



CODE OF CONDUCT

For Members of

CIS Kenya

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1.Purpose

The purpose of this Code of Conduct is to provide members of the Credit Information Sharing Kenya (herein after called Members) with guidelines on the submission and use of credit information in accordance with principles of consumer protection, Credit Reference Bureau Regulations 2013 and any other relevant law.

2.Scope

This Code applies to all cases and at all times when sharing and using credit information. It is to be used when dealing with credit information obtained either from consumers directly or credit reference bureaus for the purpose of credit risk management.

Upon joining the Association, the members agree to observe the terms and conditions of CIS Kenya, in order to ensure professionalism, high ethical standards and fair play while participating in CIS. Primarily, this Code of Conduct aims to promote and uphold good conduct and discipline amongst members at all times in order to ensure success in the execution of the objectives, duties and responsibilities of this Code, in relation to their participation in CIS.

This Code is to be issued to all members of the CIS Kenya, an Association that seeks to expand and oversee the CIS mechanism in Kenya. The Code is complementary to obligations provided by law, and an expression of commitment by the members to be self-regulated. The Code highlights the general guiding principles that will ensure preservation of reputation, honesty and integrity in all CIS dealings. It also complements the ADR process and procedures as stipulated in the CIS Kenya's ADR(Alternative Dispute Resolution) Handbook. The members therefore agree to be guided by best international practice and the following principles among others;

1. To ensure that full-file credit information is provided
2. To ensure that data is shared with all licensed bureaus
3. To ensure that accurate data is provided
4. To prevent poaching/predatory conduct
5. To prevent misuse of the data
6. To prevent disputes and to promptly resolve them if they arise
7. To ensure that consumers are made aware of the CIS-ADR mechanism.

The Members agree that the attributes above must not be compromised under any circumstances. Members commit to enhance efficiency of Kenya's credit market for the benefit of credit providers, consumers of credit and the economy as a whole by taking all reasonable steps to facilitate and not to hinder CIS.

3. Eligibility

Every CIS Kenya member automatically subscribes to this Code on admission to membership. The Code is not intended to replace or amend any of the provisions of existing laws currently in force relating to operations and control of CRBs or CIS.

4. General Definitions

The following definitions will apply to this code:

a). Adverse Action Notice

An "adverse action notice" means a notice issued by member to a customer conveying denial or cancellation of, an increase in any charge for, or a reduction or other adverse or unfavourable change in the terms of coverage or amount of, any loan, existing or applied for, or any other action or determination adversely affecting the customer, based on customer information obtained from a CRB.

b).Agent

Agent means an entity contracted by a CRB and approved by the Central Bank to provide the services of the CRB on behalf of the CRB, in such manner as may be prescribed by the Central Bank.

c).CIS Kenya

The Credit Information Sharing Kenya

d).CIS Kenya’s Terms and Conditions

Refers to CIS Kenya’s Self-Regulatory Framework Credit Information

e). Amendment Notice

Means a written notice from member advising the Bureau of an amendment to credit information previously incorrectly reported to the CRB by that member.

f). CRB

Means a credit reference bureau licensed by Central Bank to prepare or provide credit reports to credit information recipients based on data maintained by the Bureau and to carry out such other activities as are authorized by law.

g).Credit information

Means any positive or negative information bearing on an individual’s credit worthiness, credit standing and credit capacity, but not limited to the history and/or profile of an individual or entity with regard to credit, assets, and any financial obligations.

h). Member

Means any institution that has subscribed to CIS Kenya’s Code of Conduct and has paid its membership and current annual subscriptions to CIS Kenya.

i). Credit Report

Means any electronic, written, oral, or other communication of any information by a credit reference bureau, relating to a person’s

creditworthiness, credit standing, credit capacity, character or general reputation which is used or collected to serve as a factor in establishing that person's eligibility for credit or other service or product provided by an institution or for such other purposes as may be established by law.

j). Credit Risk Management

This refers to activities under any or all of the activities below:

- i. Loan Appraisal and Underwriting
- ii. Continuous Loan Monitoring
- iii. Debt Recovery
- iv. Credit Scoring

k).Customer

Means any consumer of financial services who has a formal engagement to receive services and products on agreed terms and conditions from the members and includes a guarantor for a loan or credit and a person who seeks to open an account with an institution.

l). Consumer Consent

Means any form of authority given by a customer to a member authorizing the member to share the customers credit information through CRBs. The consent may be in any document and may include account opening forms, loan application forms or any other agreement between the parties. It may be oral, electronic or in print. Where it is oral, the member must reduce it into writing and the customer must sign it.

m). Customer Information

Means credit information, or any other positive or negative information provided by a customer or obtained from a third party, or public record information, which may be exchanged pursuant to this code and other laws.

n). Data Retention Period(s)

Credit information under this Code shall be retained for 5 years after settlement of the credit facility, or

as otherwise provided by law.

o). Loan

Means direct, indirect and contingent obligations incurred by an individual or entity with third parties and includes any loan, discount, advance, overdraft, export bills purchased, other bills receivable or purchased, import bills, customers' liability on off-balance sheet items or any other credit facilities extended to a customer of the members.

p).Minimum Information Submission Threshold

Minimum acceptable level of information quantity and quality admissible to CRBs as agreed by CRBs and members from time to time.

q).Negative Information

"Negative information" shall carry the meaning assigned to it under the definition Section of CRB Regulations 2013.

r). Non- performing Loan

"Non- performing Loan " shall carry the meaning assigned to it under CRB Regulations 2013 and shall also include any other meaning provided for under the law or regulations governing any other CIS Kenya member.

s). Notice of Change

Means a written notice sent by the Bureau to a member concerning a significant change to customer information that had previously been obtained by the member from the Bureau no more than twelve months prior to the date of the notice of change.

t). Notice of Resolution

Means a written notice sent from a member to the Bureau, advising the results of an investigation the member has made into customer information previously reported to the Bureau by the member where the customer has disputed the accuracy of information reported.

u). Permissible Data

“Permissible data” is customer’s data on performing and non-performing credit, as specified in Regulation 18 of the CRB Regulations 2013.

v). Pre-listing Notice

Means a notice issued to a customer in writing within thirty days prior to submission of negative information to a Bureau, indicating the credit information provider’s intention to submit negative information.

w). Prohibited Data

Prohibited data is data pertaining to a customer’s racial, tribal, religious, political affiliation, physical health or any other prohibited by law, as specifically provided under Regulation 21 of the CRB Regulations 2013.

5. Commitments by Credit Reference Bureaus

In line with what is specifically provided for under Part III of the CRB Regulations 2013, the CRBs commit to do the following;

5.1 Receiving credit data

- i. The CRBs shall receive information in the format stipulated in the latest data specifications template as published from time to time.
- ii. Data shall be transmitted to all licensed CRBs through a secure mode of transmission put up by the CRBs, or through a Centralised point through which information can be accessed by all CRBs.
- iii. The CRBs may provide information received from other sources approved by CBK.

5.2 Validation of data

- i. The CRBs shall validate the data received from members to ensure that it meets the minimum threshold as set by the members

- and the CRBs from time to time.
- ii. The CRBs shall maintain and implement quality control and audits to ensure and assure accuracy of its full file information database.
 - iii. CRBs shall take no more than 7 days after receiving the data, to upload the validated data to the records of the customers.

5.3 Maintenance of Data

- a) CRBs shall ensure the records:
 - i. Remain confidential and secure.
 - ii. Are protected against accidental, unlawful destruction and unlawful intrusion.
 - iii. Are protected against loss and wrongful alteration.
 - iv. Are protected against unauthorized disclosure and access by unauthorized persons.
 - v. Are protected from any other risks which may arise from time to time.
- b) CRBs shall monitor data submission and usage and report non-compliance to the Technical Committee established under the CIS Kenya Constitution.
- c) The CRBs shall take all reasonable steps to ensure timely update of customers' data as advised by members so as to reflect the current status of the customer at the earliest opportunity, but in any case, within 5 days of receipt of the update.

5.4 Data retention

- i. CRBs shall retain and report information for a period as defined in this Code or as otherwise provided by law.
- ii. CRBs may maintain data for longer periods for research and legal record keeping purposes as provided by law.
- iii. CRBs shall dispose of the information in a secure manner after the prescribed retention period.
- iv. Where CRBs provide credit scores, they shall
 - a. Provide training on the interpretation

- of the score.
- b. Use internationally recognized methodologies to compute the scores; and
- c. Make all attempts to harmonize their scoring systems.

5.5 Commitments of Credit Reference Bureaus to members

- i. CRBs shall only release credit information on a customer to members who meet the minimum information submission threshold.
- ii. CRBs shall provide credit reports that meet agreed minimum content, which is to be agreed by the members herein from time to time.
- iii. CRBs shall provide credit reports in a timely manner.

5.6 Data Protection and Consumer Protection

In line with what is specifically provided for under Regulation 35 of the CRB Regulations 2013,

- i. CRBs shall only release credit information as prescribed by law.
- ii. CRBs shall record and make available to the customer, upon request, the name and date when different members obtained access to customer information.
- iii. CRBs shall attend and respond to consumer complaints in a timely fashion, as provided by law.
- iv. CRBs shall be bound by all other requirements on data and customer protection as required by law.

5.7 Commitments of Credit Reference Bureaus to CIS ADR Centre

In line with what is specifically provided for under Regulation 28 of the CRB Regulations 2013;

- i. CRBs shall educate the consumer on availability of ADR mechanisms and particularly CIS ADR Centre.
- ii. CRBs shall cooperate with CIS ADR Centre

- to ensure that all disputes that are escalated to the centre are resolved within the shortest time possible.
- iii. CRBs shall respond to queries by CIS ADR Centre within the shortest time possible.
 - iv. CRBs shall provide CIS ADR Centre with consumer records including their credit report where there is express authority by the consumer to the Centre to receive credit reports on his/her behalf.
 - v. CRBs shall comply with any resolutions arrived at through the ADR Centre and shall implement the same to the extent permitted by law.

5.8 Implementation of appropriate policies and procedures

CRBs shall establish appropriate policies and procedures for the implementation of the commitments in terms of this Code. In line with Regulation 25 of the CRB Regulations 2013;

6. Undertakings by Members

The Members are aware that they must fully comply with any laws and regulations affecting their use and/or management of credit information and any directives issued by the Central Bank of Kenya relating to the CRB Regulations 2013. In particular, they undertake to do the following.

6.1 Permissible handling of data

In line with Regulation 29 of the CRB Regulations 2013; the Members recognize that data may only be used and handled as follows:

- i. Reaching decisions on the business of the member in the ordinary course of such business.
- ii. Only released to third party as required under any law or to a member's appointed agent for the purpose of assisting the member in the recovery of any of its debts.
- iii. Only in cases where a customer has applied

- for credit facilities from such member.
- iv. Checking whether reported information has been correctly reflected in the customer's report.
- v. Any other purposes allowed by law.

6.2 Data Protection and Consumer Protection

In line with Regulation 28 of the CRB Regulations 2013;

- i. The Members shall attend and respond to consumer complaints in a timely fashion, and within the period provided by law.
- ii. The Members shall inform the consumer of their rights under the CRB Regulations.

6.3 Commitments by Members to CIS ADR Centre

- i. The Members shall educate the consumer on availability of ADR mechanisms and particularly CIS ADR Centre.
- ii. The Members shall cooperate with CIS ADR Centre to ensure that all disputes that are escalated to the Centre are resolved within the shortest time possible.
- iii. The Members shall respond to queries by the Centre within the shortest time possible.
- iv. The Members shall provide the Centre with consumer records including their credit reports where there is express authority by the consumer to the Centre to receive credit reports on his/her behalf.
- v. The Members shall implement resolutions arrived at through the ADR Centre and shall advise bureaus via a letter copied to the ADR Centre, within 5 days of resolution, to amend/correct/delete any information or take any other necessary action that is geared towards implementation of the resolutions as the case may be.
- vi. Where the member does not inform the CRB within the stated period, the CIS ADR office shall do so via a letter copied to the member.

6.4 Prohibited uses and application of data

The following uses of data are prohibited:

- i. Searching in order to identify potential clients.
- ii. Obtaining scores for a list of individuals, other than an institution's existing clients and loan applicants.
- iii. Scoring for debt collection purposes, other than by owner of the debt.
- iv. Any other use, other than a permissible use or use reasonably related to a permissible use.

6.5 Permissible users

Members, Members to this Code and any other user permitted by law.

6.6 Reciprocity

Members are only eligible to access data proportional to what they provide or as otherwise provided by the CIS Kenya's Constitution or any other written law.

7. Data

7.1 Nature of data to be provided

In line with Regulation 18 (5) of the CRB Regulations 2013; Members shall provide data in a format specified in the most current data specifications template.

7.2 Quality of data

Members shall provide accurate data and shall update it from time to time as required by the CRB Regulations 2013 or any other regulations/guidelines issued on CIS

7.3 Completeness

- a. Members shall submit data in line with the minimum threshold agreed among themselves

- from time to time.
- b. Data that is rejected due to missing mandatory fields will not be considered as having been submitted to the CRBs.
 - c. Any member determined to be deliberately setting out not to meet the agreed thresholds will be liable to sanctions by Technical Committee established under the CIS Kenya Constitution.

7.4 Regularity

- i. Members shall provide data by the date provided in the Regulations or otherwise agreed on by members
- ii. Members shall take all reasonable steps to ensure if any data is recalled for correction, it is re-submitted in the correct format within 3 days of re-calling.

7.5 Commitment to use data only for permissible purposes

- i. Members shall only access customer data for permissible purposes as defined in this Code
- ii. Members shall ensure that only authorized personnel have access to the shared data.
- iii. Members shall submit data to all licensed bureaus or through any other method that may be agreed on amongst stakeholders.

7.6 Commitment to respond to queries

- i. Time frame
Members shall respond to enquiries from CRBs on their data in a timely manner with a maximum response time of five working days from receipt of query.
- ii. Nature of response
Members shall provide unambiguous responses in writing, confirming the accuracy or inaccuracy of the information. Members are not expected not to respond at all and

where deletions are occasioned by non-response from Members, CRBs shall report such Members to the Technical Committee for sanctions.

- iii. Record Keeping
Members shall keep record of responses provided and of supporting evidence.

7.7 Obligation to correct errors

- i. Members shall correct erroneous data and shall ensure that the erroneous data is not re-submitted in its erroneous state again.
- ii. Members shall simultaneously inform all licensed CRBs of any amendments following customer disputes, within the stipulated period.

7.8 Commitments in respect of customers

- i. Members shall obtain prior consent from their customers to share their credit information where necessary in their account opening, loan application or any other form, which will notify the customer that data will be shared with CRBs consent.
- ii. Members shall respond to any customer queries and or complaint and shall make any required amendments as provided by law.
- iii. Members shall provide customers with pre-listing Notice as required by law.
- iv. Members shall provide customers with an Adverse Action Notice as required by law.
- v. Members shall maintain designated officers who are well trained to handle customer disputes.
- vi. Members shall advise consumers on existence of Alternative Dispute Resolution Mechanism.
- vii. Members shall be bound by all other requirements on data and customer protection as required by law and as provided for in this Code.
- viii. Members shall respect the confidential nature of personal credit information.
- ix. Members shall not deny customers credit only on the basis of adverse listing.

- x. Members must treat consumers fairly even when they have no record of credit information.
- xi. Members shall cooperate with CIS ADR Centre for resolution of CIS complaints.
- xii. Members shall establish appropriate policies and procedures for the implementation of the commitments in terms of this Code.

8. Monitoring and Sanctioning

8.1 Compliance and statistical reporting

- i. There shall be a Technical Committee (TC) responsible for monitoring and compliance. It shall monitor and report on the activities of the Members and CRBs with assistance from the bureaus, the members and regulators.
- ii. The committee will be constituted per the CIS Kenya's Constitution.
- iii. Members commit to provide full support to the TC to facilitate monitoring and compliance.
- iv. Members can submit complaints on compliance issues to the TC.
- v. TC may conduct random audits to confirm data accuracy and completeness.
- vi. TC may refer to regulators for additional information and assistance.

8.2 Sanctions on Members by Technical Committee

The TC shall recommend any of the following sanctions on Members who do not comply with this code:

- i. Limited services.
- ii. Suspension of service (Denial of Access).
- iii. Withdrawal of the member from this Code of Conduct.
- iv. Report non-compliant member to the regulators if non-compliance is persistent.

8.3 The process of application of sanctions will be as follows

- i. Members may submit complaints on the conduct of fellow Members to the TC for consideration. The TC may also independently

- raise complaints against a specific member, based on the information which it reviews at its meetings.
- ii. The TC shall make every effort to resolve concerns in a consultative and non-confrontational manner.
 - iii. The TC may raise the complaint in writing with the member concerned, providing an opportunity to the member to;
 - a) Respond to the issues raised, and / or
 - b) Indicate how the issue would be addressed within a specified period.
 - iv. One or more members of the TC may meet with the member concerned, in order to discuss the issue and agree on corrective action.
 - v. In the case of failure to resolve issues or repeat contraventions, the TC may recommend an appropriate sanction for consideration and ratification by the full Governing Council.
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9. Development

9.1 Expansion

Members shall support every effort to promote expansion of CIS among all credit providers within the confines of the law.

9.2 Review of the Code

This Code will be reviewed and may be amended through consultations with the Members and the CRBs.

9.3 Automatic Subscription

By joining CIS Kenya, a member will automatically subscribe to this Code or be bound by it, and a copy of the same will be availed to the member by CIS Kenya secretariat.

9.4 Commitment

Members agree to abide by this Code.



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