



## 2018 FIDN Agenda for Credit Information Systems

### 1. Credit Reporting and Data Security

The recent Equifax data breach in the US has resulted in a political backlash against the credit reporting industry in the US, and has leached into other information services. There remains a real risk of regulatory over-reaction at a time when digital financial services are sputtering owing to the existence of data fiefdoms (blockages of data or data silos).

The APFF will issue a report this year examining global trends in financial data sharing—including the PSD2 in the EU, the Open Data Initiative in the US, Digi-Locker in India, and others. Particular importance will be placed on examining the reasoning for government intervention to promote greater financial data sharing, and whether and to what extent the Equifax data breach may affect efforts by APEC member economies to promote financial inclusion through credit and other financial information sharing.

### 2. Credit Reporting Data and Mekong Pilot on Cross-Border Credit Information Exchange

Following on the successful organizing meetings in **Ninh Binh, Vietnam and Bangkok, Thailand**, efforts will be made to sustain and possibly extend the voluntary trans-border data sharing of consumer credit data. On the Mekong cross-border pilot, the basic concept, principles, modalities, were agreed upon last July in Bangkok. The next meeting should move the matter one step further - - i.e., discuss and agree on the documentation (text of "agreement"). Under administrative leadership by the IFC, an update meeting will likely be held somewhere in the Mekong Zone during 2018. PERC has volunteered to conduct research to quantify impacts from the data sharing arrangement to provide APFF for review and consideration.

While cross-border collaboration will continue to be advocated, and hopefully a few real things will happen, there are several other pressing priority issues: (1) utility payments and public record data are very difficult to get (though those agencies are mostly very polite ... but generally do not provide access to their data); (2) the use of alternative data for **LENDING** (activity b) has created a lot of confusion with the use of non-traditional data for credit reporting (activity c); and (3) the credit reporting regulators have often been timid and either do not understand, or are unwilling/unable to do useful things to make credit reporting markets function better in the face of Big Data, FinTech, AI, etc.



### **3. Global Market Failure in Credit Reporting: Role of Regulators in Breaking Up Data Bottlenecks**

Increasingly, regulators are wrestling with how to promote competition within the retail credit sector. In most APEC member economies, and in economies around the world, consumer credit has become increasingly more concentrated over the past 30 years. With the advent of FinTech, and its potential to transform the sector and make it more responsive to consumer's needs, as well as more efficient and competitive, policymakers are turning toward data access as a tool to empower FinTech and promote competition in retail lending.

Under Vietnam's leadership, the relationship between broader data access and growth in lending to the private sector (MSMEs, all firms, and individuals) took center stage. In particular, Vietnam identified the need to promote the inclusion of proven payment data (non-financial but "credit-like" payment data from energy utilities and media companies such as telcos, MNOs, ISPs, CATV, rent) and government owned data.

In addition, with the emergence of a vibrant and growing FinTech sector within many APEC member economies, Vietnam also brought to the fore the issue of "***new alternative data***" from the digital space that may be useful for credit reporting purpose, in contradistinction from the "***traditional alternative data***" space (a.k.a. "proven payment data" e.g., trade credit data, telecoms and utility payment data, public info, etc.). Working with APFF, the Asia Pacific Credit Coalition will continue to educate policymakers as to the important to distinguish "alternative data for lending" (which are being done by many FinTech companies) and "alternative data for credit reporting" (very little or none by real credit bureaus ... so far). Some best practices or guidelines on this topic may be a helpful contribution. A white paper will be produced comparing emerging solutions and offering guidance to APEC member economies. In addition, direct outreach will be provided upon request or as needed including in Australia.

#### **(4) Technical Advisory Services for Regulators on Credit Reporting in the Digital and Big Data Age.**

APFF will host workshops on demand for any APEC member economies interested in guidance with the emerging challenges for the credit reporting regulators and/or data protection regulators and credit bureaus in the face of an immense increase in data availability, storage and use in digital forms.