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## Loan info body supports credit history only 3 yrs long

Details: Category: [Banking & Finance](#) 26 Jun 2014 Written by Genivi Factao

THE Credit Information Corp. (CIC) has limited the length of the credit history of any single borrower stored at its memory bank to only three years, which is far less than executives at the Chamber of Thrift Banks (CTB) support as they need to look as far back into the past as they possibly could to protect their loans.

This was learned at the recent meeting of members of the CTB, where the executives urged peer banks to be ready with credit-data sharing that will help each of them evaluate the creditworthiness of borrowers.

The contrasting views are at the core of an ongoing debate between lenders on one hand and the regulators on the other over how long one's credit history needs to protect the interest of lenders versus consumer interest who may be victims of arbitrary judgment as to the quality of their credit.

CIC President and CEO Jaime Garchitorena said banks, along with other financial institutions, must be ready with the credit-information system targeted for rollout by the middle of 2015.

"With the credit information system, you will have the information on borrower's creditworthiness and other factual and objective information about the borrower. You will have a 360-degree view on loans, credit cards and rent. But we will see to it that there's no room for abuse. This is really a game changer," he told the gathered members of the CTB.

He added the system allows banks to check on negative credit information of every borrower, such as past dues, defaults on loans, details on settlement of loans that defaulted and foreclosures, among others.

He allayed fears on cannibalizing of accounts. He explained that the data is accessible and visible only to concerned parties, and if there's no relationship with the other, the data cannot be accessed.

Garchitorena said credit data for the last three years will be stored. He cited CTB President Jose Teodoro Limcaoco's concerns that banks may want to look far back, since banks were the ones to decide whether to give a loan or not.

Garchitorena said the CTB supports a limit on credit data to only three years.

He said the system also allows a person to come up with a credit score.

The borrower also has the right to know the reason for rejection of credit and may even seek legal remedy when needed.

Garchitorena said the Total Information Management-CRIF Joint Venture was contracted to provide the information-technology backbone necessary for the CIC to run perfectly, for a contract price of P124 million.

The notice to proceed was issued to TIM-CRIF on June 25, after the contract was signed and notarized on June 24.

He said a functional and technical questionnaire was already sent to selected universal/commercial banks, thrift banks, rural banks, credit-card companies, cooperatives and microfinance institutions, and expect the responses to this questionnaire by the end of the first week of July.

The memorandum of agreement with the Bangko Sentral ng Pilipinas (BSP) has been discussed and clarified with the BSP team, headed by BSP Managing Director Leny Silvestre.

Garchitorena said CIC aims to provide credit information at the least cost to eligible participants and improve the overall availability of credit in the country. Initially, they are looking at a fee of P65 for data extraction.

Garchitorena added there is a law that penalizes data-record theft for as high as P1 million, an infraction which can also lead to cancellation of contract, revocation of business with the Securities and Exchange Commission and penalty from the BSP.

CIC has already talked with some 288 institutions and organizations, which include the Social Security System, credit-card companies, cooperatives and rural banks for the credit-information sharing.

By end of next year, he sees sizable data that is usable for stakeholders.

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