



BANK OF SOUTH SUDAN (BSS)

REGULATION NO. ____, 2014

FOR THE ESTABLISHMENT AND OPERATION OF THE BSS CREDIT REFERENCE BUREAU (BSS CRB)

In accordance with the provisions of section 12(1) of the Bank of South Sudan Act, 2011, read together with section 154 of the Banking Act 2012, the Governor hereby issues the following Regulation:

I. Title and Commencement

1. This Regulation may be cited as "Regulation for the Establishment and Operation of the BSS CRB", and shall come into force as from the date of its signature.

II. Objectives

- 2.1 The Bank of South Sudan (BSS), under the section (6) of the BSS Act, has been mandated to foster the liquidity, solvency and effective functioning of a stable market based on financial system.
- 2.2 The BSS recognises that the adequate and timely information that enables banks to conduct a satisfactory assessment of the creditworthiness of a borrower is crucial to making prudent lending decisions. Furthermore, the BSS recognises that lending decisions made on the basis of objective, accurate, complete and timely information on the creditworthiness of borrowers shall protect and enhance the financial soundness of banks while simultaneously enabling an expansion of credit activities in South Sudan.
- 2.3 The BSS determined that there is a need to improve the availability, reliability and timeliness of credit information on borrowers. Furthermore, the BSS Board of Directors decided that the BSS shall lead this process of establishing a Credit Reporting System under the management of the Bank.

III. Interpretations

3. In this Regulation, unless the context otherwise requires the following words and expressions shall have the meanings assigned to them respectively:

"Authorised Credit Institutions" means financial institutions including micro-finance institutions that facilitate loans or any other form of credit regulated by the BSS;

"Bank" (or **"BSS"**) means the Bank of South Sudan;

"bank" means a legal entity engaging in the business and receiving of money deposits or other repayable funds from the public, and making credits for its own account, and licensed to do banking business in South Sudan;

"Borrower" means a person applying for new credit or holding an existing credit account or both;

"Credit Information" means all information about a borrower and the borrower's credit account(s) as specified in the Data Submission Specification;

"Credit Information Sharing" means the periodic reporting to and accessing credit information from the Credit Reporting System;

"Credit Reporting Service Provider" (or **"CRSP"**) means an entity licensed or otherwise authorised to administer networked credit information exchange;



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"Credit Reporting System" (or **"CRS"**) means the institutions, rules and standards, technology, data and infrastructure which enable exchange of credit information among banks and other authorised creditors;

"Credit Report" means a report containing detailed information on a borrower's credit history including its identification, credit accounts, loans, bankruptcies, late payments and recent inquires;

"Defaulter" means a borrower, whose outstanding loans have been classified as 'substandard', 'doubtful' or 'loss' in accordance with the BSS Regulation 11-2012 on 'Classification of Assets and Formation of Loan Loss Reserves (Provisions)' (excerpts in Appendix A);

"Error File" means a file originated by the system, after the monthly validation for quality, that indicated that the file had not been prepared in accordance with Data Submission Specification;

"Loans and Advances" means any financial assets of a bank arising from a direct or indirect advance or commitment to advance funds by a bank to a person;

"Person" means a natural person or a legal person;

"The BSS Credit Reference Bureau" (or **"BSS CRB"**) means a specially formed unit within the BSS that is assigned the task of and full responsibility for establishing and operating a new Credit Reporting System, services of which shall be contributed to and used by all licensed banks operating in South Sudan.

IV. Scope of the Regulation

4. This Regulation shall apply to all banks licensed by the BSS to operate in South Sudan, other Authorised Credit Institutions and the authorised CRS users, as defined in the BSS Credit Reporting Systems Regulation, 2014.

V. Establishment of the BSS Credit Reference Bureau Unit

- 5.1 There shall be established within the BSS a Unit to be known as Credit Reference Bureau Unit, which shall be one of its operating units.
- 5.2 The BSS Credit Reference Bureau Unit shall operate according to the terms and conditions specified in the BSS Credit Reference Bureau Unit and any other relevant policies and rules approved by the BSS.
- 5.3 Access to Credit Reference Bureau Unit is restricted to banks and other Authorised Credit Institutions licensed with the BSS CRB in accordance with provisions of Section 6 of this Regulation and regulations of other entities authorised by law or the BSS.
- 5.4 Notwithstanding provisions of subsections 2 and 3 mentioned above, banks or any other authorised entities, borrowers and guarantors:
 - 1 who are disputing their credit status with their creditors, may obtain such credit information from the BSS CRB upon payment of a fee that shall be set by the BSS from time to time;
 - 2 may obtain credit information from the BSS CRB free of charge any time they receive an Adverse Action Notification; and
 - 3 may obtain credit information from the BSS CRB free of charge (i) once in a period of twelve (12) consecutive months, or (ii) at the time when a creditor institution starts processing their application for new or additional loans, or restructuring or renewing of the existing loans.



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VI. Registration to Participate in the BSS CRB

- 6.1 No bank or any other authorised credit institution shall extend new, or renew, reschedule or refinance existing loans unless it is registered by the BSS CRB;
- 6.2 All banks or any other authorised credit institutions shall be members of BSS CRB under this regulation;
- 6.3 All banks and other authorised credit institutions shall be registered as members of BSS CRB within ten (10) working days of this regulation coming into force.
- 6.4 Banks or any other authorised credit institutions shall participate in services offered by other CRS providers (CRSPs), but only in addition to their participation in the BSS CRB.

VII. Duties and Responsibilities of the BSS CRB

- 7.1 The duties and responsibilities of the BSS CRB shall include the following:
 - 1 collecting credit information from banks and other authorised credit institutions;
 - 2 maintaining Credit Reporting System in a secured manner and ensuring strict confidentiality of its data;
 - 3 facilitating credit information sharing services to banks and other authorised credit institutions;
 - 4 ensuring Credit Reporting System is operating smoothly and reliably;
 - 5 ensuring that access to Credit Reporting System is granted only to authorised persons;
 - 6 handling complaints of borrowers in relation to accuracy and correctness of their credit information maintained in the Credit Reporting System;
 - 7 retaining and disseminating credit information reported to it by banks and other authorised credit institutions for a maximum period stipulated in section 7 of the BSS Credit Reporting Systems five (5) years from the payment deadline date in case of positive information; three (3) years from a court judgment execution date; and seven (7) years for bankruptcies related information;
 - 8 carry on all such other functions as customarily related to Credit Reference Bureau Unit activities.
- 7.2 The BSS CRB shall not be responsible for any damages, claims or liabilities that may arise as a result of inaccurate, misleading or incomplete credit information on borrowers supplied to the CRS by individual banks and other authorised credit institutions, and shared through it with other banks and other authorised credit institutions.

VIII. Duties and Responsibilities of banks and other authorised credit institutions

- 8.1 Each bank and authorised credit institution shall inform its borrowers and their guarantors of the Credit Reporting Activities and the purpose for such data collection. No consent shall be required for the existing credit information to be submitted into the BSS CRB.
- 8.2 At the time of receiving application for a new loan, or renewal or restructuring of the existing loan, a bank or any other authorised credit institution shall secure a written and signed consent from the applicant and their guarantor, if applicable, to access their Credit Information maintained with the BSS CRB and for the sharing of the borrower's and the guarantor's credit information among all other authorised creditors participating in the BSS CRB.



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- 8.3 Banks and any other authorised credit institution shall provide online correct and up to date credit information on each and every one of their borrowers and guarantors as specified in the Data Submission Specification;
- 8.4 Each bank and any other authorised credit institution shall provide electronically initial credit information to the BSS CRB on each and every one of its borrowers in such detail as specified in Data Submission Specification;
- 8.5 Banks and any other authorised credit institution can update their own credit information on each and every one of existing borrowers provided to the BSS CRB on an ongoing basis, but they shall, at a minimum, update such information once in a month. In the case of the latter, the updating, showing positions as of the close of each month, shall be made within 10 (ten) calendar days from the end of each month;
- 8.6 Banks and any other authorised credit institution shall make corrections and subsequent updating of error files within 5 (five) working days after receipt of such files from the BSS CRB;
- 8.7 Credit application from a borrower shall be reported, electronically, within 3 (three) working days after receipt of the application;
- 8.8 Each bank and any other authorised credit institution shall be fully responsible for submitting accurate, complete and timely credit information to the BSS CRB. In case where errors have been made, such errors shall be corrected promptly by the concerned bank;
- 8.9 Each bank and any other authorised credit institution shall establish a unit, staffed with at least two officers, at its Head Office which is fully dedicated for CRS.
- 8.10 Each bank and any other authorised credit institution shall appoint one super-user at a senior managerial level, preferably a person heading the credit department or directorate at the Head office, to oversee the operations of Credit Reporting System. The name and designation, contact address, telephone number(s) and e-mail address of the super user shall be communicated in writing to the BSS CRB. Any subsequent change or replacement of such person shall also be communicated in writing to the BSS CRB immediately. The super-user shall be responsible for the following:
 - 1 to act as liaison officer between BSS CRB and his/her institution, including branches, on all matters relating to CRS;
 - 2 to manage all the functionalities and requirements of the CRS within the institution;
 - 3 to ensure proper implementation of CRS at its Main office and branch offices in strict compliance with this Regulation and the institution's own internal policies and procedures; and
 - 4 to respond promptly to queries from BSS CRB.
- 8.11 Each bank and other authorised credit institution shall appoint a senior officer at managerial level, preferably the person heading the information and communication technology unit of the institution, as security administrator. The security administrator shall be responsible for the following:
 - 1 maintaining the list of users within the institution, including updating the list whenever there is a change due to any addition or removal of users;
 - 2 assigning the appropriate security access levels for the authorised users in the institution when authorised by the super user in writing; and
 - 3 preparing periodic reports on users' access, breach of access rights or other issues on the security of CRS within the institution when requested by the BSS CRB.



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- 8.12 To ensure the integrity and security of the data, each bank or any other authorised credit institution shall make sure that CRS is operated with strict data access procedures.
- 8.13 Each bank or any other authorised credit institution shall use the credit information on borrowers obtained from the BSS CRB exclusively for making a lending decision. Such information shall be treated with utmost confidentiality and shall not be disclosed to any third party or used for any other purpose.
- 8.14 Each bank shall be fully responsible for any damages, claims or liabilities that may arise as a result of:
- 1 providing inaccurate, misleading or incomplete credit information to the BSS CRB or failure to provide, unintentionally or otherwise, information to the BSS CRB that should have been provided in line with this Regulation; and/or
 - 2 disclosure of credit information on borrowers obtained from the BSS CRB to third parties or use of that information for purposes other than for making lending decisions.
- 8.15 A bank or any other authorised credit institution shall only query the BSS CRB for credit information when:
- 1 there is a genuine credit application submitted by a borrower and it is reported to the BSS CRB; or
 - 2 activities pertaining to account management procedures or periodic portfolio reviews are conducted by the bank on its own borrowers.
- 8.16 If so requested by a borrower or a guarantor, during application for and processing of a new loan, or renewal or restructuring of the existing loan, a participating institution processing the application shall provide the borrower or the guarantor with a copy of the borrower's or the guarantor's credit information obtained from the BSS CRB free of charge.

IX. Obligation to Use Credit Information to Make Credit Decisions

- 9.1 From the effective date of this Regulation, no bank or any other authorised credit institution shall:
- 1 extend new, or renew, reschedule or refinance existing loans without obtaining credit report on a borrower from the BSS CRB; and
 - 2 extend new loans or advance to a defaulter in any form whatsoever.

X. Complaints Handling

- 10.1 A borrower may submit, in writing, complaints as to the accuracy of credit information to the respective branch office or the head office of the bank or any other authorised credit institution which initially supplied the information to BSS CRB;
- 10.2 A bank or any other authorised credit institution branch or head office which received application under subsection 1 above, shall give a response to the borrower within 5 (five) working days;
- 10.3 If the borrower is not satisfied with the response given under subsection 2 above, the borrower may file a complaint in writing to the BSS CRB. Upon receipt of the complaint, the BSS CRB shall investigate the matter and respond within 15 (fifteen) working days;



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- 10.4 If the BSS CRB identifies errors during its investigation, the credit institution under investigation shall, within 5 (five) working days from the date of receipt of instruction for correction from the BSS CRB, correct the error and refund to the borrower the investigation fee. The BSS CRB shall promptly notify the complainant (borrower) of the outcome of the investigation.

XI. Fees

- 11.1 Banks shall pay a membership fees to the BSS CRB, as determined in writing from time to time by the BSS CRB;
- 11.2 Borrowers or guarantors shall pay service fee to the BSS CRB, as determined in writing from time to time by the BSS CRB, for obtaining credit report, except the circumstance stipulated in section 5.4 of this Regulation;
- 11.3 Borrowers and guarantors who are in dispute about their credit status with their lending banks shall pay investigation fee, which shall be determined from time to time by the BSS CRB.

Penalties

- 12.1 The bank that violates any requirements of this Regulation, particularly those listed under section 8, shall be punished according to the latest BSS CRB penalties schedule, as published by the BSS from time to time.
- 12.2 The bank that violates any of the provisions of this Regulation that are not covered by the latest BSS CRB penalties schedule, depending on their gravity of an offence, may be punished at discretion of the BSS' CRB Unit by being:
- 1 given a written warning for the first time violation;
 - 2 fined for an amount not exceeding SSP 5,000 for the second violation that took place within 12 months from the date of the first warning mentioned above;
 - 3 fined for an amount not exceeding SSP 10,000 for the third violation that took place within 12 months from the date of the second violation mentioned under in subsection 2 above;
 - 4 suspended from using the BSS CRB for the fourth violation that took place within 12 months from the date of the third violation mentioned under subsection 3 above;

Made under my hand on
This 31st day of December 2014

Kornelio Koriom Mayik

Governor
Bank of South Sudan



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Appendix A

Excerpts

from

the BSS Regulation 11-2012

on Classification of Assets and Formation of Loan Loss Reserves (Provisions)

[...]

2. Loans issued by a bank shall be divided by quality into the following groups:

- (a) pass;
- (b) special mention;
- (c) substandard;
- (d) doubtful; or
- (e) loss.

[...]

10. The categories "substandard", "doubtful", and "loss" are considered problem assets.

11. All assets in nonaccrual status must be classified as problem assets.

12. A "**substandard**" loan is a loan which has at least one well-defined credit weakness that jeopardises the full repayment of the debt. It is fully collateralised (as valued in accordance with BSS regulations or guidelines and/or International Financial Reporting Standards), but has at least one of the following problem characteristics:

- (a) the primary sources of repayment are insufficient to service the debt and the bank must look to secondary sources for repayment, including collateral, the sale of a fixed asset, refinancing, or fresh capital;
- (b) the borrower's current financial capability or cash flow is not sufficient to meet currently maturing debt;
- (c) the borrower's business is significantly undercapitalised;
- (d) for short-term loans and advances, the borrower's ability (or inability) to convert assets to cash indicates that he will be unable to repay the debt at maturity; or
- (e) it is at least 90 (but not more than 180) days past due.

13. A loan must be classified as "substandard" or lower if it is at least 90 days past due, and may be so classified regardless of payment status if this is warranted based on the factors stipulated in subsections (a) to (d) of section 12 of this regulation.

[...]

15. A "**doubtful**" loan is a loan for which collection in full, on the basis of currently existing facts, conditions, and collateral values, is highly questionable and improbable. A loan is considered doubtful when:

- (a) regardless of payment status, it exhibits at least one of the weaknesses inherent in assets classified "substandard" and is not fully collateralised; or



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(b) it is at least 180 days (but not more than 360 days) past due;

but also possesses a specific, identifiable factor which suggests that at least partial collection may reasonably be expected in the near future, and therefore makes a "loss" classification unnecessary until the facts are more clearly developed.

16. A loan must be classified as "doubtful" or "loss" if it is at least 180 days past due.

17. "Specific and identifiable factors" making a "loss" classification temporarily unnecessary include:

- (a) the loan is in the process of collection;
- (b) actual commencement of legal action to foreclose on the collateral, and timely (within 3 months) realisation of the collateral can be expected;
- (c) the borrower's actual commencement of action to provide additional collateral, which, if completed, would result in the loan being secured in full; or
- (d) other facts and circumstances which, in the judgment of the BSS, clearly show that timely realisation of the collateral, or enforcement of the borrower's obligation or guarantees can be expected within 60 days.

[...]

19. Assets which are classified "**loss**" are considered uncollectable and of such little value that their continuation as bankable assets is not warranted. This does not mean that the asset has no recovery or liquidation value, but it is neither practical nor desirable to defer writing off this asset even though partial recovery may be eventually effected.

20. An asset is classified as "loss" if:

- (a) regardless of payment status, it contains at least one problem characteristic, is not fully secured, and there is no specific, identifiable factor that would warrant a "doubtful" classification or
- (b) it is at least 360 days past due.

21. A loan must be classified as "loss" if it is 360 days past due.

22. Characteristics indicating that "loss" classification is warranted include, in particular:

- (a) claims for which a reasonable action has been taken for the recovery of debt where there is no possibility of such debt being recovered, satisfying any one of the criteria below:
 - (1) the borrower is dead or legally determined to have disappeared, or there is some evidence of disappearance, and the borrower or his estate does not have sufficient assets to repay the debt;
 - (2) the borrower has dissolved his business operation and is in debt to other creditors with preferential rights over the whole property of the borrower ranked ahead that of the bank's in an amount exceeding the value of the property of the borrower;
 - (3) the bank has sued the borrower or has applied for participation in property in a case where other creditors have sued the borrower, and the court has ruled that the borrower does not have sufficient assets to repay the debt;
 - (4) the bank has filed for bankruptcy action against the borrower or has applied for participation in property in a case where other creditors have filed for bankruptcy action, and in such cases there has been a compromise with the approval of the court or the borrower has been adjudged as bankrupt and there has already been a distribution of the borrower's property;
- (b) the claims are irrecoverable by nature or circumstance;



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- (c) the asset or collateral has become worthless or damaged to the point of being worthless;
- (d) losses result from debt restructuring carried out in accordance with the regulations or circulars prescribed by the BSS.
- (e) the borrower has ceased or dissolved his business operation or the business of the borrower is in the process of liquidation;
- (f) the borrower has delayed repayments, or has taken actions in order to prevent his creditors from receiving payment such as leaving the country or removing or concealing his properties;
- (g) the borrower is in a weak financial position or the ability of the borrower to earn income is low, which indicates that the borrower may not be able to pay the debt;
- (h) the bank is unable to contact or find the borrower or the borrower has left his domicile stated in the agreement without informing the bank;
- (i) the business of the borrower is uncertain, or the borrower has not undertaken any business permanently, or the borrower has used the funds obtained for purposes other than those for which they were meant ;
- (j) the borrower has asked for an extension of time for debt repayment but failed to repay the debt within the period of time so extended.

[...]