

Unofficial translation

Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

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Bank of the Lao PDR

No. 928/BoL  
Vientiane Capital, dated 20 Sep 2012

**Decision  
on the Activities Regarding Credit Information**

- Pursuant to the Law of the Bank of Lao PDR No. 05/NA, dated 14 October 1999;
- Pursuant to the Law on the Commercial Bank No. 03/NA, dated 26 December 2006;
- Pursuant to the study and suggestion of the Department of Commercial Bank Management No. 122/DCBM, dated 30/07/2012.

The Governor of the Bank of the Lao PDR issues a Decision as follows:

**Chapter I  
General Provision**

**Article 1. Objective**

This Decision determines the rules and principles on the credit information activities of the Bank of the Lao PDR, commercial banks and financial institutions to maintain, report the customer's credit information in order to provide such information to the members of the Information Center which is aimed at reducing and limit the potential risk in providing loan of commercial banks and financial institution.

**Article 2. Definition of Terms**

The terms used in this Decision have the definitions as follows:

1. **Member** refers to commercial banks, branches of foreign commercial banks located in the Lao PDR and financial institutions as agreed by the Bank of the Lao PDR;
2. **Customer** refers to individuals or legal entities having credit connection with the member;
3. **Credit Information Center** abbreviated as "CIC" refers to the place for accumulating the credit information from commercial banks and financial institutions and to provide credit to commercial banks and financial institution to be used as reference in the consideration for providing credit;
4. **Credit Information** refers to general information about the customer, information on the status of credit, including the guarantee, financial status and other information as determined

by the Credit Information Center, the Bank of the Lao PDR;

5. **Activities Regarding Credit Information** refers to the collection, modification and analysis of information, classification of business, customer, exchange of credit information, service, supply and development of credit information, production creation, service development, prepare new and modern technology to serve the credit information service;
6. **Consent** refers to the customer's written authorization allowing the Credit Information Center to disclose personal information, financial status information which can be exchanged in the Credit Information Center with other parties;
7. **Credit Information Product** refers to the determination of personal information, credit information provided by the Bank of the Lao PDR, as follows:
  - Standard form of credit information report
  - Products the Credit Information Center provided to its members;
  - Standard form of financial institution report;
  - Standard form for reporting and other statistic.

### **Article 3. Policy for Promotion of Credit Information Activities**

1. The credit information is an important factor in making decision for credit approval of the management board of the commercial bank and financial institution. The Credit Information Center of the Bank of the Lao PDR must gather the credit information of commercial banks and financial institutions in order to provide to its members, customers of the members, state organizations that need to use the information but must comply with the regulations issued by the Bank of the Lao PDR;
2. Must develop the credit information tasks to have varieties of products, modernity in order to provide the serve to its members efficiently;
3. The Bank of the Lao PDR is responsible to encourage the Credit Information Center and to promote all parties to participate in the development activities of the Credit Information Center to become advanced and up-to-date step-by-step to fulfill the need of the society.

### **Article 4. Exchange of Information**

Before consider giving credit to customer, the members of the CIC shall obtain a written consent from their customer to allow the CIC of the Bank of Lao PDR and its members to apply the general information, credit information, financial status and other information available in the reporting form set out by the Bank of the Lao PDR to disclose and exchange with members or to be used in any objectives in accordance with the regulation of the CIC. The disclosure and exchange of information shall guarantee the accuracy and reality.

## **Chapter II**

### **The Credit Information Center (CIC)**

#### **Article 5. Position and Role of the Credit Information Center<sup>3</sup>**

The CIC is a part of the organizational structure of the Department of Commercial Bank Management of the Bank of the Lao PDR, has the role as a logistical arm to the Department Director in order to conduct the credit information tasks.

#### **Article 6. Rights and Functions of the CIC**

The CIC shall have the right and functions as follow:

1. Study the policy and regulation for the management of credit information tasks in order to submit to the Governor of the Bank of Lao PDR for consideration and approval;
2. Collect general information, information on credit, financial status and other information from its members, as well as safely maintain such information in the database system;
3. Summarize, use the credit information, create product in order to supply to its member and individuals who have connection with in accordance with the regulations of CIC;
4. Develop the credit information system to become up-to-date, create diverse products to serve its members and society;
5. Set up the standard form for credit information reporting to be used by its members;
6. Guarantee the efficiency and safety in the administration of credit information;
7. Provide the credit information to relevant sectors of the Bank of the Lao PDR in order to apply in the task for the management of commercial banks and in other tasks;
8. Provide training on the credit information tasks to CIC staff and members in order to raise their skill in the credit information tasks;
9. Coordinate with other relevant sectors to successfully perform the CIC role and responsibility;
10. Guarantee the exercise of right and duties of its members based on the regulations in a strict manner, redress the problem in providing inaccurate information as proposed by the customers of the member;
11. Inspect credit information of the members as specified in this Decision;
12. Impose measures to members who violates the regulation on the management of credit information.
13. Exercise other rights and perform duties as assigned by the Director General of Department.

## **Chapter III**

### **Member of the CIC**

#### **Article 7. Membership**

The commercial bank and financial institution accepting the deposit or releasing credit must be a member of CIC. To apply for a membership, the following documentation shall be prepared:

1. Application for a membership;
2. Copy of a License for bank establishment
3. Copy of an Enterprise Registration Certificate.

For financial institution under the management of the Bank of Lao PDR, specific regulation concerning the membership shall be applied.

#### **Article 8. Right and Functions of CIC Member**

The members of CIC shall have the main rights as follows: 1.

1. Implement provision, regulations and other legislative related to the credit information task issued by the Bank of the Lao PDR;
2. Develop the credit information program, such as the database system, to be fully in accordance with the credit information reporting standard issued by the Bank of the Lao PDR;
3. Collect, provide credit information in an accurate, complete, precise and timely manner as specified in this Decision. All changes made to the customer's credit information shall be recorded by the CIC members;
4. Maintain confidentiality and apply the credit information as specified in the regulation;
5. Train and recruit staff working in the credit information sufficiently and effectively;
6. Pay service charge for the search and use of credit information in accordance with the regulation issued by the Bank of the Lao PDR;
7. Exercise other rights and perform other duties assigned by the CIC.

#### **Article 9. Recording Credit Information**

1. CIC members must have the database system to serve the credit information tasks. All credit information must be recorded in a full and precise manner based on the credit information reporting standard set out by the Bank of the Lao PDR;
2. All the changes made to the customer's credit information shall be recorded in a full and timely manner.

#### **Article 10. Sending of Credit Information**

The CIC members must send the credit information based on the reporting standard to the CIC, the Bank of Lao PDR, in the form of reporting table in according to the standard form provided by the CIC, at least once a month and no later than the fifth day of the next month.

After CIC verify the information obtained from its members and if mistake is found in the information, CIC shall notify such mistake to the members and the members must completely correct the mistake and send to CIC within 2 banking business days after the acknowledgement of such errors.

#### **Article 11. Keeping of Credit Information**

CIC members shall keep the credit information as follows:

1. Regular debt of customer, problematical debt in which payment cannot be made under the term provided in the agreement, shall be kept in a safe database system;
2. Debt which has been fully paid or has been washed out from the balance sheet of asset shall be kept in the database system for a minimum of 5 years.

#### **Article 12. Access to Credit Information**

1. CIC members can seek the information of credit requesting customer based on the products provided by the Bank of the Lao PDR;
2. CIC members can seek the information of credit requesting customer through the user code issued by CIC;
3. Individual or legal entity who is the customer of CIC member and needs to know about his own credit information can request for the information from CIC of The Bank of the Lao PDR;
4. Individual or legal entity who is not the customer of CIC member and needs to know about the credit information of any individual or legal entity shall receive a written consent from such individual or legal entity before being able to inquire such information with CIC;
5. The access to the customer's credit information shall be printed out in order to incorporate in the customer's credit application document.

#### **Article 13. Letter of Consent**

The customer's credit documentation shall comprise of the letter of consent from the customer using a standard form provided by CIC, which authorizes member of CIC, Bank of the Lao PDR, to disclose and use personal information, credit information and other information of customer.

#### **Article 14. Collection of Service Charge**

1. CIC will calculate the service charge for automatic access to the information in accordance with each time of searching for credit information;

2. CIC member shall pay service charge for a monthly access to the information no later than the 5th day of the next following month, if exceeding such time limit CIC shall cut out the service charge from the saving account of its members who have made a deposit with the Bank of the Lao PDR, and will notify such member later.

3.

#### **Article 15. Prohibition**

CIC members are prohibited from performing any action as follows:

1. Disclose the customer's credit information without the CIC authorization;
2. Use the customer's credit information out of the limit provided in this Decision;
3. Carry out the exchange of credit information without getting through CIC.

#### **CIC is prohibited from any of the following actions;**

Disclose the customer's information to individuals and legal entities who are not the member of CIC, unless receiving a letter from organization having authority or the Board of Governor of the Bank of Lao PDR.

### **Chapter**

#### **Inspection and Reporting**

#### **Article 16. Member Inspection**

CIC under the Bank of the Lao PDR can undertake the inspection on credit information of its member on a regular and emergency basis:

1. Regular inspection is the annual inspection;
2. Emergency inspection can be done at any time if deemed necessary in case of having suspicious information: Member's violation of regulation on the supply and use of credit information that might cause problem to CIC system or financial risks which create the loss to its members.

CIC member who is undergone the inspection shall cooperate and give convenience to CIC inspector by providing the information to the inspector in a full and timely basis, appointing staff in charge of credit information to work with the inspector.

Before conducting the inspection, the CIC inspector shall inform the members to prepare document, information to be available for the inspection.

After the completion of each inspection, the inspector of CIC must prepare a report on the findings of the inspection jointly endorsed with the inspected member.

#### **Article 17. Inspection Content**

1. Examine credit document file from member, compare the information in the credit file with the information existed in the database system, information regarding various reports;
2. Comparatively inspect the release of credit by member and the access to credit by each customer

as provided in this Decision;

3. Other issues associated with the credit information which is deemed necessary.

#### **Article 18. Inspection of Credit Information Center**

The inspection committee within the Bank of the Lao PDR undertakes CIC inspection once a year following the accounting year or when necessary. The inspection committee inside the Bank of the Lao PDR can inspect revenue account, service charge and expenses or inspect the compliance with the laws and regulations, daily activities, inspect information in the database system, inspect the products and the service of CIC.

#### **Article 19. Reporting**

1. CIC shall perform the system of reporting its activities to the Director of Department based on the regulations set out by the Bank of the Lao PDR;
2. CIC member shall perform the reporting system in accordance with the regulations set out by CIC.

### **Chapter V**

#### **Conflict Resolution and Measures Against Violator**

#### **Article 20. Conflict Resolution**

Customers of CIC member who find mistake in their credit information can submit an application to CIC to solve such mistaken information. The content of the application must show the inaccurate information and the need to modify.

After receiving an application from its customer, CIC must inspect such information in order to redress the customer's application within 30 banking business days. CIC must inform the result of modifying the customer's application in written either directly or by post or electronic mail.

#### **Article 21. Measures Against Violator**

CIC member who violates this Decision shall be imposed to measures as provided in the Agreement on Violation Measures of the Commercial Bank set out by the Bank of the Lao PDR.

CIC member can submit an application to the Governor of the Bank of the Lao PDR regarding the performance of measures which deemed inappropriate.

## **Chapter VI**

### **Final Provision**

#### **Article 22. The Implementation**

The CIC of the Bank of the Lao PDR and its members shall strictly implement this Decision.

#### **Article 23. Effectiveness**

This Decision shall supersede the Regulation on Credit Information Center of the Bank of the Lao PDR, No. 03/ BOL , dated 08 November 2001 and shall become effective from the date of the signature. All previously promulgated provisions, regulations regarding the credit information tasks that contradict with this Decision shall be hereby cancelled.

Governor of the Bank of the Lao PDR

[Sealed and signed]

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