

RCANZ

Retail Credit Association of New Zealand Inc.

31 October 2012

Credit Reporting Privacy Code Amendment
Office of the Privacy Commissioner
P O Box 466
AUCKLAND 1140

1 Thank you for providing the opportunity to comment on the Proposed Amendment No 7 to the Credit Reporting Privacy Code 2004.

2 The Retail Credit Association of New Zealand Inc (RCANZ) represents the interests of fourteen organisations as detailed on our website www.rcanz.org.nz.

3 Our comments on the issues raised in the paper are as follows.

AML/CFT verification

4 It is proposed that credit providers be permitted to access credit reporting data for the purposes of verifying customers' identity for AML/CFT purposes. This proposal would widen the purpose provisions relating to access, including allowing access where no credit was being sought.

5 We are fully supportive of this change. The ability to use credit reporting data for this purpose assists credit providers, who are reporting entities under this legislation, to meet the new requirements. The benefits for reporting entities relate to possible reduction in legislative compliance costs, they are not centred on pursuit of commercial self interest. We do note that limiting the term used in the amendment to "credit provider", as defined in the Code, does not align with the AML/CFT Act definitions. It is suggested that better alignment should be aimed for in this amendment.

6 The AML/CFT regime essentially imposes law enforcement obligations on financial institutions for reasons that have nothing to do with their core business purpose but rather recognise the pragmatic options for combating money laundering. In this situation it is appropriate for the public good that data that has already been collected and is held by non-reporting entities such as credit reporters might be used for this purpose.

7 Given this we agree that it is fair and reasonable that an electronic footprint of the use of these data bases for AML/CFT ID verification be kept. We also agree that such inquiries should have no connection with credit scoring. They are and should be passive and neutral in terms of the purpose for which credit reports exist and are used.

8 Such an approach would have both the purpose and effect of limiting this wider use of credit reporting data to valid and legitimate law enforcement. It takes nothing else away from the privacy of individuals. The fact that the AML/CFT legislation imposes a risk based approach means that it is up to individual reporting entities to decide the nature and extent of ID verification required as well as the relevance and integrity of the ID data sources available to it for this purpose.

Existing customer notification requirements

9 The current Schedule 8 provisions, that deal with transitional matters relating to the introduction of comprehensive reporting, contain a requirement for credit providers to notify existing customers of their intention to report such data up until 31 March next year. The proposal to extend this requirement until 31 March 2017 is supported by us.

10 It has proved to take longer than expected to complete the business steps needed for make the new regime operational. The extension of time for credit providers to notify existing customers of their intentions to collect and report this information is practical and consistent with the policy intent of this requirement.

Removal of “and imminent” from Rule 10 and 11

11 This proposed change deals with the rewording of an existing exception to the general rules about use and disclosure.

12 We fully support the change that would maintain the “mirror image” of this proposed Privacy Act exception in the Credit Reporting Privacy Code. There is no reason for a different approach to be taken. We note that the change would not come into effect until the Privacy (Information Sharing) Bill is enacted.

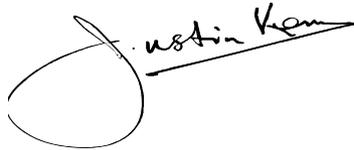
Summary of rights

13 The small change proposed to the summary of rights and making the correction permanent is supported by us.

Commencement

14 We are happy with the commencement dates proposed.

Yours sincerely

A handwritten signature in black ink that reads "Justin Kerr". The signature is written in a cursive style and is positioned above a large, empty oval shape, which appears to be a placeholder for a stamp or seal.

Justin Kerr
Chief Executive Officer