



Credit Information Sharing Association of Kenya



Code of Conduct

2020

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Glossary of terms

Term	Interpretation
Association	Credit Information Sharing Association of Kenya
ADR	Alternative Dispute Resolution
CBK	Central Bank of Kenya
CRB	Credit Reference Bureau
CRB Regulations	Credit Reference Bureau Regulations 2020
CIS	Credit Information Sharing
DST	Data Standards Template
DQCS	Data Quality and Compliance Services
Day	Working day
Effective Date	Means the date on which this Code is approved by the CBK
EXCO	Executive Committee of the Governing Council
GC	Governing Council of the Association
KBA	Kenya Bankers Association
Member	An institution that has subscribed to this Code of Conduct and the term "Members" shall be interpreted accordingly
Regulator	Means either of CBK or SASRA and the term "Regulators" shall be interpreted accordingly
SASRA	Sacco Societies Regulatory Authority
Third-party	Third-party credit information provider
TC	Technical Committee

EXECUTIVE SUMMARY

The Association's origins can be traced back to 2009 to its former role as the Kenya Credit Information Sharing Initiative (KCISI), a joint project of the Central Bank of Kenya (CBK) and the Kenya Bankers Association (KBA). In 2010, the then KCISI started a road map towards the formation of an association for the primary purpose of self-regulating data sharing arrangements between banks and non-banks. In April 2013, the Association was formally registered as Association of Kenya Credit Providers and, in May 2015, changed its name to Credit Information Sharing Association of Kenya to better align itself with its bigger objective of spearheading the growth of a robust CIS mechanism serving all its stakeholders whilst upholding highest standards of conduct. The Association has always had both a Constitution and a Code of Conduct since its primary objective has always been to establish its self-regulatory role.

Why self-regulation?

Self-regulation decreases risks to consumers, increases public trust, and combats negative public perceptions of the CIS industry. It complements existing laws by imposing supplemental rules to govern the behavior of Members.

In the premises, CIS reporting issues should, in the first instance, be governed and resolved by the Members amongst themselves. The self-regulatory mechanism also minimizes an artificial situation of "regulatory arbitrage" in that credit reporting from banks and non-banks should be monitored and supervised in equal measure. Currently banks and deposit-taking micro finance institutions fall under the supervision of the CBK and licensed Saccos fall under the supervision of SASRA while the rest of the Third Parties are largely not regulated.

Despite the Association's self-regulatory mandate, it is important to note that both the CBK and SASRA are not absolved of any of their regulatory oversight obligations. However, as regards Third Parties, the Regulators should only be required to intervene in matters as a "last resort". Furthermore, licensed credit bureaus, although Associate Members of the Association, do not fall under the mandate of the Association and remain under the supervision of the CBK.

Since its establishment, the Association has been at the forefront of various credit reporting initiatives that are aligned to its mission of **"facilitating generation and use of accurate credit information for the benefit of all participants in the credit market"**. Some of the most significant milestones in the growth of the CIS mechanism include introduction of positive data sharing amongst all licensed institutions, introduction of non-bank credit providers into the mechanism and incubation of an alternate dispute resolution

mechanism for consumers who wish to raise issues in respect to information contained in their credit reports.

Without a doubt, organizations that don't understand and implement best standards disadvantage their clients. When things go wrong in data sharing, it can cause serious harm. The Association seeks to drive a CIS mechanism in which citizens and consumers benefit from the responsible sharing of information, confident that their personal data is being handled responsibly and securely. Following stakeholders' engagement, the Association has been able to take on board helpful input and it remains grateful to everyone who has helped to make this Code of Conduct as comprehensive and helpful as possible.

This Code outlines the minimum ethical requirements for all Members of the Association and provides for a self-regulatory framework. The self-regulatory framework sets out obligations and responsibilities of Members in maintaining the highest standards of conduct in the CIS mechanism. It is issued pursuant to Regulation 24 (8) of the CRB Regulations which requires all Third Parties to be subject to an industry code of conduct approved by the CBK.

This Code of Conduct is inevitably written in general terms, providing a framework for Members to make good quality decisions about data sharing and to align with best practice on credit information sharing and consumer protection. In addition, the Association will provide whatever advice and assistance individual Members may need. The Code compliments the existing legislation such as the Constitution of Kenya 2010, the CRB Regulations, the Data Protection Act 2019 and the Consumer Protection Act Number 46 of 2012. It does not, in any way, replace any existing law. As the name suggests, this Code is about 'Conduct': about doing, about sharing and accessing information in a manner respecting consumer rights.

1. INTRODUCTION

Credit Information is generally deemed as information about a person or company's ability to pay its debt, examined by credit providers before they decide to lend money. Credit information adds value at various levels: it improves credit risk management and reduces the risk of credit provider failure; increases access to finance; reduces reliance on collateral; curbs over-indebtedness; and assists in the monitoring of credit markets. Conventional literature reflects that credit information is important for credit growth, economic growth and employment.

A Credit Information Sharing (CIS) mechanism generally refers to arrangements made between all pertinent role players operating in a credit market. These may refer to any of the policy makers, Credit Reference Bureaus (CRBs), Industry Associations, Data (credit) Providers and Regulators. A healthy CIS mechanism requires all role players to align to a common goal.

CRB Regulations place a mandatory requirement on CBK's licensed institutions to submit full-file data to all licensed CRBs. In addition, the Regulations include the participation of non-banks (referred to as Third Parties in the Regulations) into the mechanism on a voluntary basis. They are thus required to obtain consumer consents and upon approval by CBK, to share data with all licensed CRBs.

Very early on, key stakeholders such as the CBK and the KBA recognized the need for an institutional mechanism that would coordinate operational credit information issues. They established a "project" named Kenya Credit Information Sharing Initiative with significantly long-term objectives. The "project" has since grown into a member-based Industry Association, the Credit Information Sharing Association of Kenya. Central to its objectives is its role as a self-regulatory organization; the Association is the institutional entity that manages various credit data issues across various bank and non-bank players with the aim of monitoring and promoting a credit information mechanism whose data is accurate, up-to-date and relevant. It is on this basis that the CRB Regulations demand that Third Parties who are generally unregulated in terms of CIS, subscribe to an industry Code of Conduct to ensure there is proper oversight on activities of the Third Parties on matters CIS. The Code applies to all Members of the Association, including the regulated Members as it goes beyond existing Regulations to ensure best standards are upheld and adhered to. The Code complements the CRB Regulations and any other applicable law on matters CIS and customer protection.

2.0 PREAMBLE

To achieve the Association's general objectives of facilitating generation and use of accurate credit information for the benefit of all participants in the credit market, there is a need to formulate and regulate Member's dealings in line with common ethical principles. This Code sets out the minimum standards of good CIS practice and ethical behaviour that

Members are expected to abide by when interacting with their customers, relevant stakeholders and the public at large. The Code provides guiding principles in addition to what is prescribed in the law. It offers practical guidance with a view of embedding integrity in how Members conduct their business.

In our interconnected world, individual actions have the potential to significantly impact how the CIS industry operates as a whole. Members have a responsibility of ensure that they strive to do the right thing and in so doing, protect the reputation of the industry. It is expected that this Code will bring about discipline and professionalism by enabling the Members to understand what practices are considered unethical and the appropriate sanctions that will apply for non-compliance with the Code.

The Association expects Members to comply with the letter and spirit of this Code and compliance shall be monitored by the Association. This Code does not prescribe behaviour for every eventuality, its overall objective is to ensure commitment to ethical behaviour by ensuring that Members make sound and transparent decisions in a professional manner that will maintain the relevant principles set out in this Code.

The principles set out in the Code are supplementary to and do not supersede any legislation, regulations, other codes or guidelines applicable to Members. Copies of the Code are available from the Association's offices and can also be accessed through the Association's website www.ciskenya.co.ke.

2.1 The Association's values and key commitments

The Association's purpose is to shape the growth of a robust CIS system that is beneficial to all participants in the mechanism. We commit to act fairly and reasonably in a consistent and ethical manner towards customers. In meeting the Association's key commitments to customers, we will take into account applicable legislation, codes, guidelines and other prudential obligations.

We undertake to continuously work towards improving the industry practices by consulting relevant stakeholders in order to promote effective access to appropriate services in relation to CIS and ensure that we meet customer expectations and requirements.

2.2 Compliance policy statement

It is the affirmation of the Association that all Members shall conduct their activities in accordance with the highest standards of integrity and business ethics. All directors, officers, agents and employees of Members are obligated to conduct themselves in a lawful and ethical manner and must not compromise the provisions of this Code under any circumstances.

2.3 Compliance with Member's policies and practices

Members are expected to comply with their internal policies and practices. However, where there is a conflict between a Member's internal policies and practices and this Code, then the stricter of the requirements shall take precedence.

3. PURPOSE AND EFFECTIVE DATE

The purpose of this Code of Conduct is to provide credit providers who have subscribed to the membership of the Association Members with guidelines on submission and use of credit information in accordance with principles of consumer protection, CRB Regulations, best practice and any other applicable law.

This Code shall come into effect on the Effective Date.

4. SCOPE

This Code applies to all cases and at all times when sharing and using credit information. It is to be used when dealing with credit information obtained either from consumers directly or credit reference bureaus for the purpose of credit risk management or any other purpose permitted by law.

Upon joining the Association, Members agree to observe the conduct and standards stipulated in this Code in order to ensure legality, professionalism, high ethical standards, transparency, confidentiality and fair play while participating in CIS. Primarily, this Code aims to promote and uphold good conduct and discipline amongst Members at all times in order to ensure success in the execution of the objectives of this Code, in relation to their participation in CIS.

This Code is to be issued to all Members of the Association, with the aim of complementing the obligations provided by law in relation to credit information sharing. Subscribing to this Code is an expression of commitment by Members to be self-regulated on matters CIS. The Code highlights the general guiding principles that will ensure preservation of a good reputation, honesty and integrity in the CIS mechanism. It also complements the ADR process and procedures as stipulated in the CRB Regulations. Members therefore agree to be guided by best practice and standards as captured in this Code. Members also agree that the standards in this Code must not be compromised under any circumstances and commit to enhance efficiency of Kenya's credit market for the benefit of fellow credit providers, consumers of credit and the economy as a whole by taking all reasonable steps to facilitate and not to hinder CIS.

5. ELIGIBILITY

Every Member of the Association must officially subscribe to this Code. An assessment of a prospective member's eligibility as a credit information provider will be undertaken as part

of the application review process. Within two weeks of obtaining membership, the Member must also undergo a thorough on-boarding process using the Association's on-boarding procedure attached to this Code as Appendix IV. A new member will also not be eligible to supply credit information to CRBs and other Members prior to the issuance of a letter of successful completion of pilot testing by DQCS. Existing members who have also not previously used the DST will also be subject to the on-boarding process at Appendix IV. CIS-Kenya may levy an additional fee to cover the costs of the on-boarding process.

The Association, in liaison with the CRBs will issue a certificate of readiness and support the Member's application for admission into the CIS mechanism by the CBK.

The Code is not intended to replace or amend any of the provisions of existing laws currently in force relating to operations and control of CRBs or CIS. Members who are not direct credit providers and who may have no credit information to share are expected to comply with this Code to the extent applicable to them as well as support the Association and other Members in implementing this Code.

6. OBJECTIVES OF THE CODE

The Association's aim in establishing this Code is to develop, provide and maintain a clear standard of conduct and ethics within its membership in relation to CIS. The standard of conduct must be acceptable not only to its membership, but also to Regulators and other stakeholders within the CIS market.

Specific objectives of this Code are;

- (a) To make provision for a framework of internationally recognized standards of credit reporting and information protection principles aligned to local domestic laws;
- (b) To serve as a guideline for the assessment of good conduct in the CIS industry in Kenya;
- (c) To provide rules applicable to Members in regard to credit information sharing in order to guarantee integrity in the CIS mechanism;
- (d) To provide a sustainable credit information industry; economically sustainable credit market as well as transparent, fair, accountable and high-quality credit information sharing mechanism;
- (e) To provide for the balancing of regulation with self-regulation in light of the ever-increasing Third Parties sharing credit information in a bid to create a level-playing field that upholds the reciprocity principle, a major tenet of the CIS mechanism globally;
- (f) To provide consumer protection guidelines that must be observed by all Members at all times so as so safeguard the rights and privileges of consumers;

- (g) To remove factors that inhibit the positive impact of credit information sharing within a credit market, such as unreliability of bureau data which negatively impacts risk management;
- (h) To instill a sense of responsibility in Members by increasingly becoming aware that the quality of the CIS mechanism is entirely dependent on the quality of data every individual Member submits, and that any inaccurate data submitted by one affects all;
- (i) To support the regulatory requirement for risk-based pricing in the credit market;
- (j) To create synergy that will facilitate consumer education and awareness programs;
- (k) To provide for continuous capacity building of Members in relation to CIS;
- (l) To enable Members to form partnerships that guarantee the future of the industry by forging inclusive solutions to challenges that threaten growth and development of the industry;
- (m) To make a clear and unambiguous statement regarding the positive effects of a well-functioning credit information system within a credit market and in so doing to provide the ethical foundation for the existence of the credit reporting industry;
- (n) To minimize risk of breaking the law and consequent enforcement action by the Regulators or courts;
- (o) Provide for better public trust and reduce reputational risk by ensuring that legally required safeguards are in place and complied with in order to build better relationship with the people whose information Members share;
- (p) Ensure increased data sharing when this is necessary and beneficial;
- (q) Provide a better understanding of the impact of credit information on consumer credit profiles hence the need to respond to consumer complaints in a timely and efficient manner;
- (r) Provide an understanding on existence and operations of Tatua Center in bid to channel Member disputes through the Centre.

7. AGREED INFORMATION SHARING PRINCIPLES UNDER THIS CODE

Members are obligated to observe data sharing and credit reporting principles that have gained acceptance globally. In addition, Members must observe the data principles under the Data Protection Act (<https://ciskenya.co.ke/laws-and-regulations/>) and in any other written laws currently applying in Kenya.

7.1 Lawfulness

Members hereby agree that customer information must be shared in accordance with applicable laws and regulations and international best practice. Only customer information as defined in the CRB Regulations may be shared.

Except to the extent allowed by the CRB Regulations for Sharia-compliant products, sharing of personal information relating to an individual's race, belief, colour, ethnic group, religion, political affiliation, sexual orientation, physical and mental handicaps, state of health or medical information is prohibited.

7.2 Minimality

The sharing of credit information must be adequate, timely, relevant, and not excessive in relation to the purposes for the sharing. Information shared must be restricted to what is permitted under the law as aligned in the latest version of the DST. Members are therefore required to use the latest version of DST and, if in doubt, seek clarification from the Association. On the other hand, the Association will involve all Members in any revision of DST as may be necessary and will support Members through its on-boarding procedure.

7.3 Consent and Purpose Specification

Where the law does not mandate credit information sharing, Members are required to obtain clear and specific consents from their customers to share their credit information. As much as possible Members will ensure that consent is granted in writing. Prudently, the consent clauses should contain authority to share as well as to access credit information. The Association will provide a draft standard consent clause to individual Members where required. Members must explain to the customers the purpose for which the consent is sought as well as why it is necessary to share credit information.

7.4 Information use

Consumer credit information must not be used by a Member or reported by a credit bureau in any way incompatible with the purposes for which it has been collected, and more particularly as provided under the CRB Regulations.

7.5 Data Retention Periods

Credit information shall be retained by the bureaus for the minimum period stipulated in the CRB Regulations. No Member will seek to have information expunged from the credit report before the stipulated period, unless under circumstances spelt out in the CRB Regulations or through a valid court order. In addition, CRBs will only expunge information from their data bases within the confines of the law.

7.6 Information Quality

Consumer Credit Information must be accurate, complete and up-to-date. CRBs and Members are both responsible for the quality of consumer credit information. Members must update customer records as stipulated in the Regulations and the CRBs must undertake steps spelled out in the Regulations to enhance data accuracy, reliability and predictive value. CRBs undertake not to accept credit information unless the information conforms to the DST.

On its part, the Association has established a DQCS Department that will support Members to attain the highest level of data accuracy as well as ensure Members progressively attain 100% accuracy.

The DQCS Department of the Association will support the Member to attain 100% data accuracy threshold and undergo pilot runs using the latest version of the DST.

7.7 Notification to consumers

Members must issue customers with specific pre-listing, post-listing and adverse action notices as well as any other notice stipulated in the CRB Regulations. Failure to do so exposes the mechanism to legal and reputational risks which must be avoided by Members at all times.

General newspaper advertisements to customers will not be construed as compliant notices to customers under this Code.

7.8 Full file sharing

Members undertake to share full file information daily with all licensed CRBs. They also undertake to update credit information as soon as any change occurs and to correct any errors as soon as they are noticed.

To aid in this process, the Association will avail to Members a Data Submission Tool in line with Regulation 63 (6) of CRB Regulations that provides as follows:

"An institution and a third-party credit information provider shall ensure that the customer information furnished pursuant to this regulation is provided to **all licensed bureaus** or to a centralized point or location **or through an industry tool that facilitates centralized submission of credit information from which all bureaus can access the information.** "

Members undertake to implement transitional policies in order to implement full file sharing. Upon becoming members, new Members undertake to comply with the onboarding procedures set out at Appendix IV] hereto and to supply full file information on at least 50% of accounts existing as of the date of membership within three months and to finalise submission of remaining data within six months of obtaining membership.

Existing Members yet to comply with full file information sharing, undertake to supply full file information on at least existing accounts within three months and to finalise submission of remaining data within six months of the Effective Date.

Where a Member acquires credit accounts (Acquired Accounts) from another Member, they must review and confirm compliance with full information sharing requirements for the Acquired Accounts within sixty days of acquisition and supply full file information on the acquired accounts (where non-compliant) within the sixty-day review period. A non-compliant Member must provide the Acquirer with such information as may be necessary to ensure compliance with this Code within fourteen days of request. Where a Member acquiring credit accounts (Acquirer) establishes that there was non-compliance, the Acquirer undertakes to notify the DQCS and may refer any resultant dispute on the non-compliant conduct to the TC in accordance with Clause 8.1.8 of this Code.

7.9 Full Records

Members undertake to share their full loan portfolio and avoid selective listing that is discriminative and against the Kenyan law, the spirit and letter of the CRB Regulations and the standards of this Code.

7.10 Reciprocity

Members will uphold the Principle of Reciprocity in the CIS mechanism which operates on the basis of “you receive what you give”. Credit providers will receive credit reports bearing both positive and negative information if that is what they supply to the CRBs.

Any Member who contravenes the requirement for submitting both positive and negative information to the CRBs will only receive reports with only the form of information they share, be it negative only or positive only. In order to support full information sharing and reciprocity Members undertake not to on-supply to Members or non-members (“Other Party”) any information that the Other Party is not able to obtain directly from the CRB, because the Other Party has failed to comply with the full information sharing requirements of this Code. In the meantime, relevant sanctions will be applied by the Association to ensure the Member complies with full file information sharing as required by law and this Code of Conduct.

7.11 Security & Confidentiality

Credit information must be protected against, accidental, unlawful destruction, unlawful intrusion, loss and wrongful alteration, unauthorized disclosure and access by an unauthorized person. Members will take every possible measure and ensure they have appropriate internal protocols in order to maintain safety and confidentiality of customer data at all times.

7.12 Access to credit information

Members will provide consumers with credit reports under all circumstances stipulated under the Regulations. The Association is committed to build capacity of Members on interpretation of credit reports from different CRBs and other CIS matters. The Association will therefore avail its Learning Centre’s curriculum and courses to Members.

7.13 Risk Based Pricing

Members commit to implement risk based pricing based on consumer credit scores. The consumer's credit score will not be a basis for denying a customer a loan facility and will only be applied in line with the CRB Regulations.

7.14 Respect for competition

Members are required to comply with the Competition Act No. 12 of 2010 and any anti-trust laws and regulations so as to allow customers to make informed decisions on choice of credit providers. Members shall not collaborate with competitors against the interests of consumers or in any other manner prohibited by the law. Members will not use credit information to try and poach customers from other Members. They will also avoid statements and behavior that may cause unfair competition.

7.15 Fair treatment of customers

Members shall act in a manner that does not discriminate unfairly against any customer on grounds such as marital status, gender, age, disability or race in the provision of services and in the quality and terms of services they provide. However, Members may have certain special product or service offerings, which are specifically designed for Members of a target market group. They may also apply commercially acceptable reasons for declining to offer customers certain products or services. In such instances Members will be required to provide customers with reasons for any decision as required in the CRB Regulations.

Members shall endeavor to promote financial literacy and the ability of customers and potential customers to make sound financial decisions. Members recognize their responsibility to tackle financial exclusion and will invest in products and services that increase access to banking and credit and help bring excluded groups into mainstream financial services, while at the same time developing customers' financial literacy. In particular, Members will create awareness around rights of customers in regard to the CIS mechanism and channels that exist for making complaints and dispute resolution.

7.16 Customer complaints and dispute resolution

Members undertake to maintain functional and efficient dispute resolution processes and to educate customers on their rights including the right to refer disputes not resolved to their satisfaction to Tatua Center, an ADR centre established by the Association which continues to handle CIS disputes.

The Association on its part will avail the ADR services to its membership at and will maintain fully qualified and accredited mediators to handle the disputes. In addition, Members will retain dispute handling officers and will avail the contacts of such officers to the Association for purposes of coordinating resolution where disputes are escalated to the

Association. Mechanisms to avoid complaints/disputes recurrence shall also be established and implemented. Members shall resolve CIS complaints/disputes with customers within the timelines provided in the CRB Regulations.

7.17 Data Standardization

Members undertake to share data using the most current DST and through the industry Data Validation Tool provided by the Association in line with the CRB Regulations. The Association will involve and engage all Members in reviewing the DST when need be. All Members must ensure that they must always have access to the latest version of the DST from the Association.

7.18 Oversight

Members agree that the Association will have an oversight role on matters relating to CIS except that which is expressly and exclusively reserved for CBK in the CRB Regulations, for purposes of self-regulation.

The Association will coordinate the industry to ensure that best standards and ethics are maintained and any industry concerns are handled in the most efficient and collaborative manner. In this regard, the Association may call for reports, undertake physical visits, investigate and interrogate Members on any matter that is relevant to this role. The Association will collaborate with CRBs in carrying out this role. Members undertake to cooperate with the Association and other Members to ensure that the CIS mechanism attains and retains best standards and that data held by the CRBs retains the highest level of accuracy and predictive value. Members will avail contact details of their members of staff responsible for compliance for purposes of coordinating compliance concerns.

7.19 Breach

In the event of a breach by any Member of their obligations under this Code, the party against whom the breach was committed or any other Member aware of the breach may refer the matter to the Association for investigation. The Association may also, on its own motion or through its DQCS Department investigate any suspected breach by any Member. Sanctions will be applied in line with this Code.

7.20 Disciplinary Action

In the event that the Association makes a finding that a breach has been committed by a Member bound by this Code, the Association, through the TC, may apply the disciplinary procedure stipulated in this Code.

7.21 Accountability

Members are singly and jointly responsible for giving effect to the agreed information protection principles as described in this Code in addition to what is provided in any relevant law.

8. PRINCIPLES OF SELF-REGULATION AND APPLICABLE SANCTIONS

8.1 Credibility

To develop and sustain credibility among regulators, customers, investors and the general public, Members will:

- Implement an effective monitoring program;
- Impartially investigate departures from the Code and customer complaints; and
- Provide an impartial platform for the resolution of complaints and/or disputes between Members and their customers.

The Association's mandate is drawn from the voluntary commitment by Members to act decisively to promote transparency, accountability and ethical behaviour. The cornerstone for self-regulation for Members shall constitute the following:

- Awareness;
- Continuous monitoring and assessment;
- Reporting of breach and
- Adjudication of matters by an impartial TC

8.1.2 Awareness

Creating awareness in the market is a prerequisite to the effectiveness and successful implementation of this Code.

The Association and its Members shall bear the obligation of creating public awareness. Below is a list of the mandatory steps that both parties must undertake:

- a) The Association shall ensure that this Code is readily available to the public through publication on its website;
- b) The Association shall promote the Code and ensure Members subscribe to it;
- c) The Association shall create awareness among the general public, Members and Members' personnel on the use of its hotline. The hotline shall be published on the Association's website;
- d) Members shall be expected to inform their customers about their rights under the CIS mechanism and this Code and to publicize both documents on their websites;
- e) Members shall be required to publicize this Code internally through roll-out trainings in liaison with the Association and an annual training on the provisions of the CRB

Regulations and relevant law. These trainings will also be availed via an online training platform where employees shall confirm their understanding of the CRB Regulations and undertake an assessment on the same;

- f) New employees will be expected to complete the CIS curriculum as part of their on-boarding programs; and All employment contracts will include an obligation to adhere to the Code.

8.1.3 Compliance monitoring by the Association

The functions of compliance monitoring for Third Parties shall be vested in the DQCS Department of the Association and shall:

- a) Receive and review statistical compliance reports from CRBs.
- b) Receive compliance reports from Members;
- c) Develop and maintain an appropriate statistical database of non-compliance with the Code and the CRB Regulations, indicating the impact on customers, the CIS mechanism and the remedy applied;
- d) Develop, review and, as required, recommend updating of the Code and any related compliance programs and policies on a continuing basis;
- e) Promptly report suspected non-compliance with the Code to the TC established under this Code;
- f) Develop tools to provide consistency in the compliance processes and procedures in respect of the monitoring and compliance functions.
- g) Institute robust evidence management procedures to preserve the admissibility of any evidence of non-compliance gathered;
- h) Establish a confidential hotline in accordance with the provisions of this Code;
- i) Maintain a register of the Association's policies, Codes, guidelines, standards, requirements, and guidance related to this Code;
- j) Coordinate compliance by Members through Members' compliance officers as well as maintain a register of such officers and their alternates;
- k) Update Members' compliance officers on new and emerging trends in the regulatory and legal areas, including trends from other financial markets;
- l) Facilitate training and capacity development for Members compliance credit and other relevant officers;
- m) Work with industry regulators to embed the Code and promote adherence to it; and
- n) Conduct annual surveys to assess level of compliance to the Code and other policies, codes, charters, guidelines, standards, requirements and guidance set out by the Association.

8.1.4 Compliance Reporting

The report from Members will entail:

- a) a report of departures from the Code, recording the impact on customers and other Members and remedies provided; and
- b) training and capacity development on CIS for Members' employees.

8.1.4.1 Establishment of a confidential hotline

The Association shall establish a confidential hotline for:

- a) Reporting non-compliance with the Code by Members, their employees, contractors or agents. This hotline shall be open for use by members of the public; and
- b) Customers to raise concerns about the conduct of their account and/or complaint handling by a Member. Customer complaints shall be addressed to the customer's credit provider in the first instance and shall only be taken up by the Association where an amicable solution has not been reached between the parties or where a CIS dispute is being escalated to Tatu Center in accordance with this Code. Members shall address customer complaints in line with the timelines provided in the CRB Regulations.

8.1.5 Investigating Complaints

The Association, through its DQCS Department, shall be responsible for assessing and, where appropriate, investigating within five (5) Days all reports/"tip-offs" received.

The Association shall submit the investigation reports to the TC for action upon completion of investigation. The Association shall submit to the TC all matters pertaining to customers' complaints received through the hotline. The TC will handle such complaints as outlined in this Code.

The Association will not tolerate harassment or victimization of whistleblowers/customers or Member employees who raise concerns in good faith. The Association expects Members to protect whistleblowers who are employees from harassment or any or reprisal for reporting instances of non-compliance to the Code.

8.1.6 The Technical Committee

The GC shall establish the TC, which shall not be a committee of the GC, to be composed of representatives from different sectors of its membership.

The TC should have a minimum of five (5) members and a maximum of seven (7) members. This number can be altered by a decision of the GC as it may deem fit. Any Member who has an interest in a complaint brought before the TC will not be party to deliberations of

the Committee.

The role of the TC will be to investigate any breaches by Members of (i) any applicable laws and regulations, (ii) the Association's Constitution, (iii) the industry guidelines and, (iv) this Code of conduct.

Complaints can be made to the TC by Members or any other interested party. The TC can also, on its own motion, investigate any suspected breach and may receive complaints as may be escalated to it by the Association's DQCS Department that is responsible for carrying out the oversight role of the Association. The DQCS Department and the TC will be responsible for gathering market intelligence and will have no obligation to disclose their source of such intelligence in the course of their work. The TC will be responsible for implementing the Association's sanctions in line with this Code.

- a) Members undertake to: comply with directions made by the DQCS and the TC pursuant to their functions under this Code;
- b) commit to comply, in writing, with by the outcomes and recommendations of a completed investigation by the DQCS or the TC as the case may be;
- c) comply with requests from the DQCS or the TC in relation to ongoing investigations; and
- d) act in good faith and maintain the confidentiality of any investigations.

8.1.7 Tenure of the Technical Committee

The tenure of the TC shall be limited to the term of the GC which is two (2) years.

8.1.8 Preliminary considerations by the TC

The TC shall have the discretion to decide if a complaint is within its jurisdiction. Specifically:

- a) Disputes either pending in or finally resolved by the courts of law or any other legal body will not be accepted by the TC;
- b) The TC will not accept complaints that appear to be frivolous or vexatious; and
- c) The TC will not accept complaints for matters it has already determined unless it satisfies itself that new information, not available during the initial determination has emerged.
- d) The TC will refer allegations of non-compliance with legislation, regulations and guidelines to the appropriate regulators or authorities, if such allegations are investigated and established to be true.

8.1.9 Principles governing the complaints/ dispute resolution process

The complaints/dispute resolution process to be undertaken by the TC shall be governed by the following principles:

- a) The TC must act reasonably in carrying out its responsibilities;
- b) The TC must adhere to its own rules and procedures;
- c) When determining compliance with the Code, the TC must:
 - (i) Adhere to the rules of natural justice;
 - (ii) Act with independence and do what in its opinion is appropriate having regard to the nature of its functions and activities;
 - (iii) Be fair;
 - (iv) Proceed efficiently and with the minimum necessary formality and technicality; and
 - (v) Be as transparent as possible, whilst also acting in accordance with its confidentiality and privacy obligations.

8.1.10 Powers of the TC

The TC shall have power to:

- a) Summon Members and their employees to provide evidence before the TC;
- b) Order Members to provide information relating to matters before the TC for determination;
- c) Develop rules and procedures governing the operations of the TC;
- d) Issue orders and disciplinary measures; and
- e) Make any other orders and give directions necessary for the determination of matters before it;

8.1.11 Operational procedures for the TC

The TC will meet, discharge its responsibilities and convene, adjourn and otherwise regulate its meetings and proceedings in such manner as it may from time to time determine. It will however, observe timelines set in this Code unless it is not practically possible.

8.1.12 Receipt of complaints

The TC shall receive complaints in writing supported by the relevant documents in support of the complaint. The TC shall develop a standard complaint form to be utilized for making applications before it.

The TC shall also receive complaints raised through the confidential hotline. Such complaints shall be submitted to the TC by the DQCS Department.

8.1.13 Consideration of the complaint

On receiving a complaint, the TC shall:

- a) Review the complaint to establish that it is within its jurisdiction. A complaint shall be reviewed within three (3) Days from the date of receipt by the TC. If the complaint does not fall within the jurisdiction of the TC, the complainant shall be informed in writing;
- b) The TC shall undertake a detailed review of the complaint and make an informal determination. If the parties involved are satisfied with the determination, the matter shall be terminated at this juncture;
- c) Where either of the parties is not satisfied with the informal determination, the TC shall request for additional information, undertake and investigate the matter and request the parties to make submissions before making a formal decision; and
- d) Upon completion of the process in (c) above, the TC shall make a determination which shall summarize the contention between the parties, its findings and reasoning behind its finding.

During the process for determination of a complaint or allegations of non-compliance to the Code, Members shall co-operate in good faith with the TC in the exercise of its powers and the performance of its functions, including complying with the directions of the TC in relation to the complaint.

The TC shall make determinations on matters within fourteen (14) Days of receiving a matter. This period may be extended for up to thirty (30) Days for matters warranting special consideration. In such cases, where that matter may lead to compromised data at the CRBs, the TC will advise CRBs to treat such data with caution, or the TC may give interim orders necessary to safeguard integrity of data. These time lines may be changed through a recommendation of the TC to the GC based on experience, expedience and in the best interest of safeguarding data quality at the CRBs.

8.1.14 Making a determination

In making its determination, the TC shall be guided by the following:

- The relevant laws;
- Contract between the complainant and the Member;
- Principles of natural justice;

- Principles of financial law and practice;
- Any directives from the Regulators;
- This Code;
- The guidelines on Penalties and Remedies reproduced in Schedule V; and
- Provisions of internal codes of Members.

8.1.15 Appeals

Any party that is dissatisfied with the determination of the TC shall appeal to the Executive Committee (EXCO) of the GC through its chairman (or vice chairman in the absence of the Chairman) within five (5) Days of determination. The EXCO will consider the matter within thirty (30) Days and its finding/decision shall be final.

A determination by the TC or the EXCO in case of an appeal shall be binding on the Members but not on the customer (where a customer is involved). A customer will be free to pursue other remedies outside the framework. However, such a customer will have to forfeit any award made by the TC/EXCO.

8.1.16 Use of external expertise by the TC

While discharging its function, the TC, in agreement with the parties, may consult with independent external experts as it deems reasonably appropriate and necessary, provided that the TC takes reasonable steps to ensure that:

- a) the identities of any parties involved in an alleged breach of the Code are not disclosed to any relevant external expert unless disclosure is material to the matter and each relevant party, in each case, has consented to the disclosure;
- b) any such external expert maintains confidentiality of the information provided to it, including any information claimed to be commercially sensitive, and that the external expert acts in accordance with the TC's privacy obligations, and other duties of confidentiality, on the basis that it is deemed to be bound in each case; and
- c) Any such external expert otherwise complies with these requirements so far as reasonably relevant.
- d) The TC shall decide who shall cater for the fees of the external expert on a case by case basis.

8.1.17 Rules of evidence

The TC will be as informal as possible at the preliminary stage. However, where a party is dissatisfied with the outcome of the preliminary stage and the TC needs to undertake thorough investigations, it will be bound by rules of evidence as set out in the Evidence Act.

8.1.18 Reporting to the Governing Council

The TC shall submit quarterly reports to the GC through its chairperson. The reports will highlight matters handled in the period and any emerging trends for consideration by the Governing Council. The TC may also prepare reports to the Governing Council on an ad hoc basis where it deems serious issues warranting the Governing Council's consideration have arisen.

8.1.19 Disciplinary Framework

The TC shall have the authority to make determination and give directions on applications received as well as make necessary orders in the interest of justice. Non-compliance to this Code may occasion disciplinary measures taken on both Members and relevant employees. In issuing its determinations, the TC shall be guided by principles of proportionality and consistency.

The remedies available at the discretion of the TC include but are not limited to:

- a) A directive that a Member receives limited services from the Association;
- b) Report a non-compliant Member to the regulators if non-compliance is persistent;
- c) Directive that a Member be suspended from the Association and thus denied all services of the Association. Such a decision will be communicated to the Regulator;
- d) Directive that a Member be expelled from the Association's membership. Such a decision will be communicated to the Regulator;
- e) Monetary Penalties as may be agreed by Members from time to time;
- f) Direct a Member to initiate disciplinary procedures against staff Members not compliant with the Code and other Association and Members' policies, charters, guidelines, standards and requirements. Disciplinary actions against employees shall be taken in line with the relevant legislations and regulations.
- g) Order non-compliant Members to initiate remediation measures as per a remediation plan to be set up by the TC.
- h) Order compensation to be paid to disadvantaged customers, Member, Association or any other entity. The purpose of the compensation order is to restore the disadvantaged customer/entity who has sustained loss to the position they would have been in, if there was compliance.
- i) Direct a non-compliant Member to perform training, awareness campaigns and any other initiative or project initiated by the Association.
- j) Direct the Association to undertake enhanced compliance review of a non-

compliant Member.

- k) Order a non-compliant Member to bear/contribute to the cost of investigation or determination costs of the Association or the TC. This should not exceed annual subscription fees.
- l) Order for the Association, to publish in its website, the number of non-compliant Members, areas of non-compliance and remediation steps undertaken. Order for corrective disclosure where the matter before the TC pertains to non-compliance as a result of a misleading disclosure such as misleading or deceptive advertisement.
- m) Depending on the implication of non-compliance, escalate a matter to the relevant regulatory authority. Departures from the Code that may warrant escalation to regulators include but are not limited to; contravention of provisions of legislation and regulations, inadequate/misleading disclosures to regulators, inadequate governing standards, anti-competitive behaviour and breach of customer confidentiality. The TC shall have discretion to determine which matters require escalation. In the decision they shall be guided by the gravity of the departure and its impact on data quality and industry at large.

8.1.20 Immunity from civil process

To promote fairness in the Association' disciplinary framework, the Members agree that no member of the TC or of the EXCO, while discharging their complaints and dispute resolution duties under the preceding clauses, shall be liable to be sued by any Member in any civil court for or in respect of any act done or omitted to be done in good faith in the performance of any of the powers, jurisdiction, duties or functions conferred upon him by the TC under this Code.

9. PERTINENT ISSUES

9.1 Co-operation with Regulators

9.1.1 The Central Bank of Kenya (CBK)

The Central Bank of Kenya is the Regulator of Banks and Microfinance Banks. It also licenses and regulates Credit Reference Bureaus. CBK is also responsible for approving Third Parties to share credit information with the CRBs. It is solely responsible for issuance of CRB Regulations in line with the Banking Act and thus exercises regulatory control over the CRB mechanism. CBK exercises the top most oversight over the CIS mechanism and is the owner of the information held by CRBs. In the event that a CRB is dissolved, the information held by that CRB reverts back to CBK.

The Association and its Members acknowledge the central role played by the CBK in the CIS mechanism and undertakes to cooperate and work with the regulators to bring about a CIS mechanism that benefits from regulatory, legislative and self-regulatory environment to make it impeccable. Consequently, the Association will continually avail its statistical and activity reports to the CBK in order to facilitate its appreciation of industry activities and compliance.

9.1.2 Sacco Societies Regulatory Authority

The Association recognizes that other sector regulators such as SASRA may play a regulatory role over its own licensees that participate in the CIS mechanism. The Association will continually cooperate and avail statistical reports of its regulatees to SASRA in order to facilitate its appreciation of their contribution to the CIS mechanism.

9.3 Commitments by the Association

The Association is the industry association responsible for coordinating the different players within the CIS mechanism to ensure that both the law and best practice are observed at all times. It plays a critical role in establishing best practices, creating awareness, industry leadership and providing technical support to its Members through its on-boarding procedures and capacity building activities. It also provides industry tools that support data transmission and accuracy. It therefore plays an “oversight” role in the mechanism and works closely with the CBK. In particular, the Association will play the following roles;

- a) Coordinate the mechanism in such a way that attracts more participants thereby expanding the mechanism.
- b) Provide support during on-boarding process to ensure that Members joining the mechanism progressively attain accuracy threshold of 100%.
- c) Provide technical support during and after on-boarding new Members through its DQCS Department.
- d) Coordinate efforts towards revision and issuance of the Data Specification Template as well as built capacity of Members to submit data using the most current version of the DST.
- e) Provide a Data Validation Tool through which Members will submit data to all licensed CRBs simultaneously.
- f) Undertake public awareness campaigns on CIS in collaboration with its Members.

- g) Undertake both on-site and off-site continuous capacity building and training of its Members using its Learning Centre.
- h) Provide an ADR centre (Tatua Center) for resolution of CIS disputes escalated from its membership after exhausting the dispute process stipulated in the CRB Regulations.
- i) Coordinate the industry on all CIS matters including filing and defending industry relevant legal suits on CIS and related matters.
- j) Undertake research on matters of interest to its membership and provide guidance on CIS issues.
- k) Liaise and cooperate with stakeholders in the sector to ensure that the CIS mechanism continually improves.
- l) Bench mark with other jurisdictions on relevant matters.
- m) Work closely with CBK and other sector regulators and industry associations within the credit market to ensure laws relating to CIS are followed by its Members and where disciplinary measures are taken, they are well coordinated and implemented.
- n) Where breach persists, to make appropriate recommendations to CBK where necessary.
- o) Undertake review of relevant legislation and where necessary, recommend appropriate amendments.
- p) Undertake any other activity geared towards improving CIS environment which is in line with its objectives or in the interest of Members and stakeholders.

9.4 Commitment by Members to the Association

Each Member agrees as a condition of membership to:

- (a) Be bound by and subject to this Code of Conduct, the Association's Constitution and any resolutions made by the GC or the membership.
- (b) To abide by the CRB Regulations and any other relevant law.
- (c) Work to promote the positive reputation of the Association and the wider financial sector.
- (d) Not to undertake any activities, practices or conduct that undermines the CIS sector or brings it into disrepute.

- (e) Pay agreed annual subscriptions in advance and other fees as may be set by the Governing Council from time to time.
- (f) Comply with any finding or sanction by the TC of the GC.
- (g) When reasonably required, demonstrate appropriate compliance with the Associations rules and the Principles of this Code within their businesses.
- (h) To support the objectives of the Association as set out in its Constitution.
- (i) To adopt, develop and promote good commercial and transparent lending and CIS policies within their respective organizations in line with this Code.
- (j) To cooperate with the Association on all matters pertaining to CIS.

9.5 Commitment by Members in relation to Tatua Center Services

One of the basic tenets of credit information sharing is effective dispute resolution processes. The World Bank Principles on Credit Reporting provide as follows;

“The overall legal and regulatory framework for credit reporting should be clear, predictable, non-discriminatory, proportionate and supportive of data subject and consumer rights. The legal and regulatory framework should include effective judicial or extrajudicial dispute resolution mechanisms.”

Regulation 63 (7) of the CRB Regulations provides as follows: “An institution and a third-party credit information provider shall establish and maintain functional units or dedicate competent staff to receive and resolve complaints or disputes arising from credit information sharing activities.”

In addition, Regulation 29 (1) and (2) (f) of the CRB Regulations provide as follows:

“(1) Each bureau shall prepare a summary of the rights of customers.(2) The summary of the rights prepared under paragraph (1) shall include a description of...(f) the right of a customer to refer a dispute to an alternative dispute resolution mechanism, a court of law or the Central Bank where the customer feels that a dispute has not been resolved to the customer’s satisfaction.”

It is on the basis of the above provisions that the Association runs an ADR centre (Tatua Center) exclusively handling CRB related disputes.

Members therefore have an obligation to promote and make use of Tatua Center services in a bid to reduce negative reputation that comes with court cases. The Centre offers its services free of charge to its Members. On this basis, Members undertake to;

- a) Educate the consumers on existence of Tatua Center and the services it offers.
- b) Cooperate with Tatua Center to ensure that all disputes that are escalated to the Centre are resolved within the shortest time possible.
- c) Respond to queries by the Centre within the shortest time possible.
- d) Provide the Centre with consumer records including their credit reports where there is express authority by the consumer to the Centre to receive credit reports on their behalf.
- e) Implement resolutions arrived at through Tatua Center.
- f) Advise CRBs to update customer records in line with any agreement reached between the Member and its customer through Tatua Center.
- g) Respond to enquiries from customers and CRBs in a timely manner so as to avoid escalation of disputes.
- h) Respond to customers and CRBs queries without fail and to provide unambiguous responses. Where deletions are occasioned by non-responsiveness of Members, CRBs shall report such Members to the TC for sanctions.
- i) Keep record of relevant correspondence and of supporting evidence of service
- j) Correct erroneous data and ensure erroneous data is not re-submitted in its erroneous state.
- k) Simultaneously inform all licensed CRBs of any amendments following customer disputes, within the stipulated period.

9.6 Commitment by CRBs to the industry

- a) CRBs shall observe provisions of the CRB Regulations and any other applicable law in all matters CIS;
- b) CRBs shall only receive information in the format stipulated in the latest data specifications template as published from time to time;
- c) To enhance data quality, CRBs shall only accept data submitted through the industry ValiData Tool;
- d) CRBs will work in partnership with the industry players to create awareness on CIS and educate consumers on their rights;

- e) CRBs shall not receive data from any institution that has not subscribed to this industry Code of Conduct as a minimum;
- f) CRBs shall encourage credit providers to undertake capacity building of their staff on CIS and in doing so, will encourage members to make use of the CIS Learning Centre;
- g) CRBs shall maintain and implement quality control and audits of their databases to ensure and assure data quality;
- h) CRBs shall expediently respond to queries from members and shall in the least, observe the timelines provided in the Regulations.
- i) CRBs shall take all reasonable steps to ensure timely update of customers' data as advised by members so as to reflect the current status of the customer at the earliest opportunity, but in any case, within the time stipulated in the Regulation;
- j) CRBs shall cooperate with Tatua Center to ensure that all disputes that are escalated to the Centre are resolved within the shortest time possible;

9.7 Other Benefits of Membership to the Association

- a) Members will be listed on the Association website and will be permitted to use the Association's logo where necessary;
- b) The Association will avail the following to Members;
 - Tatua Center Services
 - Data Submission Tool
 - Learning Centre
- c) The Association will represent the interest of Members and will lobby for their benefit.
- d) The Association will cooperate with any other body for the benefit of its membership
- e) The Association will ensure that industry matters are coordinated and where need be, necessary legal action is taken to defend the rights of its Members.
- f) The Association will continually review the law relating to CIS and will recommend appropriate amendments to ensure there are no barriers to comprehensive CIS.
- g) The Association will support Members towards attaining 100% data accuracy threshold.

- h) The Association will avail a clear and consistent on-boarding procedure that ensures that Members approval to join the CIS mechanism is eased
- i) The Association will, in partnership with Members, undertake public awareness programs.

10. DEVELOPMENT

10.1 Expansion

Members shall support every effort to promote expansion of CIS among all credit providers within the confines of the law.

10.2 Review of the Code

This Code can be reviewed and may be amended through consultations with Members as need arises.

10.3 Appendices

- Appendix I-CRB Regulations 2020-link
- Appendix II-Current Data Submission Template-link
- Appendix III-Data Validation Tool-link
- Appendix IV-CIS On-boarding Procedures Manual
- Appendix V-Penalties and Remedies schedule

Appendix I- CRB Regulations 2020- <https://ciskenya.co.ke/laws-and-regulations/>

Appendix II-Current Data Submission Template- <https://ciskenya.co.ke/data-specification-templates-and-validation-rules/>

Appendix III-Data Validation Tool- <https://ciskenya.co.ke/data-specification-templates-and-validation-rules/>

CIS ON-BOARDING PROCEDURE FOR NON-BANK DATA PROVIDERS

A. PREAMBLE

In the recent past, concerns by the Central Bank of Kenya (CBK) regarding poor CIS practices by some unregulated lenders culminated in the suspension of some of them from sharing credit information. Some of the concerns raised in CBK's Circular no. 8 of 2020 included;

- Inefficient complaint redress mechanism;
- Non-functioning telephone numbers;
- Absence of physical locations for customers seeking assistance;
- Predatory lending practices;
- Cases of identity theft;
- Unethical harassment of delinquent customers;
- Listing customers without giving prior listing notices;
- Inability to promptly correct errors noted in credit information submitted to CRBs;
- Reluctance to update records held by CRBs.

This Procedure Guideline, developed jointly by the 3 CRBs and CIS Kenya, will be used to ensure that applications by third-party Credit Information Providers (CIPs) are assessed efficiently and in line with CRB Regulations 2020.

B. STEPS TO BE FOLLOWED

1. PRE-ONBOARDING PHASE

The licensed CRBs will be required to submit the following items to CBK for approval:

- a. Industry Code of Conduct (as required under Regulation 24(8)), including
 - i. Draft Code of Conduct
 - ii. Report evidencing industry participation
- b. Data Validation and Submission Tool (as provided for under Regulation 64)
 - i. CIS ValiData System Description and Documentation
 - ii. Systems and Security Audit Report
 - iii. Recommendation of CIS Kenya as proposed System Provider
- c. Industry procedures for onboarding third-party CIPs

2. APPLICATION PHASE

2.1 Role of CRBs

Upon receipt of applications for approval to join the CIS mechanism, and in line with Regulation 24(4), CRBs will perform due diligence on the third-party CIPs before admission to the mechanism to establish:

- a. Nature and character of the third-party credit provider's ownership and management
- b. The nature of the third-party credit provider's business and whether it is subject to any legal or regulatory framework.
- c. The soundness of the third-party credit provider's information management system in relation to generation, storage and transmission of customer information
- d. The accuracy and integrity of the third-party credit provider's records; The credibility of credit information of every person the third-party credit provider deals with
- e. Whether the third-party credit provider's customers have expressly consented to the sharing of the customers' credit information; and their awareness on the third-party CIP's relationships with respect to credit information sharing;
- f. Whether customer's financial or credit information is occasionally based on estimates or is subject to assessment before ascertaining the completeness of the information

2.2. Collaborative role of CIS Kenya

CIS Kenya will partner with the CRBs to execute some of the roles spelt out above and, in particular, those that are directly impacted through the signing of the industry Code of Conduct that is required under Regulation 24 (8). The areas that call for collaboration include:

- a. Data quality, Data processing and Data submission
 - i. Soundness of credit management information system
 - ii. Extraction of data in line with Data Specification Template
 - iii. Prompt and consistent submission of full-file data
- b. Dispute resolution
 - i. Existence of a complaint handling function
 - ii. Dispute lodging facilities (functional phone numbers, Websites complaint forms etc.)
- c. Staff adequacy and competence
 - i. Ascertain appropriate numbers of involved staff
 - ii. Provide training on handling disputes, data submission, and use of bureau products

2.3 Application Process

The application process will entail:

- a. Completing a CIS Kenya membership form available in the Code of Conduct
- b. Kshs. 3,000 application processing fee payable to CIS Kenya

- c. Verification of requirements under 2.1 and 2.2. above

3. PILOT PHASE

CRBs Technical Team and CIS Kenya's Data Quality and Compliance Support (DQCS) function will support the member through a data piloting phase to progressively attain the highest level of accuracy. The team will monitor the pilot in terms of data extraction and transmission and ensure that the applicant:

- a. Demonstrates capacity to extract and prepare data for submission in line with applicable Data Specifications Templates (DST)
- b. Has the ability to meet requirements for multiple submissions to all CRBs
- c. Meets data quality thresholds within a period of 3 months or earlier date that proves satisfactory
- d. Can use the industry Tool for data validation and submission.

4. CBK APPROVAL PHASE

The recommended/primary CRB will submit an application to CBK constituting;

- a. Confirmation of subscription to Industry Code of Conduct
- b. Certificate of Data Quality Threshold
- c. Any other documentation as may be required by CBK and the CRBs

5. POST-APPROVAL PHASE

Upon receipt of CBK approval, the CRBs will notify CIS Kenya to facilitate:

- a. updating of member status on CIS Kenya website and other channels that promote industry standards
- b. activation of CIS ValiData for the member.

6. DOCUMENTATION

- a. Template of Notification of Application for On-Boarding by Third-Party CIP
- b. Sample Certificate of Confirmation – Industry Code of Conduct
- c. Sample Certificate of Data Quality Threshold

Appendix V: Penalties and Remedies schedule

This schedule indicates penalties or remediation action which may be imposed by the TC in typical situations. It is not meant to be an exhaustive list and does not cover every eventuality that may occur. While the penalties and remediation action listed will generally be applied as minimum penalties, each case of failure to comply will be viewed on its own merits and if circumstances of a particular case warrant a heavier penalty than listed, the TC reserves the right to impose such heavier penalty.

Failure to comply	Penalty/Remediation
Failure by Members' staff to respond to customer complaints/disputes , update customer data after a dispute resolution process under CRB Regulations, failing to respond to CRBs dispute notice resulting to unwarranted deletion of customer information contributing to customer disputes and disrepute of the mechanism.	Direct Member to issue a warning letter and additional training in the first instance for the non-compliant staff; and Order Member to initiate disciplinary proceedings against the non-compliant staff.
Re-submitting erroneous information leading to escalation of consumer dispute to the Association.	A penalty of Ksh. 20,000 payable to the Association Order Member to initiate disciplinary process against staff responsible.
Failure to comply with governing principles and standards set out in this Code	A fine of a maximum amount equivalent to membership fees. Escalation of the matter to the CBK in the second instance.
Failure to issue requisite pre-listing, post listing, adverse action and other notices	A fine of a maximum amount equivalent to membership fees. Order Member to initiate disciplinary process against staff responsible
Irresponsible and inaccurate communication by banking staff	a) Order for Member to undertake capacity building through the Association's CIS curriculum for relevant staff.

<p>Failure to implement TC/or EXCO Sanctions/Initiatives/Policies/directions within industry agreed timelines and specifications.</p>	<p>a) A fine of a maximum amount equivalent to membership fees and implementation of the said sanctions</p>
<p>Failure to participate in industrywide customer education and awareness campaigns within industry agreed timelines</p>	<p>a) A fine of up to Kshs 20,000. This penalty will not exempt the non-compliant Member from participating</p>