

Questions & Answers

This PRDE FAQ will focus on aspects of Principle 1 including questions about designated entities and some additional questions on negative information.

WHAT TYPES OF NEGATIVE INFORMATION DOES A CP SIGNATORY NEED TO CONTRIBUTE?

A CP signatory is required to contribute identification information, default information, payment information, and new arrangement information for its consumer credit accounts.

However, CPs are not required to contribute enquiry data or serious credit infringements (SCIs) as it was considered unnecessary to the operation of the PRDE data exchange.

HOW DO YOU DECIDE WHAT IS A REASONABLE TIMEFRAME FOR CONTRIBUTING DEFAULT INFORMATION?

This will depend on the nature of the account, including account type, account cycle and industry.

Over time, guidelines will be developed in consultation with industry that enable a better understanding of what is a reasonable timeframe.

DO THE TIER LEVEL RESTRICTIONS IN THE PRDE PREVENT A CP AT NEGATIVE TIER SETTING UP A NEGATIVE ALERT?

No, the PRDE does not prevent a negative tier CP setting up a negative alert.

When negative alerts are set up by a CPs, they need to disclose to a CRB that it has a credit provider relationship with a named customer.

Even though this disclosure is part-consumer credit liability information (CCLI), the PRDE deems that for the purpose of setting up the alert – it is actually a disclosure of negative information. Therefore it is not necessary for these CPs to become signatories to the PRDE to receive these services.

WHY WOULD A CP NOMINATE A DESIGNATED ENTITY?

FAQ 8 sets out what the definition of a Designated Entity is and the criteria for listing a Designated Entity. That fact sheet is essential reading for signatories looking to use the Designated Entity provisions in the PRDE.

A CP can nominate a Designated Entity for a number of reasons. Firstly, large CPs that operate as group and have a number of entities and brands within that group, may be unable to have each entity within that group transition to a certain Tier Level at the same time. In those circumstances, they may choose transition entities at different times.

Further, CPs may acquire new CP entities which could operate under different systems and controls. Those acquired CP entities will need to be able to continue to operate under the PRDE, even though the acquired CP may not be in a position to operate at a higher Tier Level.

CAN A DESIGNATED ENTITY CHOOSE A DIFFERENT TIER LEVEL THAN THE CP?

Of course! A Designated Entity can nominate a higher or lower Tier Level than its CP.

WHAT INFORMATION DOES THE CP NEED TO PROVIDE ABOUT THE DESIGNATED ENTITY AND TO WHOM?

When a CP nominates a Designated Entity, it will be required to notify the Administrator (the RDEA). It will also need to provide information to the Administrator which demonstrates the Designated Entity has its own brand, and there are documented controls in place which prevent the supply of information between the Designated Entity and signatory CPs.

IS IT POSSIBLE FOR A LARGE CP TO SIGN UP SEPERATLY TO THE PRDE EVEN IF IT HAS A PARENT CP?

Yes. A large CP can always have each separate CP entity sign up as individual CP signatories.

Each CP signatory will still be subject to restrictions on on-supply to other signatories, and will need to pay a separate administration fee to the RDEA.

ARE THERE ANY EXCEPTIONS WHICH APPLY WHEN CONTRIBUTING DATA?

Yes, the PRDE has three broad categories of exceptions: the materiality exception, the run-off exception, and account exceptions.

These exceptions are intended to recognise that it may not be possible or suitable for information about each and every account held by a CP to be contributed to a CRB.

HOW DOES THE MATERIALITY EXCEPTION WORK?

It works on the basis that a CP is required to contribute all available credit information (for their nominated Tier Level), but recognises in some instances, this may not be possible.

For instance, an IT system glitch may prevent a CP contributing its repayment history information for a particular month. If that is the case, provided the CP is able to demonstrate it has acted in good faith and the accounts aren't being contributed because they have unique features (and really, there is no IT glitch), then that CP will still be deemed compliant with its contribution obligations.

WHAT ARE THE ACCOUNT EXCEPTIONS? CAN MORE BE ADDED?

The account exceptions are contained in Schedule 1 and currently include margin loans, novated leases, flexible payment options, and overdrawn deposit or transaction accounts.

They are type of accounts which operate in such a way that reporting regular credit information about them would not be workable or appropriate.

More account type exceptions can be added, subject to the process for doing so as set out in the PRDE.

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