NINETEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

HOUSE OF REPRESENTATIVES
E-Filed
RECEIVED
DATE September 17, 2024
TIME 11:03 am
BY Reli
BILLS AND INDEX SERVICE

HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 10922

EXPLANATORY NOTE

The Credit Information Corporation ("Corporation") under Republic Act No. 9510 entitled the Credit Information System Act ("CISA") was established to be the central registry or central repository of credit information and to provide access to reliable, standardized information on credit history and financial condition of borrowers.[1]

The President of the Philippines under Executive Order No. 292 or the Administrative Code of 1987[2] and Republic Act No. 10149 otherwise known as the "GOCC Governance Act of 2011" has the power to re-organize, merge, or streamline government-owned and-controlled corporations (GOCCs), such as the Corporation, upon the evaluation and recommendation of the Governance Commission for Government-Owned or -Controlled Corporations ("GCG").[3]

Under a Memorandum from the Executive Secretary dated June27, 2022,[4] the Office of the President of the Philippines expressed "no objection" to the deactivation of Corporation and the transfer of its functions to the Bangko Sentral ng Pilipinas ("BSP"). It also directed the Securities and Exchange Commission ("SEC"), Insurance Commission ("IC"), and the Cooperative Development Authority ("CDA"), in coordination with the BSP to issue the necessary guidelines to implement the transfer of Corporation's functions to the BSP. However, the said Memorandum issuance casts uncertainty on the status of CISA since the deactivation of Corporation will render the same inoperative.

While the BSP is mandated under its charter to be the central monetary authority responsible for policies and regulations concerning money, banking, and credit, it also exercises regulatory and examination powers over credit-granting businesses. However, the BSP is not explicitly tasked with establishing and operating a comprehensive and inclusive Credit Information Reporting System. Instead, this responsibility falls under the Credit Information Corporation (CIC), as created under the Credit Information System Act (CISA).

Based on the results obtained in a study[5] in November 2020, carried out jointly by the Makati Business Club ("MBC") and the Policy and Economic Research Council ("PERC"),[6] the Corporation's dual role as a Public Credit Registry ("PCR") and as an entity offering value-added services like a Private Credit Bureau ("PCB") causes systemic harms due to its regulatory functions on the one hand, and the need to generate revenue on the other, which hindered Corporation's optimal performance as a PCR. Thus, it was recommended that the Corporation be transferred to the BSP, and be refocused on serving more as a traditional PCR with functions

[1] Section 5 of RA 9510.

[2] Section 31, Chapter 10 of EO 292.

[3] Section 5 of RA 10149.

[4] See COA CIC Executive Summary Report available at https://www.coa.gov.ph/download/5668/bangko-sentral-ng-pilipinas/74100/credit-information-corporation-executive-summary-2022.pdf

[5] See Report available at https://www.perc.net/publications/philippines-credit-information-system/ .

[6] The Policy and Economic Research Council (PERC) is a think-tank based in the United States that offers economic research and solutions development to various economies and organization.

such as: gathering data to inform micro- and macro-prudential regulation and oversight; and, gathering data to inform economic and monetary policy. Also, according to the World Bank, a vast majority of countries assign regulation of and authority over credit reporting services to their central banks.[7]

Thus, this bill seeks to amend RA 9510 to institutionalize the transfer of the Corporation's oversight and supervision to the BSP consistent with the National Strategy for Financial Inclusion. The measure will also facilitate a seamless transition to the administration's vision of a Bayang Digital by making credit information systems interoperable. At the same time, it will streamline bureaucracy, while maintaining efficient operations and minimizing disruptions in the concerned government offices.

In view of the foregoing, approval of this Bill is earnestly sought.

RUFUS B. RODRIGUEZ

[7] World Bank Group (WBG), Credit Reporting Knowledge Guide 2019. World Bank, Washington, DC., available at https://openknowledge.worldbank.org/handle/10986/31806.

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AN ACT
AMENDING REPUBLIC ACT NO. 9510 OTHERWISE KNOWN AS THE "CREDIT INFORMATION SYSTEMS ACT (CISA)" AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. TRANSFER OF THE CREDIT INFORMATION CORPORATION "CIC" TO THE BANGKO SENTRAL NG PILIPINAS. THE BANGKO SENTRAL NG PILIPINAS SHALL SERVE AS THE PRIMARY AGENCY OVERSEEING THE CREDIT INFORMATION CORPORATION AS THE IMPLEMENTING AGENCY OF *THE CREDIT INFORMATION SYSTEM ACT.*
(A) THE BANGKO SENTRAL NG PILIPINAS (BSP) SHALL BE THE PRIMARY IMPLEMENTING AGENCY OF THE CREDIT INFORMATION SYSTEM ACT (CISA).
(B) ALL ASSETS, LIABILITIES, POWERS, DUTIES, AND FUNCTIONS VESTED IN THE CREDIT INFORMATION CORPORATION (THE "CORPORATION") UNDER REPUBLIC ACT NO. 9510, ALSO KNOWN AS THE CREDIT INFORMATION SYSTEM ACT, ARE HEREBY TRANSFERRED TO THE CONTROL AND SUPERVISION OF THE BSP FOR THE ESTABLISHMENT OF A PUBLIC CREDIT REGISTRY (PCR) WITHIN THE BSP.
(C) ALL REFERENCE TO THE CREDIT INFORMATION CORPORATION "CIC" IN RA 9510 IS HEREBY REFERRED TO AS THE PUBLIC CREDIT REGISTRY OR PCR.
(D) THE BSP GOVERNOR MAY DESIGNATE EITHER HIMSELF OR HERSELF, A MONETARY BOARD MEMBER, OR A SENIOR BSP OFFICIAL WITH A RANK EQUIVALENT TO THAT OF AN UNDERSECRETARY OR ASSISTANT SECRETARY, TO SERVE AS THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE NEWLY CREATED PCR, IN AN EX-OFFICIO CAPACITY.
(E) FOR AN INITIAL PERIOD OF TWO (2) YEARS, THE POWERS AND FUNCTIONS OF THE CORPORATION SHALL BE EXERCISED BY A BOARD OF DIRECTORS OF THE NEWLY CREATED PCR.

SECTION 2. Section 3b of RA 9510 is hereby amended and shall read as follows:

"**(B) "*ACTIVITY TRIGGER*" REFERS TO A NOTIFICATION FROM A SPECIAL ACCESSING ENTITIES ("SAES") TO AN END USER (E.G. A BANK) ABOUT AN EXHIBITED BEHAVIOR BY ONE OF THEIR PAST OR EXISTING CUSTOMERS.**
xxx"

The previous Section 3(b) shall become 3(c) and all pursuant subsections within Section 3 shall be renumbered accordingly.

SECTION 3. Section 4 of RA 9510 is hereby amended and shall read as follows:

"Section 4. *Establishment of the Credit Information System*. – In furtherance of the policy set forth in Section 2 of this Act, a credit information system is hereby established.

(a) Banks **AND NON-BANKING FINANCIAL INSTITUTIONS (NBFIs), INCLUDING** quasi-banks, their subsidiaries and affiliates, life insurance companies, credit card companies, and other entities that provide credit facilities are required to submit basic credit data and updates thereon on a regular basis to the [~~Corporation~~] **PCR**.

xxx"

SECTION 4. A new Section 5 shall be added and shall read as follows:

"**SECTION 5. BASIC CREDIT DATA. EVERY PARTICIPATING ENTITY IS MANDATED TO SUBMIT TO THE PCR THE FOLLOWING BASIC CREDIT DATA ON ALL DATA SUBJECTS:**

A) INDIVIDUAL

i. **PERSONAL CIRCUMSTANCES SUCH AS NAME (LAST, FIRST, MIDDLE), DATE OF BIRTH, SEX, CIVIL STATUS, PRESENT RESIDENCE, EMPLOYER AND POSITION OR BUSINESS, AS THE CASE MAY BE;**
ii. **NUMBER OF CHILDREN DEPENDING FOR SUPPORT;**
iii. **TIN, SSS OR GSIS NO.;**
iv. **NET INCOME;**
v. **RESIDENCE FOR THE LAST 2 YEARS;**
vi. **EMPLOYER/S OR BUSINESS/ES FOR THE LAST 5 YEARS;**
vii. **OWNERS/LESSEE OF HOUSE OCCUPIED;**
viii. **CAR/S OWNED;**
ix. **BANK/S WHERE ACCOUNTS ARE MAINTAINED, INCLUDING TYPES OF BANK ACCOUNTS; AND**
x. **OTHER ASSETS, REAL OR PERSONAL.**

B) CORPORATION

i. **DATE OF INCORPORATION;**
ii. **PRIMARY PURPOSE OR BUSINESS;**
iii. **TERM OF EXISTENCE;**
iv. **PRINCIPAL PLACE OF BUSINESS;**
v. **TIN/SSS NO.;**
vi. **DIRECTORS AND OFFICERS;**
vii. **NUMBER OF EMPLOYEES;**
viii. **AVERAGE GROSS INCOME FOR THE LAST 2 YEARS;**
ix. **MONTHLY EXPENSES;**
x. **NET TAXABLE INCOME;**
xi. **BANK/S WHERE ACCOUNTS ARE MAINTAINED, INCLUDING TYPES OF ACCOUNTS;**
xii. **OTHER ASSETS, BOTH REAL AND PERSONAL; AND**
xiii. **BOARD RESOLUTION AUTHORIZING THE BORROWING OF FUND FROM A CREDIT INSTITUTION/SUBMITTING ENTITY.**

C) PARTNERSHIP

i. **DATE OF REGISTRATION;**
ii. **PARTNERSHIP/BUSINESS NAME;**
iii. **TERM OF EXISTENCE;**
iv. **TYPE OF BUSINESS;**
v. **PRINCIPAL PLACE OF BUSINESS;**

vi. TIN/SSS NO.;
vii. PARTNERS;
viii. NUMBER OF EMPLOYEES;
ix. AVERAGE GROSS INCOME FOR THE LAST 2 YEARS;
x. MONTHLY EXPENSES;
xi. NET TAXABLE INCOME;
xii. BANK/S WHERE ACCOUNTS ARE MAINTAINED, INCLUDING TYPES OF ACCOUNTS;
xiii. OTHER ASSETS, BOTH REAL AND PERSONAL; AND
xiv. PARTNERS' RESOLUTION AUTHORIZING THE BORROWING OF FUND FROM A CREDIT INSTITUTION/SUBMITTING ENTITY.

D) COOPERATIVES

i. NUMBER AND DATE OF REGISTRATION;
ii. COOPERATIVE IDENTIFICATION NUMBER (CIN);
iii. PRIMARY PURPOSE OF BUSINESS;
iv. TERM OF EXISTENCE;
v. PRINCIPAL PLACE OF BUSINESS;
vi. TIN/SSS NO.;
vii. DIRECTORS AND OFFICERS;
viii. NUMBER OF EMPLOYEES;
ix. AVERAGE NET SURPLUS FOR THE LAST TWO (2) YEARS;
x. MONTHLY EXPENSES;
xi. BANK/S WHERE ACCOUNTS ARE MAINTAINED, INCLUDING TYPES OF ACCOUNTS;
xii. OTHER ASSETS, BOTH REAL AND PERSONAL; AND
xiii. BOARD RESOLUTION AUTHORIZING THE BORROWING OF FUND FROM A CREDIT INSTITUTION/SUBMITTING ENTITY.

E) EXPOSURE PROFILE (FOR EACH CREDITOR)

i. TYPE OF OBLIGATION OR ACCOUNT (CREDIT CARD, PERSONAL LOAN, COMMERCIAL LOAN, MORTGAGE, SECURED);
ii. TYPE OF TRANSACTION (MATURITY, REVOLVING, OPEN, LC, INSTALLMENTS);
iii. ACCOUNT NO.;
iv. CLIENT ID NO.;
v. DATE ACCOUNT WAS OPENED;
vi. ORIGINATING UNIT/BRANCH/DEPARTMENT FOR EACH TRANSACTION;
vii. PAYMENT METHOD (FREQUENCY OF PERIODIC PAYMENT OR BULLET);
    a. COLLATERAL/SECURITY;
    b. PRICING/RE-PRICING;
    c. INITIAL LOAN AMOUNT;
    d. OUTSTANDING BALANCE;
    e. MODE OF PAYMENT;
    f. REMAINING PERIOD OF OBLIGATION ON THE SPECIFIC EXPOSURE;
    g. PRE-TERMINATION (BOTH A "TAG" AND DATE OF PAYMENT IF APPLICABLE);
    h. MATURITY OF OBLIGATION WAS SETTLED;
    i. DATE OF LAST ACCOUNT ACTIVITY;
    j. DATE WHEN ACCOUNT ENTERED IN ARREARS;

k. AMOUNT PAST DUE: 1 TO 29 DAYS
30 TO 59 DAYS
60 TO 89 DAYS
90 TO 119 DAYS
120 TO 149 DAYS
150 TO 179 DAYS
OVER 180 DAYS

l. RESTRUCTURING (BOTH A "TAG" AND THE DETAILS OF THE STRUCTURING);
m. PAYMENT HISTORY VIS-À-VIS THE FREQUENCY OF PAYMENT (I.E., ANY PATTERN OF DELINQUENCY);
n. AGING OF RECEIVABLES (PAST DUE WITHIN ONE YEAR, PAST DUE OVER ONE YEAR, ACCOUNTS UNDER LITIGATION);
o. WRITE-OFF DATE (IF APPLICABLE); AND
p. DISPUTES AND RESOLUTION OF DISPUTES.

F) FOR CREDIT CARDS

i. CREDIT CARD NO.;
ii. ISSUING INSTITUTION;
iii. DATE CARD WAS FIRST ISSUED;
iv. EXPIRY DATE;
v. EXTENSION AND/OR SUPPLEMENTAL CARDS;
vi. OUTSTANDING BALANCE;
vii. PAYMENT INCLUDING AGING INFORMATION AND USAGE PATTERN (I.E., OVER THE LAST 12 MOS. AND YTD);
viii. AGING OF RECEIVABLES (PAST DUE WITHIN ONE YEAR, PAST DUE OVER ONE YEAR, ACCOUNTS UNDER LITIGATION);
ix. RESTRUCTURING (BOTH A "TAG" AND THE DETAILS OF THE RESTRUCTURING);
x. WRITE-OFF (IF APPLICABLE); AND
xi. **CANCELLATION DATE (IF APPLICABLE).**"

SECTION 5. Section 5(b) of RA 9510 is hereby amended and shall read as follows:

"(b) [~~The authorized capital stock of the Corporation shall be Five hundred million pesos (P500,000,000.00) which shall be divided into common and preferred shares which shall be non-voting. The National Government shall own and hold sixty percent (60%) of the common shares while the balance of forty percent (40%) shall be owned by and held by qualified investors which shall be limited to industry associations of banks, quasi-banks and other credit related associations including associations of consumers. The amount of Seventy-five million pesos (PhP75,000,000.00) shall be appropriated in the General Appropriations Act for the subscription of common shares by the National Government to represent its sixty percent (60%) equity share and the amount of Fifty million pesos (PhP50,000,000.00) shall be subscribed and paid up by such qualified investors in accordance with Section 5(d) hereof.~~] **TO THE EXTENT THAT THE NEWLY CREATED PCR SHALL BE OPERATED AS A UNIT WITHIN THE BSP, ITS OPERATIONS SHALL BE FULLY FUNDED BY THE BSP IN AN AMOUNT SUFFICIENT TO ENSURE THE EFFICIENT OPERATION OF THE PCR INCLUDING ALL OF THE FUNCTIONS FOUND IN RA 9510 AND DESCRIBED IN THIS ACT.**"

SECTION 6. Section 5(c) of RA 9510 is hereby stricken.

SECTION 7. Section 5(d) of RA 9510 is hereby stricken.

SECTION 8. Subsections 5(e), 5(f), 5(g), 5(h), 5(i), 5(n), and 5(o) of RA 9510 are hereby amended and shall read as follows, in addition to Subsection 5(p):

"(e) The BSP in coordination with relevant government agencies, shall prescribe additional requirements for the establishment of the PCR, such as industry representation, number of independent directors, and the process for nominating directors, and such other requirements to ensure consumer protection and free, fair and healthy competition in the industry."

"(f) Whenever the Governor of the BSP or the designated Monetary Board Member or Senior BSP official with an equivalent level of an Undersecretary or an Assistant Secretary, acting as Chairman of the Board of Directors, is unable to attend a meeting of the Board, he or she shall designate an alternate. The powers and functions of the newly created PCR shall be exercised by a board of directors composed of seven (7) members. The directors representing the government shares shall be appointed by the President of the Philippines."

"(g) The directors and principal officers of the newly created PCR shall be qualified by the "fit and proper" rule for bank directors and officers. To maintain the quality of management of the newly created PCR and afford better protection to the system and the public in general, the BSP shall prescribe, pass upon and review the qualifications and disqualifications of individuals nominated and elected or designated as directors of the PCR and disqualify those found unfit. After due notice to the board of directors of the PCR, the BSP may disqualify, suspend or remove any director who commits or omits an act which render him unfit for the position. In determining whether an individual is fit and proper to hold the position of a director of the PCR, due regard shall be given to his integrity, experience, education, training and competence.

"(h) The newly created PCR shall primarily serve the BSP as a traditional public credit registry—collecting consumer credit data for purposes of managing retail credit risk (e.g. to make available to credit bureaus and lenders such data on borrowers for use in credit reports and credit scores), micro- and macro-prudential regulation and oversight, and to inform monetary and economic policymaking. These are clear public interests being served, and therefore funding for the Corporation shall be entirely covered by the BSP. "

"(l) Outsource Entities, which may process and consolidate basic credit data, are absolutely prohibited from releasing such data received from the newly created PCR other than to the PCR itself. An Outsource Entity, credit bureau, credit reporting agency, or any affiliated enterprise under a common ownership structure, may not also be a Special Accessing Entity."

"(n) By assuming the Credit Information Corporation's assets and liabilities, the newly created PCR shall obtain a growing national database of historic credit repayment data, as well as a staff skilled at maintaining this data asset. In addition, the Corporation has on retainer a firm providing ongoing technical advisory services relating to data quality, data integrity, and the operation and maintenance of the Corporation's platform. The PCR shall transition the data assets from the Corporation to the newly created PCR in a manner that data flowing from the Corporation/PCR to Special Accessing Entities ("SAEs") shall be uninterrupted and without any significant reduction in data quality. The PCR shall singularly focus on increasing the data quality of the consumer credit repayment database, and

expand the coverage to include more financial and non-financial institutions in possession of sufficiently accurate and predictive data that can reliably report the data in a timely manner to the PCR."

"(o) The PCR shall not offer or sell goods or services (including credit reports and value-added services such as credit scores or activity triggers) in direct or indirect competition with Special Accessing Entities ("SAEs"). Instead, the PCR may only do so when the PCR's Board of Directors have determined that conditions of "market failure" obtain, and that no comparable good or service is currently or will imminently be offered upon prior consultation with accessing entities and the SAEs.

(P) THE PCR SHALL TAKE THE NECESSARY PRECAUTIONS TO PROTECT THE DATA PRIVACY OF BORROWERS, AT ALL TIMES, IN ACCORDANCE WITH REPUBLIC ACT NO. 10173 OR THE "DATA PRIVACY ACT OF 2012", AND COMPLY WITH THE MINIMUM INFORMATION SECURITY STANDARDS SET BY THE BSP, NPC, AND OTHER ISSUANCES OF RELEVANT GOVERNMENT AGENCIES."

SECTION 9. Subsection 5(m) of RA 9510 is hereby stricken entirely.

SECTION 10. A new Section shall be added and shall read as follows:

"SECTION __. *ABSORPTION OR SEPARATION FROM SERVICE OF EMPLOYEES OF THE CREDIT INFORMATION CORPORATION.* - THE EXISTING EMPLOYEES OF THE CIC SHALL ENJOY SECURITY OF TENURE AND SHALL BE ABSORBED BY THE BANGKO SENTRAL NG PILIPINAS, IN ACCORDANCE WITH THEIR STAFFING PATTERNS AND THE SELECTION PROCESS AS PRESCRIBED UNDER REPUBLIC ACT NO. 6656, OTHERWISE KNOWN AS THE "GOVERNMENT REORGANIZATION LAW."

EMPLOYEES OPTING TO BE SEPARATED FROM THE SERVICE AS A CONSEQUENCE OF THE CONSOLIDATION AND RECONSTITUTION UNDER THE PROVISIONS OF THIS ACT SHALL, WITHIN ONE (1) MONTH FROM THEIR SEPARATION OR PHASE OUT FROM THE SERVICE, RECEIVE SEPARATION BENEFITS IN ACCORDANCE WITH EXISTING LAWS. IN ADDITION, THOSE WHO ARE QUALIFIED TO RETIRE SHALL BE ALLOWED TO RETIRE AND BE ENTITLED TO ALL BENEFITS PROVIDED, UNDER ANY OF THE EXISTING RETIREMENT LAWS."

SECTION 11. Section 8 and Subsection 8(g) of RA 9510 is hereby amended and shall read as follows:

"**Section 8. *Implementing Rules and Regulations*.** - For purposes of creating a healthy balance between the need for reliable credit information and safeguarding consumer protection, ensuring free and healthy competition in the industry, the SEC, in coordination with relevant government agencies and existing industry stakeholders, shall issue the implementing rules and regulations (IRRs). Within ninety (90) days from the effectivity of this Act, the BSP in coordination with other relevant government agencies shall jointly issue any revisions to the IRRs of this Act. The IRRs shall be periodically reviewed, revised and approved by the Oversight Committee to ensure consistency and compliance with the provisions of this Act, embodying among others:"

"(g) Suspension or cancellation of the rights of any Accessing Entity or Special Accessing Entity to access credit information from the PCR; *Provided*, that the BSP in coordination with relevant government agencies and existing industry

stakeholders, may issue subsequent regulations consistent with the IRR as approved by the Congressional Oversight Committee.

In addition, the BSP may regulate access to the credit information system, taking into consideration the policy of lowering the cost of credit, promoting fair competition, and the need of the Corporation to employ state-of-the-art technology; and"

SECTION 12. ***Congressional Oversight Committee.*** Section 9 of RA 9510 is hereby amended and shall read as follows:

"The BSP and the Corporation shall be given a period of six (6) months upon the effectivity of this act to undertake measures to transition the affairs of the Corporation under BSP's control and supervision."

SECTION 13. ***Annual Report*****.** – Section 13 of RA 9510 is hereby amended and shall read as follows:

"The BSP shall submit an annual report to Congress on the status of the implementation of this Act."

SECTION 14. ***Principal Government Agency.*** Section 14 of RA 9510 is hereby amended and shall read as follows:

"**Sec. 14.** ***Principal Government Agency.*** The BSP shall be the lead government agency to implement and enforce this Act. As lead agency, the BSP shall consult and coordinate with other relevant government agencies in the adoption of all rules and regulations for the full and effective implementation and enforcement of this Act, taking into account the policy objectives contained in Section 2 hereof."

SECTION 15. ***Separability Clause.*** – Section 15 of RA 9510 is hereby amended and shall read as follows:

"**Sec. 15.** ***Separability Clause*****.** Should any portion or provision of this Act be declared unconstitutional or invalid by a competent court, the other provisions hereof shall continue to be in full force and effect."

SECTION 16. ***Repealing Clause.*** – Section 16 of RA 9510 is hereby amended and shall read as follows:

"**Sec. 16.** ***Repealing Clause***. All laws, decrees, executive orders, ordinances, rules and regulations, and other issuances or parts thereof which are inconsistent with any provision of this Act are hereby repealed, modified, superseded, or amended accordingly."

SECTION 17. ***Effectivity Clause.*** **–** Section 17 of RA 9510 is hereby amended and shall read as follows:

"**Sec. 17.** ***Effectivity Clause*****.** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of general circulation."

Approved,