



Pursuant to Article 36, paragraph 1, sub-paragraph 1.17, and Article 65, paragraphs 1 and 2 of the Law No. 03/L-209 on the Central Bank of the Republic of Kosovo, and pursuant to Article 16 of the Regulation on Credit Registry, the Executive Board of the Central Bank of the Republic of Kosovo, at the meeting held on 12 February 2020, approved the following:

INSTRUCTION ON CREDIT REGISTRY

Article 1

Purpose

1. The purpose of this Instruction is to establish a procedure for reporting to the Credit Registry System, namely for the collection and distribution of positive and negative information regarding active loans and credit history of natural and legal persons, in order to improve the credit rating process of credit clients and performance of the supervisory function of the Central Bank.
2. Credit Registry of Kosovo (CRK) system is mandatory to be used by loan providers and as such is monitored by the Central Bank of the Republic of Kosovo (CBK) as a regulator of the financial industry. The legal structure is set out in the Regulation on Credit Registry.

Article 2

Scope

The Instruction on the Credit Registry of Kosovo (hereinafter: “CRK”) is an instruction on reporting credit data to the CRK system. As such it is applicable to financial institutions designated by the Central Bank of the Republic of Kosovo (hereinafter: CBK) to be loan

providers, including all licensed banks and microfinance institutions, and the non-bank financial institutions and insurance companies licensed to deal with special credit activities.

Article 3 Terms and definitions

1. All terms in this Instruction shall have the same meaning as those defined in the Regulation on Credit Registry and/or the definitions hereunder for the purpose of this Instruction:
 - 1.1. "*credit registry*" shall mean a Credit Registry operating as a centralized system for collection and distribution of information between loan providers.
 - 1.2. "*data reporter*" shall mean a legal entity that reports data to the credit registry system. Data providers are: any licensed banks, any licensed microfinance institution, a non-bank microfinance institution licensed for special credit activity, or an insurance company licensed for special credit activity (issuance of guarantees)
 - 1.3. "*contract guarantee*" shall mean all the guaranties issued by insurance companies whose subject is the insurance of contract and the rights and obligations arising from it.
 - 1.4. "*bid guarantee*" shall mean all the guaranties issued for the purpose of participating in the tender (bid security).
 - 1.5. "*rescheduled credit exposure*" shall mean a credit exposure that is subject to change in contractual terms due to the deterioration of the client's financial position, which, *inter alia*, includes: extending the maturity or consolidating more than one credit exposure into a single exposure by changing contractual conditions.
 - 1.6. "*sustained performance*" is defined as four contractual payments of principal and interest as per the payment plan.
 - 1.7. "*user*" shall mean employees authorized by the CBK/Lending Institutions to have access to the CRK system.
 - 1.8. "*file*" shall mean data organized in a logical way in a predefined format that can be received and processed by computer applications.

1.9. “*web services*” shall mean parts of software that enable data communications over the Internet using standardized messaging systems.

Article 4

Reporting data to the CRK system

1. Reporting of data on borrowers, loans, related persons and collateral to the CRK system shall be done not later than by the end of the next working day after the disbursement of the loan. Reporting of data to the CRK can be done in three ways: manually, through the file and through the web services. Loan providers will decide which form to use.
2. Insurance companies are obliged to register in the CRK system all kinds of Contract Guarantees, including Bid Guarantee.
3. There are four files for recording data to the credit registry system: credit file, credit related persons file, collateral file, and classification file.
 - 3.1. Credit file consists of detailed information on the loan provider, loans and borrowers.
 - 3.1.1. Information required (mandatory) on the loan provider are: name of the institution (loan provider) and the branch of loan provider.
 - 3.1.2. The information required on the borrower include but are not limited to: name, surname, personal number, status, official address, place, municipality, date of birth/registration, place of birth/registration.
 - 3.1.3. The information required on the loan include but are not limited to: loan identification number, sector, amount approved, amount distributed, outstanding amount, the type of period (month/year/day), frequency of payment, payment amount, currency, date of approval, disbursement date, maturity date, collateral used, the value of the collateral, asset classification.
 - 3.2. Related persons file contains detailed information on the natural or legal persons related to the loan according to the role defined in the loan contract.
 - 3.2.1. In the case of a legal entity, personal data on the owner or legal entity's contact person shall be registered.
 - 3.2.2. In the case of individual business companies/partnerships, personal data of the owner/partners and the person/persons authorized shall be registered.

- 3.2.3. In the case of a corporation, personal data of shareholder/shareholders owning one-third of the stock or more, as well as personal data of authorized person who can represent the corporation, shall be registered.
 - 3.2.4. In the case of NGOs (nongovernmental organizations), registration of personal data of the authorized person/persons who can represent the organization is required. In all cases, if the number of authorized persons is more than two, personal details of two persons with the most senior positions shall be registered.
- 3.3. Collateral file contains information on the credit-related collateral. Pre-defined types of collateral shall be transferred to the type of collateral. The serial number, the amount and description of the collateral, the collateral provider's identification number and the information on whether the collateral is registered in the pledge registry or not, shall be recorded.

Article 5 Data updating

1. Loan provider institutions shall update the status of each active loan according to the state of the last calendar day of each month. This update shall be made no later than the fifteenth of following month, through file classification. Data updates can be done more frequently if required, but the end of the month update still shall be performed.
2. In addition to the outstanding amount of the loan, the loan classification category shall also be reported. The outstanding amount of loans shall be classified at minimum, based on the delays. There are five classification categories of outstanding amount of loans: standard loans (A) - with normal performance, which can be up to 30 days past due; watch loans (B) 31-60 days past due; substandard loans (C) 61-90 days past due; doubtful loans (C) 91-180 days past due; loss credits (E) more than 180 days past due.
3. The rescheduled credit exposure shall be classified at least in the substandard (C) category or worse and shall continue to be classified in the same category until sustained performance is observed. At the end of each period of sustained performance, the bank may classify the rescheduled credit exposure to a better category.
4. Lending institutions shall update loans that are considered as inactive but still have an amount of unpaid balance. Loans that are classified as "Written off" shall be reported with

accurate remaining amount of the loan. Loans which are closed with classification L (Liquidated) and W (“Writte off”) with the remaining amount zero (0.00) shall be reported to the CRK system within 24 hours of the debt settlement date. Loans once reported as liquidated or settled may no longer be reported with another status.

5. Classification of guaranties by insurance companies shall be as follows:

5.1 Classification - Standard (A) classifying special credit products – guaranties that are within the prescribed period for meeting the contractual obligations between the insured and the contracting authority. During the reporting of classification, at the remaining amount and the disbursement amount, data that are required in classification file, it is provided the amount of the guaranty based on the insurance policy.

5.2 Classification – Non-Standard/Loss (E) classifying special credit products-guaranties that do not meet contractual obligations within the prescribed period and the contracting authority receives indemnification for the amount insured by the insurance company. Until the insurance company reimburses by the insured the covered expenses, the reporting will continue with E classification, while at the time of reimbursement of the amount insured, the product will be classified as Liquidated (L).

5.3 Classification - Write Off (W) reporting special credit products (guaranties) for which the insurance company cannot reimburse the amount by the insured and decides to write off the covered expenses. There is no need for repeated reporting of W classification on a monthly basis. Only in case of a change to the remaining amount or reimbursement of the amount by the insured, the classification shall be reported as W and remaining amount 0.00.

5.4 Classification – Liquidated (L) reporting special credit products - guaranties that meet the contractual obligations.

Article 6
Data quality

Reporters of data to the CRK system are responsible for data accuracy and quality.

Article 7
Information disclosed in the credit report

1. Credit Registry may disclose information identifying a natural person, including but not limited to:
 - 1.1 The date the information was entered
 - 1.2 Name and surname
 - 1.3 Current address
 - 1.4 Personal number
 - 1.5 Passport number
 - 1.6 Place and date of birth
 - 1.7 Occupation.

2. Credit Registry may disclose information identifying a legal entity, including but not limited to:
 - 2.1 The date the information was entered
 - 2.2 Name of the business or company
 - 2.3 Unique Business Registration Number
 - 2.4 Date of establishment
 - 2.5 Business registration address

Article 8
Users Access Management

1. Credit Registry Division manages and administers the CRK system and the access of institutions to it, namely the access of its users.
2. Access to the CRK system shall be granted after meeting the criteria required by the CBK, in particular the criteria for an authorized access to CRK relating to the security and protection of data from unauthorized access.
3. Only users authorized by lending institutions or users authorized by CBK may access the CRK system. Authorization by institutions shall be confirmed through forms approved by the credit registry and shall be delivered to the CBK.
4. For lending institution users there are two levels of access to the credit registry system:
 - 4.1. The first level allows search of information on credit applicants/borrowers.
 - 4.2. The second level allows researching, reporting, updating and modifying/(correcting) data recorded to the CRK system.
5. Lending institutions determine the level of rights to their users and notify the credit registry about that. Based on these notifications, credit registry classifies the rights to access the system.
6. Credit Registry requires lending institutions to provide notification on the termination of user authorization for any reason (e.g. transfer to other position or termination of employment relationship). Notifications shall be made at least 7 working days before the end of user access authorization.

Article 9 Data security

1. Credit Registry shall take all measures to ensure the implementation and enforcement of all rules and procedures approved by the CBK, dealing with security and protection of information from unauthorized accesses, disclosures or modifications.
2. To successfully achieve this objective, there shall be a high level of reliability between the CRK system, its users, and data subjects. Users of the CRK system shall be ensured that the information recorded in the system on borrowers will not be misused.
3. Subjects of data must be ensured that their privacy is preserved and that their information will be used with responsibility by CRK system users.

4. Credit Registry and CRK system users shall be ensured on the transparency of operations by preserving confidentiality of the information recorded in the CRK system.
5. CBK's Information Technology Department is responsible for the maintenance of security policies. Appropriate security measures minimize the risk and enable the achievement of higher levels of security standards.

Article 10 Responsibilities of users

1. Any data obtained from CRK system on data subjects shall be treated by CRK system users with responsibly while applying on them the policy of confidentiality.
2. Users shall define appropriate security measures to prevent:
 - 2.1. Unauthorized access to personal data, their alteration, destruction or loss;
 - 2.2. Unauthorized transfer of the CRK system data;
 - 2.3. Processing and misuse of personal data;

Article 11 Exchange of credit information with foreign countries

Personal information that are owned or controlled by Credit Registry shall not be transferred to any organization outside Kosovo except as provided for by the Regulation on Credit Registry.

Article 12 CRK Consultation

1. Loan providers may obtain a credit report from CRK for each client (credit applicants/borrowers) only after they have obtained the consent of the data subject to access the clients' credit report.
2. Loan providers shall have access to:
 - 2.1. General personal information on the client;

- 2.2. Clients' personal loans; Total exposure including related loans; Type and number of loan; Data on the category of each classification for each loan including currency, the amount approved, disbursed and outstanding.
 - 2.3. Client credit-related roles: Client may have five different roles in relation to loans that are non-personal loans. He/she may be an owner/partner/shareholder of the business organization or a person authorized by the borrowing organization. Client may be guarantor/co-borrower in relation to any loan. All of these loans will appear on the aggregated credit report based on the roles of the client and loan classification category.
 - 2.4. Collaterals used by the client: The client may use collaterals related to his/her personal loans or other loans. All collaterals used appear on the credit report. The data presented on collaterals consist of the collateral registration number, its value in EUR, as well as a description of the collateral.
3. The identity of the loan providers shall not be disclosed in the credit report.

Article 13

Data protection and data storage period

All data shall be protected under the data protection principles. Privacy of each individual is guaranteed. Credit data shall be kept for up to five (5) years after the last update, with the remaining amount zero. Loans classified in the category W shall be submitted up to seven (7) years after the last update with the remaining amount zero. After this period, the data shall be archived.

Article 14

Role of the CBK

1. The CBK administers and maintains the CRK system. The Banking Supervision Department as well as the Insurance Supervision Department shall have full access to the CRK data system. These credit data /reports shall be verified with the relevant books of loan providers. For analytical and statistical purposes, Financial Stability and Economic Analysis Department, the Statistics, Licensing and other relevant departments whose functions relate to the information generated by the CRK System may have access to the data in the CRK system.

2. The CBK may provide the credit report of the borrower or loan provider to third parties if required by law or a court order.

Article 15

Obtaining consent from the data subject

1. Loan providers shall obtain consent from the data subject in accordance with the Law on Protection of Personal Data. Through the consent of the data subject, the loan provider shall be authorized to research, process and report the information and data defined under this Regulation.
2. The loan providers shall be able to prove that they obtained consent from the data subject under paragraph 1 of the Article 15 of this Regulation.
3. The processing of personal data shall be done in accordance with the Law on Protection of Personal Data.
4. Loan providers shall take all reasonable steps to ensure that data subjects understand the effect of giving the consent.
5. Loan providers shall not take actions to knowingly conceal before the data subject the meaning of consent or request for consent from the data subject.
6. The consent of the data subject shall be valid for the entire duration of the credit agreement validity, including renewed agreement or change of terms of the existing agreement.

Article 16

Fees and billing

1. Reporting credit data to the CRK system shall be mandatory and no fees shall be applied during this process. Searching information in the CRK system is charged based on tariffs approved by CBK.
2. Fees shall be calculated on a monthly basis to licensed banks and microfinance institutions, as well as to non-bank financial institutions and insurance companies licensed to deal with specific credit activities. Banking institutions have an account on CBK and after the detailed information on monthly fees calculation, based on the research conducted, these accounts shall be debited automatically. Microfinance

institutions and other non-bank financial institutions shall pay the invoices issued by CBK for searches made during the previous month no later than the 15th of the current month. All institutions shall be forwarded a monthly extract with the total amount and the number of searches done by their users.

3. Fees may be reviewed by the CBK. Fee changes shall be published no later than one month before they become valid.

Article 17 Penalties

Violations to this Instruction shall be subject to penalties as provided for in the Regulation on the Credit Registry.

Article 18 Entry into force

This Instruction shall enter into force on 1 March 2020 and, upon the entry into force of this Instruction, the Instruction on Credit Registry adopted on 30 April 2018 by the Executive Board of the Central Bank of the Republic of Kosovo shall be repealed.

Fehmi Mehmeti
Chairman of the Executive Board