use of such information that could result in a breach of the Code and the data protection principles and relevant provisions under the PDPO.

5.2.2 These policies and procedures should be approved by the Board or a designated authority and be properly documented. They should be reviewed and updated regularly to ensure that they remain appropriate in the light of changes in relevant legislation and regulations. Any material amendments to the policies and procedures should be submitted to the Board or a designated authority for formal ratification and adoption.

5.2.3 The policies and procedures should specify how consumer credit data should be handled in cases where the credit application is submitted by an intermediary, who is commissioned by the credit applicant to handle his application, rather than by the credit applicant himself. In processing such a credit application, the AI concerned should ensure that the intermediary has obtained the authorization of the credit applicant to apply for credit on his behalf and to authorize the AI concerned to access the applicant's consumer credit data held by CRA(s). The personal information of the intermediary should be recorded for security reasons in case of fraud or other crimes being committed. Where the intermediary does not have such authorization, the AI should contact the credit applicant directly to confirm his intention to apply for credit from the AI and advise the credit applicant that it may access his consumer credit data held by CRA(s) for the purpose of assessing his application. In these latter cases, the AI should also address all future correspondence, including any statements or notifications required under the Code, to the credit applicant rather than the intermediary. In all cases, AIs should comply with the requirements stipulated in the relevant guidelines or circulars pertaining to the engagement of intermediaries as issued by the HKMA from time to time.

5.2.4 AIs should ensure adequate management oversight, at an appropriate senior level, on the development, implementation, and maintenance of these policies and procedures. There should also be an effective mechanism in place to monitor compliance with them. Any non-compliance should be followed up, investigated, rectified and reported to management.

5.3 Access control

5.3.1 AIs should have written policies specifying who may authorize access to the consumer credit data held by CRA(s), and the criteria that need to be met for making such access for review purposes. The policies should define clearly the circumstances under which an AI may initiate reviews as and when necessary.

5.3.2 Only designated persons with relevant data privacy protection knowledge, training and expertise authorized by management should be able to access the consumer credit data held by CRA(s). There should be clearly defined procedures for the authorization of such designated persons.

Such authorization, and any subsequent changes, must be documented.

5.3.3 AIs should maintain stringent control over the use of and changes made to the passwords for access to the consumer credit data held by CRA(s). The passwords should only be made available to the designated persons who are authorized to access the consumer credit data held by CRA(s). AIs should avoid using shared passwords (i.e. two or more persons sharing the same password). Under no circumstances should passwords be disclosed to unauthorized persons, e.g. IT maintenance or service contractors.

5.3.4 Where access to the consumer credit data held by CRA(s) is made through designated terminals, it should be restricted only to designated persons, such as by way of password protection and login credentials.

5.3.5 AIs should change the passwords for accessing the consumer credit data held by CRA(s) regularly, preferably at least quarterly.

5.3.6 AIs should maintain an access log on ***all*** instances of access to the consumer credit data held by CRA(s). The access log should contain sufficient detail as evidence of compliance with the Code. It should, as a minimum, contain information about the purpose of the access, the date on which the access was made and the staff who made the access.

5.3.7 The AI's internal access logs and relevant information available from CRA(s), including billing records where applicable, should be regularly reviewed for unusual access activities, such as an unusually high volume of access activities that is inconsistent with the AI's business. Such unusual access activities might suggest that designated persons have abused the system. Alternatively, any unexplained discrepancies between the AI's internal access records and information available from CRA(s) might suggest unauthorised access or weaknesses in the AI's access controls.

5.3.8 AIs should undertake prompt investigation of any unusual access activities and take prompt remedial actions to follow up any irregularities. Such irregularities, and the reasons for them, should be brought to management's attention. As required by the Code, AIs should report any suspected breaches of the PDPO or the Code to the PCPD.

5.4 Confidentiality and retention of CRA credit data

5.4.1 AIs should establish a policy on the safeguarding and retention of customer data obtained from CRA(s). Specifically, the policy should provide that access to credit reports of CRA(s) should be on a need to know basis. There should also be restrictions on how such reports may be duplicated, copied or circulated.

5.4.2 Data Protection Principle 2 of the PDPO requires that personal data shall not be kept longer than is necessary for the fulfilment of the purpose for which the data are or are to be used. AIs may need to retain credit reports from CRA(s) as documentary support for the relevant credit decisions for which the credit reports were obtained, and as file records in the event of subsequent queries or disputes raised by customers. With the databases of CRAs being updated regularly, there would be a breach of the Principles if "out-of-date" information were to be retained and used for making subsequent credit decisions. AIs should ensure that they do not use out-of-date credit reports for making credit decisions.

5.4.3 Where a CRA credit report is obtained for the purpose of assessing a credit application and the AI subsequently refused the application, or when a customer ceases to have any borrowing relationship with the AI, the AI should destroy the relevant credit reports within a reasonable period unless such reports are to be used for other permitted purposes.

5.5 Data accuracy

5.5.1 AIs should take reasonably practicable steps to check the accuracy of their customers' consumer credit data before passing them to CRAs via the Credit Reference Platform.

Clear procedures should be laid down on how changes to customers' consumer credit data are to be implemented, verified and transmitted to CRAs.

5.5.2 As for data updating, the Code requires AIs to update any account data or mortgage account general data previously provided to CRAs promptly or, in any event, by the end of each reporting period not exceeding 31 days, until the account is terminated or written-off, whereupon the AI shall promptly update the account data to indicate such termination or write-off. AIs should do so via the Credit Reference Platform.

5.5.3 In addition, AIs should, as soon as reasonably practicable, update an individual's consumer credit data upon the occurring of repayment in full or in part of any amount in default; a scheme of arrangement being entered into with the individual; the final settlement of the amount payable pursuant to such a scheme of arrangement; or the write off of any amount whether or not the amount has been in default or the subsequent repayment in full or in part of the written off amount.

5.5.4 AIs should follow the requirements set out in clauses 2.7A and 2.7B of the Code in updating account data or mortgage account general data held in the databases of CRAs. Essentially, in the event that an individual makes a request to an AI for updating under the circumstances as mentioned in section 5.5.3 above, the AI should update the account data or mortgage account general data of the individual held in the databases of CRAs promptly and in any event not later than 14 days from the date of receiving the request.

5.5.5 Where an AI has been provided by a CRA with a credit report on an individual and has considered such credit report in connection with an application for consumer credit by that individual, the AI should, in its notification to the individual of its decision on the application, give notice of the fact that a credit report has been so considered. The AI should also advise the individual on how to contact the CRA which provided the credit report, for the purpose of obtaining a copy of the credit report for free under clause 3.18 of the Code (in which case, the AI has rejected the individual's credit application) and to make a data correction request under the PDPO, where appropriate. If a correction request made by the individual is subsequently complied with by theCRA, the AI concerned should at the request of the individual reconsider the credit application on the basis of a new credit report obtained from the CRA. In the event that an AI has been provided by more than one CRA with credit reports on the same person and has considered all of such credit reports, the AI should follow the above procedures for the credit reports from all CRAs involved.

5.5.6 Where an AI provides consumer credit data which is being disputed by the consumer concerned to CRA(s), it should clearly indicate to the CRA(s) the existence of such a dispute and update the data as soon as reasonably practicable upon the settlement of the dispute.

5.6 Audit trail

5.6.1 The access log records, any investigation reports and follow up actions on irregularities or exceptions should be properly documented and kept for not less than 2 years. They should be maintained in such a manner that would facilitate compliance reviews and audits.

5.7 Compliance audit

5.7.1 AIs should conduct a compliance audit at least annually to verify whether their data management practices are adequate to ensure compliance with the requirements of the Code, this module and internal policies and procedures regarding the sharing of consumer credit data.

5.7.2 The audit report should be submitted to the AI's Board or a designated authority for review. This report should assess the overall effectiveness of the data management practices in ensuring compliance with the Code and this module. The reports should cover issues like security breaches or violations, management's responses and recommendations for improvement.

5.8 Staff training

5.8.1 AIs should provide appropriate guidance and training to staff who are involved in the sharing and use of consumer credit data through CRAs. In particular, staff involved in the handling of consumer credit data should familiarise themselves with the provisions of the Code, this module and controls to safeguard the confidentiality of such data.

6. Notification of access for review and right to opt-out

6.1 The Code requires credit providers to take practicable and reasonable steps to give prior notification to customers of their intention to access the consumer credit data held by CRA(s) for the purpose of a review unless the review is initiated by the customer, or relates to an obligation of an existing loan restructuring arrangement concerning debts owed by the customer.

6.2 The Code also requires credit providers to give notification to borrowers at the time of application for credit of the choice to delete closed account data from the databases of CRAs.

6.3 The Code recommends that credit providers should give a written reminder to the borrower within 30 days of the occurrence of a default by the borrower, that unless the amount in default is fully repaid or written off (otherwise than due to a bankruptcy order) before the expiry of 60 days from the date of the default, the individual shall be liable to have his account repayment data to be retained by CRAs until the expiry of 5 years from the date of final settlement of the amount in default or 5 years from the date of the individual's discharge from bankruptcy as notified to CRAs, whichever is earlier.

6.4 The Code also recommends that credit providers should give a written reminder to the borrower as soon as practicable upon repayment in full of the credit facility, of his right to delete closed account data from the databases of CRAs.

6.5 AIs should ensure that sufficient prominence is given to such notifications. Also, AIs should establish clear and comprehensive written procedures for making such notifications to their customers.

These procedures should set out clearly when the notification should be made, the manner in which the notification is to be made and the type of information to be included in the notification. As required by the Code, AIs should keep proper internal records of notifications of access for review for 2 years as evidence of compliance with the requirements of the Code.

6.6 AIs should take appropriate steps to ensure that CRAs are promptly notified of any "opt-out" requested by their former borrowers once the conditions for the opt-out are met by such borrowers.

7. Engagement of CRA(s)

7.1 Any AI that uses the service of any CRA should enter into formal contractual agreement(s) with that CRA that require(s) the CRA to have effective control systems to ensure compliance with all relevant requirements of the PDPO, the Code, all relevant requirements set out in this section as well as in the prescribed documents in Schedule 1 of this module. An AI should put in place appropriate arrangements to monitor regularly the performance of that CRA, particularly in respect of its ability to comply with all such requirements.

7.2 The agreement(s) should empower the AI to terminate the service of a CRA if it is aware of unacceptable practices of the CRA, or serious breaches of the requirements of the PDPO, the Code, all relevant requirements as set out in this section as well as in the prescribed documents in Schedule 1 of this module. The agreement(s) should also specify that account data (including the mortgage account general data) provided by the AI via the Credit Reference Platform shall remain the property of the AI and that the AI has the right to request the CRA to delete, return or transfer the provided data to the AI or such person or entity designated by the AI on the termination of the agreement(s). The agreement(s) should also cover the CRA's post-termination obligations as recommended by the Industry Associations.

7.3 In particular, all retail banks (including digital banks) are required to engage more than one CRA to ensure operational resilience and continuity of consumer credit services. These banks are expected to be able to switch over swiftly and seamlessly between CRAs to maintain full credit risk assessment capabilities and consumer credit services, covering key services such as credit reports, data correction, and related credit risk management functions. In the event of service disruption of a CRA, these banks are expected to complete the switch-over and resume normal business operations within 24 hours without any degradation in consumer credit services and in risk management and control. All retail banks (including digital banks) are required to conduct drills at least once every 12 months, covering technical, operational, and risk management aspects, to demonstrate their ability to migrate seamlessly between CRAs. Following each drill, all retail banks are expected to obtain written confirmation from their non-primary CRA(s), verifying the successful completion of all activities and the attainment of key operational objectives. These banks should have clear policy and procedures setting out the above, as well as effective controls and monitoring functions in place to ensure that they are capable of conducting the switch-over. Such policy and procedures should be subject to review of the banks' management.

7.4 Any AI engaging a CRA shall ensure that all consumer credit data is collected, stored, and processed by the CRA and the operator of the Credit Reference Platform within Hong Kong for effective oversight and consumer protection. No transfer of consumer credit data outside Hong Kong shall be permitted except for genuine credit applications outside Hong Kong initiated and expressly authorised by the consumer, such as under the Cross-Boundary Credit Referencing initiative. Transfers solely for technical or operational convenience, even with customer consent, are not permitted, as they would undermine the integrity of the CDS and expose consumers to risks outside of Hong Kong's regulatory framework. AIs shall monitor compliance with this clause through contractual obligations, audit rights, and regular reporting from the CRA and the operator of the Credit Reference Platform.

8. Hong Kong Approach to Consumer Debt Difficulties

8.1 When the information obtained from the CRA(s) reveals that a customer has incurred a level of indebtedness that may be unmanageable and the customer might have genuine difficulty in repaying the loans, AIs should follow the guidelines set out in the "Hong Kong Approach to Consumer Debt Difficulties" to deal with such borrowers, and the circular on "Interbank Debt Relief Plan" issued by the HKMA on 21 November 2025.

8.2 AIs should consider such cases sympathetically and discuss with the customer concerned to work out a solution that is mutually beneficial for both the customer and the AI concerned.

8.3 In doing so, the customer should be made aware of the possibility of solving the problem by an Interbank Debt Relief Plan ("IDRP"). Customers interested in an IDRP should be provided with a consumer guide and other relevant information as appropriate. In this connection, all AIs and their subsidiaries that are involved in the provision of consumer credit are expected to join the framework of IDRP.

8.4 Where the AI does not have a prior credit relationship with the individual who has applied for credit, the AI should suggest that the individual discuss the problem with the financial institution with which the individual has the major credit relationship as soon as possible.

8.5 AIs should not hastily demand immediate repayment of loans or reduce credit lines or actively recommend transfer of the balance. Instead, AIs should follow the framework and procedures which are laid down in the Agreement on Interbank Debt Relief Plans, and the framework and procedures for Individual Voluntary Arrangements, and work out a mutually acceptable solution with the customer as far as possible.

Schedule 1

Prescribed documents issued by the Industry Associations:

1. Code of Practice for MCRA Model;

2. MCRA Model Governance Framework.
