



LETTER CIRCULAR NO. 2016-02
SERIES OF 2016

TO: ALL SUBMITTING ENTITIES

**RE: FREQUENTLY ASKED QUESTIONS (FAQs) ON SUBMISSION OF
DATA TO THE CREDIT INFORMATION CORPORATION**

To inform the Submitting Entities¹ on issues pertinent to their submission of credit data to the Credit Information Corporation ("CIC") pursuant to Republic Act No. 9510 and its Implementing Rules and Regulations, the following clarifications are being issued:

Q1. What is CIC's corporate structure?

A1. The CIC is a government-owned and-controlled corporation wherein sixty percent (60%) of its shares are held by the national government and forty percent (40%) of which are held by industry associations namely, Rural Bankers Association of the Philippines, Bankers Association of the Philippines, Chamber of Thrift Banks, Philippine Cooperative Center, and Credit Cards Associations of the Philippines.

Q2. Is there an Annual Fee?

A2. For submitting entities as accessing entities, there are no annual fees. The payment is on a per access basis which is Forty Nine Pesos (PHP49.00) VAT exclusive.

Q3. Are Submitting Entities required to submit all their borrowers' data?

A3. Yes, they must submit all credit data of their borrowers in their database.

Q4. Can a borrower refuse to submit his credit data?

A4. No. A borrower cannot refuse to submit his credit data. All borrowers' credit data, through their credit facilities under Republic Act No. 9510 or the Credit Information System Act (CISA) are mandated to submit to the CIC all data pertaining to credit. Notification of the existing law to the borrower is enough for the implementation of R.A. No. 9510.

¹ Section 3(q) of Republic Act No. 9510 - "Submitting Entity" refers to any entity that provides credit facilities such as, but not limited to, banks, quasi-banks, trust entities, investment houses, financing companies, cooperatives, nongovernmental, micro-financing organizations, credit card companies, insurance companies and government lending institutions.

Q4. Will the CIC charge Thirty Thousand Pesos per day if the Submitting Entity fails to comply?

A4. Not necessarily, the law provides that the amount will be determined by the CIC taking into consideration the nature and gravity of the violation or irregularity, but in no case to exceed Thirty Thousand pesos (Php 30,000.00).

In the current phase of submission, due to the numerous Submitting Entity types, and various stages of IT capacity, the CIC takes into consideration the capacity of a Submitting Entity to submit to determine the gravity of the violation. Any Submitting Entity is considered capable to comply with the CIC as a matter of fact, stemming from the existence of the law since 2008 and the assumption that all identified Submitting Entities have exercised their due diligence in being compliant to all laws that govern their activities. Therefore, unless otherwise advised by the Submitting Entity's regulating body on a per institution basis, or from direct petition with explanation from the Submitting Entity itself, all Submitting Entities will be assumed to be capable of compliance.

Q5: Is submission of data to the CIC considered a violation of the Data Privacy Act?

A5: No, the Data Privacy Act excludes the CIC from its coverage. It provides in Section 4 the following:

SEC. 4. Scope. - This Act applies to the processing of all types of personal information and to any natural and juridical person involved in personal information processing including those personal information controllers and processors who, although not found or established in the Philippines, use equipment that are located in the Philippines, or those who maintain an office, branch or agency in the Philippines subject to the immediately succeeding paragraph: *Provided*, That the requirements of Section 5 are complied with.

This Act does not apply to the following:

xxx xxx xxx

(e) Information necessary in order to carry out the functions of public authority which includes the processing of personal data for the performance by the independent, central monetary authority and law enforcement and regulatory agencies of their

constitutionally and statutorily mandated functions. Nothing in this Act shall be construed as to have amended or repealed Republic Act No. 1405, otherwise known as the Secrecy of Bank Deposits Act; Republic Act No. 6426, otherwise known as the Foreign Currency Deposit Act; and Republic Act No. 9510, otherwise known as the Credit Information System Act (CISA);

(f) Information necessary for banks and other financial institutions under the jurisdiction of the independent, central monetary authority or Bangko Sentral ng Pilipinas to comply with Republic Act No. 9510, and Republic Act No. 9160, as amended, otherwise known as the Anti-Money Laundering Act and other applicable laws; [emphasis supplied]

Q6: Why are cooperatives included as Submitting Entity?

A6: One of the bills proposing for the creation of the CISA was House Bill No. 2443 which was aimed for the benefit and inclusion of cooperatives in the economic scene. Said Bill was introduced by Rep. Guillermo P. Cua of the Coop-NATCCO. In Rep. Cua's Explanatory Note thereto, it was stated:

Currently, the banking and finance industry in the country rely on the Credit Information Bureau, Inc. (CIBI) to gather credit information on prospective borrowers. The CIBI, while composed of associations of organizations of the banking and finance industry, is not regulated by the Monetary Board. Due to lack of regulation, it is quite possible, that the credit information sourced from the CIBI is not reliable and is limited. The credit information may be limited because (1) other organizations with credit functions are not members and so do not submit data on their borrowers, most savings and credit cooperatives for example, are not members of the CIBI; (2) there is no regulation as to the accuracy of the credit data that is submitted; (3) Most importantly, there are no existing sanctions/penalties for persons and organizations who provide inaccurate credit information to the detriment of the general public and/or who publicize credit information acquired through the credit investigation process.

There therefore is a need to establish a credit information system, one that will be regulated by the Monetary Board, and one whose membership will be expanded to almost all if not all of the organizations which provide credit to the general

public. Through a stronger credit information system banks and other financial institutions will be more ready and willing to extend financial assistance and services to borrowers, knowing they have exhaustive and reliable credit information on these borrowers. Moreover, with a more efficient credit information system, the processing of loans will be shortened, making financial institutions more efficient and thus more profitable.

Prescinding from the foregoing, the passage of this bill is earnestly sought. [emphasis supplied]

When CISA's House Bill was being approved on its 3rd Reading at the House of Representatives, the results showed 198 votes in favor and none against. As a matter of fact, one of the proponents of the Cooperative Code of 2008 former Congressman Pablo "Noy Pabling" Garcia and his son, former Congressman Pablo John F. Garcia approved the said Bill.

Q7: Who were the notable proponents of R.A. No. 9510?

A7: R.A. No. 9510 was legislated by brilliant legislators and legal luminaries, including: then Congressman and now sitting Sen. Juan Edgardo "Sonny" Angara and former Sen. Edgardo Angara.

Q8: Why is the CIC conducting educational campaigns?

A8: The CIC is mandated by R.A. No. 9510 to do educational campaigns. Section 7 further provides the reasons for the educational campaigns:

- a. To promote the benefits of a credit information system to the economy
- b. To create awareness on the rights of consumers/borrowers to access their credit reports collected, stored and disseminated by the CIC
- c. To disseminate the rights of borrowers to dispute any incorrect/inaccurate credit information in the database file of the CIC
- d. To familiarize consumers of the procedure in collecting, storing and disseminating credit information of borrowers by the CIC
- e. To brief consumers of other related information

Q9: Does R.A. No. 10173 known as the Data Privacy Act of 2012 amend, repeal or make inoperative R.A. No. 9510?

A9: No, the Data Privacy Act of 2012 expressly provides in Section 4(e) that it does not amend or repeal Republic Act No. 9510. (Section 4(e) is cited under A5 above)



Q10: *Does R.A. No. 9520, better known as the Cooperative Act of 2008 automatically repeal R.A. No. 9510?*

A10: No. Even though R.A. No. 9520 was enacted at a later date, said law does not automatically repeal R.A. No. 9510. R.A. No. 9520 does not even mention any degree of repeal, whether express or implied, of R.A. No. 9510. Section 143 of R.A. No. 9520, as worded, does not suffer from any ambiguity. Any concept of a repeal of R.A. No. 9510 advanced by section 143 is absent, and any catch-all provision mirroring a repeal will not affect 9510 as it is not expressly repealed by the said section. In the same vein, R.A. No. 9520's repealing clause specifically enumerates the various laws it repealed, and R.A. No. 9510 was not expressly stated. *Expresio Unius Est Exclusio Alterius* - Express mention is implied exclusion. Both laws were enacted by the 14th Congress, and if the latter intended to have any law repealed, it would have done so expressly for it was in the best position to do so.

For Guidance.

(SGD.)JAIME CASTO JOSE P. GARCHITORENA
PRESIDENT