

Overview and Requirements for Credit Providers for Application of Credit Reference Service Under the Multiple Credit Reference Agencies (MCRA) Model


Background

In 2022, the **Hong Kong Association of Banks** (“HKAB”), the **Hong Kong Association of Restricted License Banks and Deposit-Taking Companies** (“DTCA”) and the **Licensed Money Lenders Association Ltd.** (“LMLA”) have been in collaboration in launching the **new initiative** of introducing more than one credit reference agency (“CRA”) for the provision of consumer credit reference service in Hong Kong - the **Multiple Credit Reference Agencies (“MCRA”) Model**, which is expected to be launched in 2022 Q4.

To apply for the credit reference service (i.e. the MCRA Platform) **under the MCRA Model**, one must become a **Subscribed Member**.

Application for Membership of MCRA Platform

There are **two types of memberships for the MCRA Platform** targeted at **Credit Providers**.



Type One Membership*1

Applicable to:
Authorized institution or subsidiary of an authorized institution under the Banking Ordinance of Hong Kong



Type Two Membership*2

Applicable to:
Money lender under Money Lenders Ordinance of Hong Kong or a person whose business is that of providing finance for the acquisition of goods by way of leasing or hire purchase

Notes
 (1): Independent assessments are not required for type one membership. Should you need more information regarding the application, please contact the Hong Kong Associate of Banks.
 (2): Applicants for Type II membership shall engage an eligible independent assessor to perform an assessment based on the criteria and assessment standards as agreed by the Industry associations (i.e. HKAB, DTCA, LMLA).

Type Two MCRA Platform Membership Onboarding Criteria

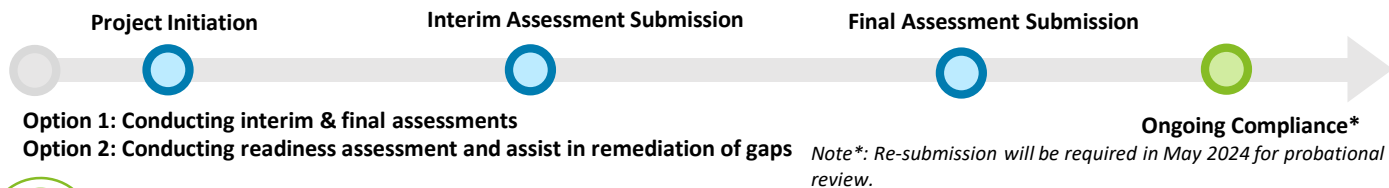
Below are the onboarding requirements for the MCRA application which will be covered in the independent assessment:

MCRA Onboarding Criteria	
1	<u>Positive company background</u> Performing due diligence check with reference to organizational chart
2	<u>Sustainable financial capability</u> Satisfactory financial assessment by independent assessors
3	<u>Necessity for the Consumer Credit Reference service</u> Validity of the business registration certificate and money lender license
4	<u>Sufficient security measures and protection on consumer credit data</u> Compliance with security requirements from Personal Data (Privacy) Ordinance (“PD(P)O”) and the Code of Practice for Consumer Credit Data (“CCD Code”)
5	<u>Compliance with the Code of Practice on Consumer Credit Data</u> Compliance with data handling requirements from PD(P)O and CCD Code
6	<u>Data integrity and data quality</u> Fulfilling the requirement of valid and accurate data format in accordance with the standardized data format to be provided by the MCRA Platform Operator
7	<u>Subscribing to the services of one or more of the Selected CRAs</u> Availability of the confirmation letter from CRA(s) for subscription of service



How Can Deloitte Help?

We provide you with following flexible options to help you achieve compliance with MCRA onboarding requirements:



Why Deloitte?

Deloitte's Risk Advisory has **Strong partnership and extensive experience** in consultancy for consumer credit reference services.

We have been in collaboration with 10+ major local financial institutions, and relevant regulators and statutory bodies to provide consultancy services on MCRA related projects and assist on the development of the MCRA Model.

Deloitte has proven history in helping financial institutions and credit reference agencies with credit reference related consultancy services:

- Conducting assessments for credit providers and credit reference agencies to **assess and review the adequacy and effectiveness** of both IT and process related controls
- Developing **whitepaper and strategic plans** for credit reference agencies / credit providers regarding consumer credit data sharing / transfer
- Conducting **Compliance Assessments** for credit providers and credit reference agencies to anticipate for the **fulfillment of regulatory requirements**, e.g. Personal Data (Privacy) Ordinance, Code of Practice on Consumer Credit Data



Our Extended Service Offerings



Governance & Compliance

- ✓ Impact analysis of MCRA requirements and advisory on local / global security standards to meet regulatory requirements.
- ✓ Define the suitable and practical MCRA compliance management framework.



Gap Assessment

- ✓ Perform gap analysis and benchmarking against peers.
- ✓ Governance setup & tool implementation, including data & process discovery, process automation / enhancement.



Data Privacy & Protection

- ✓ Perform security & privacy risk analysis of your organization's and your desired (Cloud) IT architecture.
- ✓ Develop appropriate data privacy & security solutions to protect your data

Start the conversation

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