BANK OF ITALY
GUIDES

L'ECONOMIA PER TUTTI
BANCA D'ITALIA PER LA CULTURA FINANZIARIA

THE CENTRAL CREDIT REGISTER (CR)

made easy

What it is and how it works

Consumer RIGHTS

Useful CONTACTS

The CR from A to Z

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The Central Credit Register made easy

The Central Credit Register (CR) is a database that provides an overall picture of households' and firms' debts towards the banking and financial systems.

It can be used by customers with a good credit history to obtain loans more easily and with better terms and conditions.

It helps banks and financial companies to assess customers' ability to repay loans.

A database that is useful for households, firms, banks and financial companies.

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What is the Central Credit Register (CR)?

The Central Credit Register (CR) is a database containing information on households' and firms' debts towards the banking and financial systems. It is managed by the Bank of Italy.

Other European countries have central credit registers that are like Italy's CR.

The type of data entered in the CR includes loans (mortgages, personal loans, credit facilities, etc.) and guarantees (see the box) where the amount to be repaid is higher than the 'reporting threshold' of €30,000 (> The CR from A to Z).

This threshold falls to €250 where the client has experienced serious difficulties in repaying his or her debt, resulting in it being classified as a bad debt (> The CR from A to Z).

About guarantees...

You're registered in the CR if you've taken out a loan, but also if:

- a bank has granted you a **guarantee commitment** and the amount of the guarantee exceeds the reporting threshold (> The CR from A to Z);
- you have **guaranteed** the loan of a third party, for instance, a family member that has taken out a mortgage loan, and the amount of the guarantee is above the reporting threshold (> The CR from A to Z).

Banks, financial companies and other intermediaries that grant loans and issue guarantees or that receive guarantees (or purchase loans and guarantees that have already been registered from other intermediaries) are legally required to submit information to the CR. These entities are referred to as 'participating intermediaries' (see the box).

For each client, the CR gathers monthly data from all participating intermediaries; once the data has been collected, the CR 'returns' the data to the participating intermediaries on a monthly basis so that they may be aware of their clients' overall level of indebtedness and repayment performance.

Who are the participating intermediaries?

The following intermediaries are required by law to participate in the CR:

- banks;
- **financial companies** (> The CR from A to Z);
- **securitization companies** and special purpose vehicles (> The CR from A to Z);
- **collective investment undertakings** (Organismi di investimento collettivo del risparmio – OICR) that invest in loans (> The CR from A to Z);
- Cassa Depositi e Prestiti.

Important!

We all have the right to find out whether our data has been submitted to the CR and by whom it has been submitted. We also have the right to request that corrections be made to any data that we believe is incorrect.

What the CR isn't

The CR is not a list of bad debtors. Rather, it contains the credit history of each individual client: **information** may be positive, as is the case for clients who make regular loan payments and who fully pay off their loans, or **negative** (> The CR from A to Z), as regards clients experiencing a degree of difficulty (high or low) in repaying their loan.

If a client is late in making a single loan payment, he or she is not automatically classified as a bad debtor. In order for a client to be classified as a bad debtor, the intermediary must assess the client's overall financial situation in light of all the available information.

Credit information systems (SIC)

The CR is a database managed by the Bank of Italy in the public interest.

There are other 'centralized' credit databases in Italy that are managed by private entities and in which intermediaries participate on a voluntary basis. They are referred to as credit information systems (SIC). Some of the SICs operating in Italy include Crif Eurisc, Experian, CTC, and Assilea.

The Bank of Italy is not responsible for supervising SICs; their activities are governed by a dedicated code of ethics that can be found on the website of the Data Protection Authority (www.garanteprivacy.it).

Important!

To find out whether your data has been submitted to an SIC and to request that corrections be made to any incorrect data, you must contact the SIC directly because the Bank of Italy is not responsible for the databases managed by private entities.

Why is the CR useful?

The CR provides intermediaries with information that is useful in assessing **credit worthiness** (> The CR from A to Z), that is, a client's ability to repay the loan.

By consulting the CR, intermediaries can learn the total level of indebtedness of their customers, the type of financing they've received, and whether they've made regular payments. With this information, they can reduce the risk of granting loans that will not be repaid, allowing them to use their resources more efficiently.

This helps to strengthen their stability and, as a result, that of the financial system as a whole. The Bank of Italy manages the CR for this very reason, because it is tasked with supervising the 'sound and prudent management' of intermediaries and the overall stability and efficiency of the financial system.

By consulting the CR, not only can intermediaries manage their own risks better but they can also offer their clients tailor-made credit solutions that take into account their actual repayment capacity, without having them run the risk of being 'over-indebted', i.e. taking on more debts than they can afford to repay.

Intermediaries can also request information from the CR on non-customers who have submitted a loan application and could therefore become their customers. They can also request information on related parties such as guarantors, but only for the purposes of assessing their creditworthiness.

The CR makes the relationship between the intermediary and the customer more balanced

Borrowers know how much they are capable of repaying; intermediaries, on the other hand, do not know, possibly resulting in them denying a loan application.
The CR helps intermediaries learn about a customer's 'credit history' and evaluate his or her ability to repay. Customers with a good 'credit history' have an easier time obtaining loans and are offered better terms, much like drivers with a clean driving record paying lower premiums for car insurance.

What kind of data does the CR collect?

On a monthly basis, intermediaries submit data on loans and guarantees that exceed the reporting threshold to the CR according to a scheme established by the Bank of Italy. The data concerns the **reporting category** to which the loan or guarantee belongs (> The CR from A to Z), its duration and the type of financing (mortgage, lease, current-account credit facility, etc.).

If you ask the Bank of Italy to provide you with the credit information in the CR under your name, you will receive a statement which details your loans and guarantees as well as other information such as the type and duration of the financing and the name of the intermediary that reported the data. If the CR contains more than one loan or guarantee with the same intermediary under your name, the information will be grouped into categories.

Important: personal data in the CR are obtained by the Bank of Italy without the consent of the customer since the database is managed in the public interest. For more information on the protection of personal data, please consult the dedicated information sheet on the Bank of Italy's website at

Servizi al cittadino/Accesso ai dati della CR/ Informativa privacy (in Italian only).

Example. Ten years ago Mr. Rossi took out a mortgage for €100,000 with Banca Alfa, of which €40,000 remains outstanding. This is the only loan that Mr. Rossi has taken out with Banca Alfa. Banca Alfa submits a report to the CR on Mr. Rossi and places him in the 'maturity risk' category (the category that applies to mortgages) for an amount of €40,000.

Today, Mr. Rossi takes out a second mortgage with Banca Alfa for €150,000 that shares the same characteristics as the first mortgage. The CR database shows that Mr. Rossi still falls within the 'maturity risk' category but for an amount of €190,000, i.e. the sum of the two outstanding amounts owed under the mortgages. If the characteristics of the two loans had been different (i.e. the duration), then Mr. Rossi would have had two separate reports for the two mortgages: one for €40,000 and one for €150,000.

If Mr. Rossi were to take out a different type of loan with Banca Alfa, like a current-account credit facility in the amount of €40,000, the CR would still contain two different reports for Mr. Rossi but he would now be listed under two different categories: 'maturity risk' for the mortgage but also 'revocation risk', the category which includes current-account credit facilities.

QUESTIONS AND ANSWERS

What does a bank or financial company do when I request a loan?

It can consult the data in the CR both to assess your creditworthiness and to have an overall picture of your credit history. For example, if you made regular payments on your previous mortgage loan, this information strengthens your credit history and improves your creditworthiness. The intermediary may also offer you more favourable terms on the new loan.

What data can intermediaries access in the CR?

If you ask for a loan, intermediaries may consult the data in the CR to learn more about your total level of indebtedness towards the entire banking and financial system.

If you've already taken out a loan with them, they can periodically consult the CR to verify your creditworthiness over the life of the loan.

However, they cannot access the names of the other intermediaries with whom you have taken out a loan and can only access CR data that is no more than 3 years old.

Can I request that my data be removed from the CR or corrected?

Yes, but only if the data is incorrect (> Questions? Complaints? Useful contacts)

Will I be reported to the CR even if my loan payments are on time?

Yes, because whenever you take out a loan, guarantee a loan, or have someone else guarantee a loan on your behalf, intermediaries are required to report the debt if it is above the reporting threshold.

Will my data remain in the CR even after I've paid off the loan in full?

Yes, because the CR keeps records of loans and guarantees even after they have been closed. However, intermediaries can only access data that is less than three years old.

What happens when I pay off my loan or when the outstanding amount falls below the reporting threshold?

Once the loan has been closed – because it has been paid in full, for instance – the intermediary will stop reporting it starting from the month after its closure. The same applies if the outstanding amount falls below the reporting threshold.

What does it mean if I'm classified as a 'bad debtor'?

Intermediaries classify a client as a 'bad debtor' and report him or her as such in the CR when they believe that he or she is experiencing serious difficulties in repaying their debt. The classification presupposes that the intermediary has assessed its client's overall financial situation and that it isn't based on individual events, like one or more late loan payments.

The first time a given loan is reported as 'bad', intermediaries must communicate this to the client. Consumer clients (> The CR from A to Z) have the right to receive advance notice when the intermediary first communicates that the loan is a 'bad debt' or when it reports any other negative information (> The CR from A to Z) about the client (see the box 'The CR and the decisions of the ABF' on page 15).

Access to CR data

The data in the CR are confidential

The data in the CR are protected by the rules of professional secrecy and cannot be communicated or shared with third parties. In fact, this information is gathered by the Bank of Italy in carrying out its supervisory functions.

Only the following parties may access the data:

- the persons or entities in whose name the information is recorded and the other persons or entities who have the right to access such data (see the box)
- intermediaries, for the purposes of assessing their clients' creditworthiness
- other supervisory authorities, such as Consob and Ivass, in carrying out their institutional functions
- judicial authorities within the context of criminal proceedings.

How can I access my data?

Access to CR data is **free of charge**.

You can access the data via the internet or send or hand in a request for access.

It's easier and quicker via the internet!

All you have to do is go to the Services for the Public section on the Bank of Italy's website, go into the Online Services for the Public portal and follow the instructions to fill in the data access request form.

If you have a SPID (Public Digital Identity System) or a National Service Card (CNS) you can access a personal area where you can fill in and send the request form and you can also consult or download the answer (data summary).

Your legal representative, who can access the portal using their own SPID or CNS, can request that your company receive a free annual subscription, renewal each year, to have the data sent monthly to your company's certified email address (PEC).

If you don't have a SPID or a CNS, you can fill in the form, print, sign and scan it and then send it via the portal together with the documentation necessary to prove your identity. The answer will be sent to your postal address or to your certified email address (PEC).

Alternatively you can:

- fill in the form available on the Bank of Italy's website (Services for the Public section/Access to Central Credit Register Data/Forms).
- send the form and the documentation necessary to prove your identity by post or certified email to a Bank of Italy branch or deliver it by hand (for a list of contacts look on the Bank of Italy's website at the About Us/Organization/Branches section).

The data are provided in a statement together with a dedicated guide; if you ask for the data via Online Services, the answer will come more quickly, even in real time if you use a SPID or a CNS. If you submit the request in person at a Bank of Italy branch, the data may be provided in real time.

Who can access CR data?

- Natural persons under whose names the information is registered, and, in their place, the individuals authorized to do so by law, such as tutors, guardians, heirs, and proxies.
- For legal persons, such as companies or entities, the legal representative or other individuals authorized to do so by law, including bankruptcy trustees, partners of limited-liability companies or partners with unlimited liability, and internal statutory auditors.

My rights

- The right to access: the right to access, at no cost, the data contained in the CR under my name.
- The right to delegate to another person the right to collect the data.
- The right to privacy: the data in the CR cannot be shared with third parties with the exception of the participating intermediaries, judicial authorities and other supervisory authorities.
- The right to accurate data: intermediaries are responsible for the accuracy of the data submitted to the CR. If the data is incorrect, you must ask the intermediary to correct the data.
- The right to be notified of the first time I've been reported as the holder of a bad debt.
- For consumer clients whose loan requests have been denied, the right to know, free of charge, whether such denial was based on negative information in the CR or in another database.
- The right to limit the purposes for which the data are used: intermediaries can use CR data on their customers only for the purposes of verifying their customers' creditworthiness during the life of the loan or to defend themselves in a court proceeding, provided that it pertains to the loan itself.

Questions? Complaints? Useful contacts

For any questions or concerns regarding the data reported to the CR, the client should contact the intermediary that granted them the loan.

In the event of a dispute, the client should submit a letter of complaint by registered post to the intermediary's complaint office; the intermediary has 60 days to respond to the letter of complaint. If the complaint office fails to respond or if the response is unsatisfactory, the client can file a complaint with the Banking and Financial Ombudsman (Arbitro bancario finanziario – ABF), asking it to adjudicate the matter. The ABF is a dispute resolution mechanism that offers a simpler, faster and less expensive alternative to a judicial proceeding (it only costs €20 to file a complaint, and the money is returned to the client if the ABF decides in his or her favour). The complaint may be submitted through the ABF's portal (www. arbitrobancariofinanziario.it) without the assistance of an attorney. More information is available on the ABF website where you can find ABF decisions grouped according to subject matter and reports on the ABF's activities.

A client wishing to report improper or irregular conduct on the part of a bank or financial company may also notify the Bank of Italy, free of charge and with no need for legal assistance. When the Bank of Italy receives a notification regarding CR data, it contacts the intermediary and asks it to check the accuracy of the reported data and to correct it if a mistake has been made.

The notifications submitted to the Bank of Italy are used in the furtherance of its supervisory tasks. However, the Bank of Italy does not issue its own decisions regarding the contractual relationships between intermediaries and clients.

Notifications can also be submitted online. For further information, visit the Bank of Italy's website.

Sources of law for the topics addressed in this guide

- The Consolidated Law on Banking (Testo unico bancario – TUB)
- The Bank of Italy's Circular on the Central Credit Register

The CR and the decisions of the ABF

The ABF's decisions have underlined a few important consumer protection principles. For example:

- a loan cannot automatically be classified as 'bad' after only one late loan payment;
- a consumer client that was not given advance notice of a negative report cannot use this as grounds for requesting that the report be cancelled (the report remains valid so long as it is legitimate) but he or she can request compensation for any damages incurred so long as such damages can be proven.

> Bad debtor

For the purposes of the CR, a client is classified as a bad debtor when the bank or financial company determines that the client is insolvent and consequently incapable of repaying his or her debt. This classification is the result of an assessment of the client's overall financial situation and is independent of whether the client has officially filed for bankruptcy. Therefore, a client can be classified in the CR as a bad debtor in the absence of an official bankruptcy proceeding.

> Collective investment undertakings

Undertakings that collect money from savers and invest it in financial instruments, loans, movable and immovable assets and other assets (Organismi di investimento collettivo del risparmio – OICR). It is a category that includes intermediaries with different legal forms: they include investment funds set up and managed by asset management companies and variable-capital investment firms. OICRs that meet certain conditions established by law can grant loans and, in such cases, are required to submit reports to the CR.

> Consumer

A natural person that acts for purposes that are not entrepreneurial, commercial, craft or professional in nature.

> Creditworthiness

A client's ability to repay a loan. Before granting a loan, intermediaries must carry out a detailed assessment of the client's creditworthiness; for this purpose, they rely on information on the client's overall economic situation. In the case of consumer clients, the information may be provided by the clients themselves or from the CR or SIC databases. If a loan request is denied on account of negative information in a database, consumers have the right to be informed of it at no charge.

> Financial company

A non-bank entity authorized to lend money (in the form of consumer loans, leases and factoring, for example) and issue guarantees.

> Guarantee commitments

An intermediary's commitment to guarantee the fulfillment of a client's obligation. Guarantee commitments can guarantee both commercial transactions (such as a surety by a bank for a firm participating in a public procurement procedure) and financial transactions (such as a surety that guarantees the repayment of a loan granted by another intermediary).

> Negative information

Information reported in the CR relating to defaults and bad debts; clients have the right to receive advance notice of negative reports that pertain to them.

> Past-due more than 90 days

Loans that are overdue and have not been paid for more than 90 days or loans in which the client has drawn more than the amount granted by the bank for a period exceeding 90 days.

> Reporting categories

For CR reporting purposes, classifications that group together loans and guarantees sharing common characteristics. For example, the 'maturity risk' category includes financing agreements with a contractually established maturity, like mortgage loans or leasing contracts. Instead, the 'revocation risk' category includes current-account credit facilities.

> Reporting threshold

Minimum limit of the amount to be reported in the CR. For loans not classified as bad, intermediaries must report them to the CR when the customer owes a total amount of at least €30,000. The same applies to guarantees. Bad loans must be reported if the amount exceeds €250.

> Securitization company (special purpose vehicle or SPV)

A company whose sole purpose is the purchase of loans or other financial assets sold by banks or other intermediaries and which, in light of these transactions, issues marketable securities.

Special purpose vehicles submit reports to the CR on the loans and guarantees that they have purchased so long as these loans and guarantees were already reported by the bank or financial company that sold them.

This means that, if your loan has been sold, the CR will contain a report under your name made by the special purpose vehicle that purchased the loan, and not one submitted by the bank that originally granted you the loan. In this case, the client does not deal with the special purpose vehicle, but with the 'servicer', a specialized intermediary hired by the special purpose vehicle to collect the loan.

To request information or file a complaint, the customer can contact the servicer or the special purpose vehicle.

> Surety

A commitment to personally guarantee the payment of another party's debt to the lender. The guarantee is personal because the lender can claim against all the guarantor's assets. The debt is reported in the CR if it is above the reporting threshold.

Checklist

The CR recounts your credit history

If you've requested a loan from a bank or financial company, the data in the CR helps them to reconstruct your credit history. The database collects both positive information, like good payment history, and negative information, like minor and significant difficulties in repaying the loan. If you have a positive payment history, it will be easier to obtain a loan and the terms will be more favourable.

You do not need to provide the lender with your CR data

When you ask a bank or financial company for a loan, you do not need to provide them with your CR data because the intermediary can access the database directly.

You do not need to pay to access your CR data!

You can access the data contained in the CR under your name at any time and at no cost. You can request the data via internet, go in person to a Bank of Italy branch or send a request by post or certified email. Please note that the statement containing your data may be read by consulting the dedicated guide provided.

If the information contained in the CR is incorrect, you may contest them and request that they be corrected

You should first try to informally contact the intermediary that reported you and, if necessary, send them a letter of complaint. If the intermediary fails to respond or if you are not satisfied with the response, you can file a complaint with the Banking and Financial Ombudsman (ABF) or submit a complaint to the Bank of Italy, providing it with useful information for the purposes of its supervisory functions.

The Bank of Italy is not responsible for the accuracy of the data submitted to the CR by intermediaries. However, when contacted in this regard, the Bank of Italy asks the intermediary to check the accuracy of its reports.

Note

Poste Italiane S.p.A. – Patrimonio BancoPosta, (hereinafter also “Poste Italiane” or “Poste”), ABI code 07601, is a joint-stock company with registered office in Viale Europa 190 - 00144 Rome, registration number in the Register of Companies of Rome no. 97103880585/1996, tax code 97103880585, VAT no. 01114601006. Poste Italiane states that Patrimonio BancoPosta has been incorporated in accordance with art. 2, paragraph 17-octies, of Decree Law No. 225 of 29 December 2010, converted with Law no. 10 of 26 February 2011, for the purposes of the application of the prudential supervisory regulations of the Bank of Italy, and intended exclusively for the exercise of BancoPosta activities, as regulated by Italian Presidential Decree No. 144 of 14 March 2001 and subsequent amendments and additions, and that the assets and legal relationships relating to the aforementioned activity are attributed to it. Poste Italiane is subject to supervision by the Bank of Italy.

Poste Italiane places loan products on behalf of Compass Banca S.p.A., Deutsche Bank S.p.A., Financit S.p.A., Findomestic Banca S.p.A., Intesa Sanpaolo S.p.A., UniCredit S.p.A., Santander Consumer Bank S.p.A., Banca Aidexa S.p.A., Banca CF+ S.p.A., Mediocredito Centrale S.p.A. and Sace S.p.A. based on non-exclusive distribution agreements signed by the parties, with no additional costs for the Customer.

The granting of the loans placed by BancoPosta takes place at the sole discretion of the aforementioned Lenders.

For any information and clarifications on the reports to the Centrale Rischi (Central Credit Register), customers can contact the intermediaries with whom the loan has been taken out. In the event of a dispute, customers can file a complaint to the Lender’s Complaints Department according to the methods indicated in the loan transparency and contractual documentation.

The Bank of Italy is the central bank of the Republic of Italy.

Its objectives include:

– ensuring the transparency of banking and financial services
– improving the public's understanding of financial topics
– helping the public understand the most common products and make informed decisions.

The *made easy* guides are part of this commitment.

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