

Banking & Finance

Prakas No. B7-020-352 on Credit Reporting

The Prakas of the National Bank of Cambodia (“NBC”) No. B7-020-352 on Credit Reporting (“Prakas”) was promulgated on 26 June 2020. This new Prakas replaces the Prakas of the NBC No. 011-145 on Credit Reporting issued on 24 May 2011 (“Former Prakas”). The Prakas aims to assess and reduce financial risks taken by financial institutions in Cambodia. The Prakas further focuses on facilitating Know Your Customer (“KYC”) procedures for Anti-Money Laundering (“AML”) and Combating Financing of Terrorism (“CFT”) activities and easing borrower’s ability to seek financing locally and abroad.

Under the new Prakas, the entity providing credit information sharing service (“Service Provider”) may offer cross-border credit information sharing with prior approval from the NBC. When providing services as such, the Service Providers must ensure and perform the following activities:

- to protect the clients’ personal information;
- to specify dispute resolution mechanism and data adjustment procedures;
- to safekeep data; and
- to obtain prior consent from the clients (owners of the information).

In comparison to the Former Prakas, the new Prakas introduces the following key changes:

- **Data Coverage:** The data to be reported under the new Prakas is beyond the data on credit information as it also includes other data such as the data on bounced cheques, guarantors, etc.
- **Supervisory Power of the NBC:** The new Prakas increases supervisory authority of the NBC in relation to the requirement for immediate notice by the Service Providers in case of data breach. As well, any special data sharing beyond the established framework shall be approved by the NBC. For supervision, the NBC also has authority to demand credit report.
- **Data Storage:** The Service Providers is required by the new Prakas to retain all acquired information for at least 15 years.
- **Flexible Disclaimer and Consent Clauses:** The new Prakas permits the reporting entities to furnish their own clauses for client’s disclaimers and consent so long as they bear substantially the same meaning contained in the NBC’s model clauses.
- **Sources of Credit Information:** The Service Providers, with prior approval from the NBC, may collect additional sources of credit information such as the payments of electricity, water, mobile, internet and any other utility bills.

Banking & Finance

- **Suspension of Credit Information Sharing:** The owners of information may request for temporary suspension of credit information sharing in case of fraud or identity theft for a period of 30 days and such suspension request can be renewed once.
- **Timeline:** The new Prakas also shortens the timeline for credit report issuance to clients from 10 working days in the Former Prakas to 5 working days and extends the timeline of dispute resolution on any credit information from 10 working days in the Former Prakas to 15 working days.
- **Fines and Penalty:** The new Prakas also increases the pre-existing fines from 4 to 10 million KHR in the Former Prakas to 10 to 50 million KHR for non-compliance of the same obligations. Moreover, the new Prakas even introduces an additional penalty on any reporting entity that does not use the shared credit information for conducting credit assessments. For any undefined non-compliance under the new Prakas, a global penalty of 5 to 250 million KHR will be imposed.

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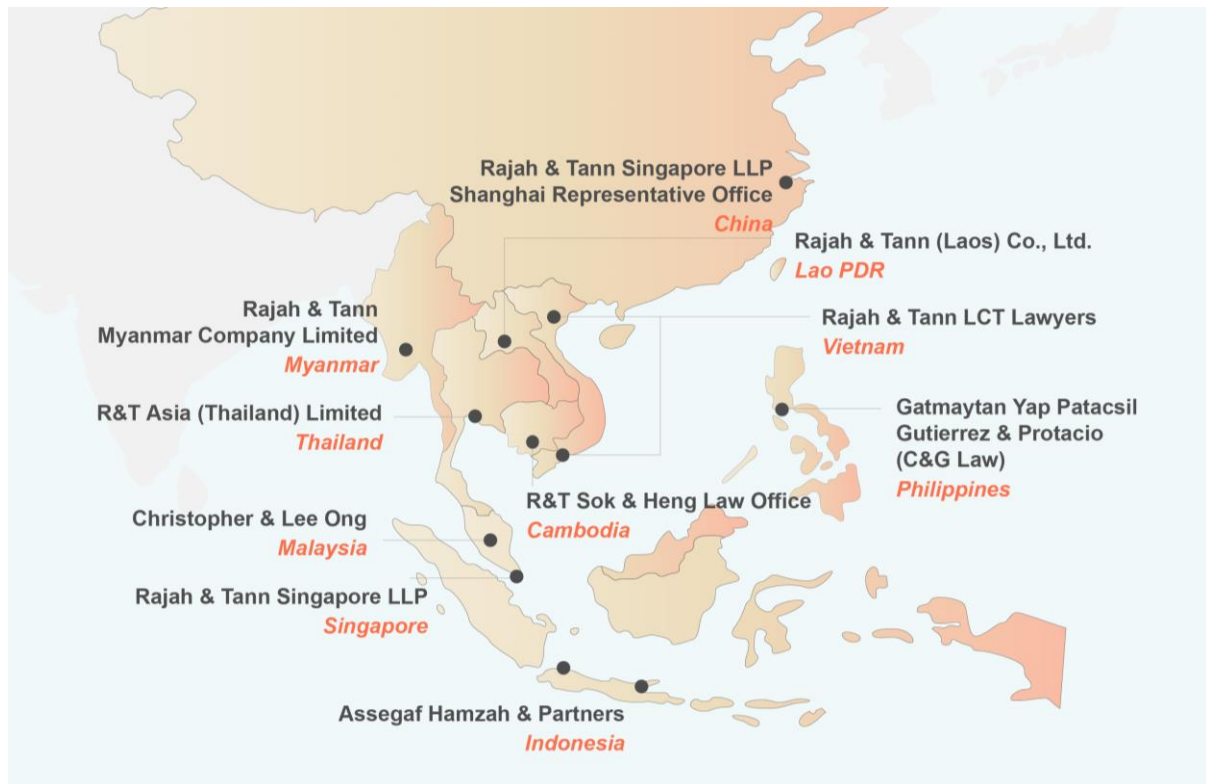
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