



HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

02 Oct 2007

Supervisory Policy Manual (SPM) Module IC-6 "The Sharing and Use of Consumer Credit Data through a Credit Reference Agency"

Our Ref. : B9/32C

2 October 2007

The Chief Executive
All authorized institutions

Dear Sir/Madam,

Supervisory Policy Manual (SPM) Module IC-6 "The Sharing and Use of Consumer Credit Data through a Credit Reference Agency"

I am writing to remind AIs that they should be making full use of the consumer credit database, in accordance with SPM IC-6, in assessing credit applications and conducting credit reviews.

The introduction of positive data sharing in 2003 has benefited lending institutions by enabling them to make more accurate assessment of borrowers' creditworthiness. To realise these benefits, however, it is important that AIs make full use of the consumer credit database in making credit decisions. As set out in section 3.3 of SPM IC-6, AIs should check the consumer credit database not only for assessing credit applications but also for conducting reviews. They should make it a standard practice to consider credit data from a credit reference agency (CRA) in granting increases in credit limits. Only in cases where the increase in limit is temporary or where the amount of increase is insignificant, should an AI adjust upward the customer's credit limit without performing a credit check with a CRA.

AIs are also encouraged to conduct credit checks with a CRA when processing applications for mortgage loans. Although the consumer credit database does not cover positive data for mortgage loans at the moment, the repayment history of customers in respect of their unsecured credits may be of relevance in assessing mortgage loan applications.

Should you have any questions about this letter, please feel free to contact your case officers at the HKMA.

Yours faithfully,

Simon Topping
Executive Director (Banking Policy)

c.c. The Hong Kong Association of Banks (Attn: Ms Florence Hui)
 The DTC Association (Attn: Mr P C Lund)

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