

Rwanda

Regulation of the National Bank of Rwanda implementing the Law Governing Credit Information System in Rwanda

Regulation 1 of 2015

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Pursuant to Law N° 55/2007 of 30/11/2007 governing the Central Bank of Rwanda, especially in Articles 5, 6, 53, 56 and 57;

Pursuant to Law N° 16/2010 of 7/05/2010 governing Credit Information System in Rwanda, especially in articles 6, 8, 9, 18, 24, 30; 31, 36 and 38.

The National Bank of Rwanda, hereinafter referred to as “Central Bank”, decrees:

Chapter One General provisions

Article 1 – Purpose of this regulation

This regulation aims at fully implementing the Law n° 16/2010 of 7/05/2010 governing Credit Information System in Rwanda.

Article 2 – Definitions of terms

In this Regulation, unless the context requires otherwise, the following words and expressions shall mean:

1. **Accurate information:** information which is free of errors, truthful, complete and update.
2. **Free credit bureau report:** a credit report got from the credit bureau without any cost.
3. **Information delivered timely:** Data available to users in a prompt manner to enable them to carry out their functions without unnecessary delays.
4. **Manager:** a person who has an executive authority and a member of the executive committee of a credit bureau.
5. **Significant shareholder:** Shareholder who owns or acquires in a credit bureau, directly or indirectly, alone or in conjunction with others, represents at least five percent (5%) of the equity capital or voting rights, or that makes it possible to exercise a significant influence over the management of that credit bureau.
6. **Sufficient information:** Relevant information comprises both negative and positive data.

Article 3 – Requirements for license application to operate credit bureau activities

A registered company wishing to conduct business as a credit reference bureau shall apply to the Central Bank for a license in writing accompanied by documents and information stated in article 4 of this regulation.

Chapter II

License application for credit bureau activities

Article 4 – Required documents and information for licensing

An applicant for a credit bureau license shall provide the following documents and information:

- a) A filled application form set out in appendix 1;
- b) A filled information form set out in appendix 2;
- c) A copy of the applicant's certificate of incorporation;
- d) Proof of a minimum paid up cash capital of not less than three hundred million Rwandan francs (Frw 300,000,000). This minimum paid up capital shall be increased if the IT infrastructure and security systems and operational risks are deemed high;
- e) A non-refundable application fee of Frw 1,000,000 payable to the Central Bank;
- f) A non-objection letter from the home regulator for a foreign credit bureau intending to operate in Rwanda;
- g) A feasibility study by the applicant company that shows the business plan, organizational structure and internal monitoring procedures of the company and information on:
 - (i) Mission statement and goals,
 - (ii) Market analysis;
 - (iii) Ownership structure;
 - (iv) Governance structure;
 - (v) Management structure;
 - (iv) A description of projected investments;
[Please note: numbering as in original.]
 - (vii) Financial projections for at least three years;
 - (viii) A business continuity plan;
- h) Details of the applicant's significant shareholders, directors and managers; as stated in the personal information sheet set out in appendix 3;
- i) A description of the applicant's premises and suitability for credit bureaus activities;
- j) The overview of operations including a description of systems, designs of the data collection and dissemination and management processes including:
 - (i) The development schedule of the software required for the operations;
 - (ii) Characteristics of products and services to be provided to users;
 - (iii) Policy on service provision;
 - (iv) Proposed security and control measures to prevent improper access to information;
 - (v) Operational manuals designed to ensure accuracy of information contained in the database and its update, and
 - (vi) The proposed fee and cost structure of service to be delivered.

Article 5 – Processing of application

The Central Bank shall acknowledge receipt of an application for a credit bureau license.

The Central Bank shall within one month, after the receipt of the application and all related documents and information, inform the applicant in writing of the decision of the Central Bank

Article 6 – Granting of license

Without prejudice to the provisions of article 4 of this regulation, the Central Bank shall grant the license if it is satisfied that the following conditions are met:

1. Applicant, owners, directors and senior management:
 - (i) Have never been declared bankrupt by a court of law;
 - (ii) Have not defaulted on any credit obligation;
 - (iii) Have never been convicted of any criminal offence for the past seven years which affects their financial integrity;
2. The applicant has human, technical, financial and operational resources that will enable the credit reference bureau to function effectively and efficiently;
3. The applicant has put in place concise and detailed policies and procedures for the storage use, the security, confidentiality and integrity of the credit data;
4. The applicant has put in place detailed policies and procedures to ensure:
 - (i) The provision of accurate credit information and that it is only accessible by authorized users;
 - (ii) The provision of robust consumer rights and protection related to their personal credit information;
5. The credit reference bureau has certified hardware and software for its credit information database.

Where an application for a license is rejected, the Central Bank shall state the reasons for the rejection in the notice.

Article 7 – Validity of license

The delivered license is perpetual unless revoked in accordance with this regulation.

It shall not be transferable, assignable or encumbered in any way.

Article 8 – Annual supervision fee

The annual supervision fee of one million Rwandan Francs (Frw 1,000,000) shall be payable by an operative credit bureau not later than the 31st day of July.

The annual supervision fee may be modified by the Central Bank from time to time. The modification shall be notified to all licensed credit bureaus at least one month before the beginning of the following financial years.

Article 9 – Shareholding and management

No person shall become a significant shareholder, a director or a manager of a credit bureau unless such a person is deemed fit and proper and approved by the Central Bank.

A credit bureau shall submit to the Central Bank a duly completed form annexed to the regulation in appendix 3, for the prospective new significant shareholder, a director or a manager of a credit bureau.

Article 10 – Revocation or suspension of credit bureau license

The Central Bank may revoke or suspend a license granted to a credit bureau at any time if the credit bureau:

- (i) has not commenced operations within twelve (12) months from the date on which the license was granted;
- (ii) has ceased operating for a period of more than one month;
- (iii) has obtained the license through incorrect statements or fraudulent means;
- (iv) no longer meets the applicable licensing criteria;
- (v) is found to be in violation of any law or in material breach of any regulation which affects its solvency, the effectiveness of its operations or the public trust.

In the case of suspension, the suspension period shall not exceed twelve (12) months.

The Central Bank shall immediately notify the credit bureau of any decision to revoke or suspend the license.

Chapter III

Customer's right on information maintained by a credit bureau

Article 11 – Customer's right to access information

The customer has the right to receive a copy of the credit bureau report relating to him/her without charge, in the following cases:

- 1) when an application for credit is rejected by a subscriber or for other authorized purpose;
- 2) once per six (6) months, after making a request to have inaccurate information corrected in the database;
- 3) once a year.

The customer also has the right to receive a copy of the credit bureau report at any time, upon payment of the fees determined by the credit bureau.

Article 12 – Modalities to be followed by customer to review his/her/ its information

Where a customer believes that the information contained in the credit bureau report is inaccurate, erroneous, insufficient and/or incomplete or outdated, the customer may notify the credit bureau in writing of the information disputed.

Within five (5) working days of being informed that information in its report is disputed, the credit bureau shall:

- 1) Attach a note to the report warning that the disputed information is under investigation, and that notice shall remain on the file until resolution of the dispute;
- 2) Give the data provider a notice of dispute requesting for confirmation of the accuracy of the disputed information.

Within twenty (20) working days, the credit bureau shall conduct a reasonable investigation, based on all relevant information provided by the customer, and contact the data provider if necessary. Where the investigation reveals an error, the credit bureau shall promptly remedy it.

If the credit bureau does not complete its investigation within twenty (20) working days, the complaint shall be referred to the Central Bank or corrected as requested by the customer.

If the credit bureau later completes its investigation, it may complete or correct disputed information based on the results of such investigation.

After dispute resolution or an amendment notice from a data provider, the credit bureau shall immediately update its system accordingly and within five (5) working days send a notice of change to any subscriber that has in the previous six (6) months obtained a credit information report from the credit bureau containing the incorrect information, indicating the correction of the disputed data.

Should the customer disagree with the resolution of the disputed information, the customer may request the credit bureau to attach its report, a short statement setting out the customer's claim that the information is not accurate and the credit bureau shall take reasonable steps to comply with the customer's request.

When the investigation is completed, the credit bureau shall communicate to the customer the results of investigation in writing and a free copy of credit report if the disputed information has changed.

The above stated free copy of credit report shall not be considered as an annual free credit report.

Article 13 – Review of the credit bureau investigation by the Central Bank

A customer who is not satisfied with the result of the investigation by the credit bureau may submit the request to the Central Bank for review.

Where the Central Bank receives an appeal, it shall investigate and respond to such appeal within 30 calendar days from the date when such appeal was made.

The Central Bank decision on the customer's appeal shall be a binding order.

Article 14 – Special investigation

A special investigation is conducted when a credit bureau is not able to find directly the source of mistake. Then the customer requests the credit bureau to conduct a special investigation and to trace the source of inaccurate information and identify the data provider, then request for correction.

Article 15 – Cost for special investigation carried out by the credit bureau

A Credit bureau may charge the customer or the data provider for the cost of its services in conducting a special investigation of disputed customer information.

After completion of a special investigation, a credit bureau shall charge a flat fee to cover the cost spent for this process (time spent, human resource involved, transport, etc), in the following cases:

1. To the customer, when the result from special investigation reveals that the disputed information by the customer was correct; meaning that there was no reason to make a dispute.
2. To the data provider, when the result reveals that a data provider has reported inaccurate information (incomplete, wrong or outdated).

If more data providers have reported inaccurate information concerning the same customer, each data provider shall pay the cost to the credit bureau.

The amount of the cost to be charged is a flat fee payable to the credit bureau as follows:

- i) Ten thousand Rwandan francs (Frw 10,000) to be paid by the customer.
- ii) Fifty thousand Rwandan francs (Frw 50,000) to be paid by data provider (banks, Insurance companies, Microfinance institution -MFIs-, Saving and Credit Cooperatives -SACCOs- and any other voluntary participant who provided data to the bureau).

Before conducting a special investigation, a credit bureau shall require a customer to deposit the amount of ten thousand Rwandan francs (Frw 10,000) only refundable in case the claim is valid.

Article 16 – Payment of the cost for special investigation

A credit bureau shall submit an invoice to the data provider requesting for the payment of the cost for special investigation and the payment shall be due within 15 calendar days.

Failure to pay the due amount, the case shall be submitted to the Central Bank for further actions, as any violation of Central Bank regulation and the case will be subject to pecuniary sanctions as specified in this regulation, without prejudice to the payment of the cost of special investigation to the credit bureau

In case the special investigation result provides that the information disputed was correct, the credit bureau shall retain the deposited amount as payment of the cost and inform the customer.

Chapter IV Reporting requirements

Article 17 – General principle for credit reporting

The credit information shall be accurate, timely and sufficient.

Article 18 – Required information to be submitted to the Central Bank by the licensed credit bureau

The required information from the credit bureau to the Central Bank includes:

- i) Summary report on loans and bounced cheques from Banks, Microfinance Institutions (FIs) and Saving and Credit Cooperatives;
- ii) Summary report on policies and claims from Insurance companies;
- iii) Report on usage of credit bureau information;
- iv) Customer complaints report;
- v) The annual audited financial statements.

The Central Bank may require from a credit bureau any other necessary information to assess credit information system and credit bureau activities.

Article 19 – Reporting period

The reporting deadline is set on 20th day of the following month for the reports mentioned in article 18 (i), (ii) and (iii). The deadline for submission of audited financial statement is set on 30th April of the following year.

Failure to submit the report in accordance with prescribed deadline, the credit bureau will be subject to the pecuniary sanctions.

Article 20 – Mode of submission of information

A credit bureau shall submit to the Central Bank the report or information stipulated in article 18 of the present regulation in the forms prescribed by the Central Bank.

Reports shall be submitted only in soft copy.

Article 21 – Required information to be submitted to the credit bureau by data providers

A data provider shall provide to the credit bureau the following:

- 1) sufficient data to confirm the identity of the customer;
- 2) information on credits, collaterals and on guarantees from third parties;
- 3) Customer's internal credit facility number;
- 4) Such other information as may be reasonably required by the credit bureau and approved by the Central Bank.

Data providers shall submit to the credit bureau on monthly basis the required information stipulated in the above paragraph in the prescribed forms.

The report shall be submitted only in soft copy. The deadline is set on 10th day of the following month. The report submitted beyond the deadline will be considered as not submitted.

Chapter V Administrative and pecuniary sanctions

Article 22 – Administrative sanctions to directors and managers of the credit bureau

The Central Bank may suspend or dismiss directors, managers of a credit bureau who:

- a) Fail to comply with the provisions of Law N° 16/2010 of 7/05/2010 governing Credit Information System in Rwanda, this regulation or any other directives issued by the Central Bank;
- b) Fail to meet vetting requirements on an on-going basis;
- c) Have non-performing credit in any financial institution;
- d) Have issued bounced cheques.

Article 23 – Pecuniary sanctions applied to the credit bureau

A credit bureau is liable on the following pecuniary sanctions depending on the nature of the violation:

- a) Failure to submit reports to the Central Bank as per reporting requirement;
Penalty: Fifty thousand Rwandan francs (Frw 50,000) per report;
- b) Failure to update customer information as per data provider request;
Penalty: Fifty thousand Rwandan francs (Frw 50,000) per customer;
- c) Submission of incomplete or inaccurate reports;
Penalty: Fifty thousand Rwandan francs (Frw 50,000) per report;
- d) Delay to submit the reports to the Central Bank;
Penalty: Fifty thousand Rwandan francs (Frw 50,000) per day of delay/per report;
- e) Failure to request for approval of the appointment of members of the Board of Directors and the Management;
Penalty: Fifty thousand Rwandan francs (Frw 50,000) per member;

- f) Any other violation of the provision of the law on Credit Information System and this regulation;
Penalty: Fifty thousand Rwandan francs (Frw 50,000) per case.

Article 24 – Prohibition to operate without a license

No person shall operate credit reference bureau activities without prior authorization of the Central Bank.

Shall be liable to a pecuniary sanction of one million Rwandan francs (Frw 1,000,000) any individual or a company exercising the credit reference bureau activity without Central Bank license.

This sanction does not exempt the application of any other criminal laws.

Article 25 – Pecuniary sanctions applied to the data provider

A data provider is liable on the following pecuniary sanction depending on the nature of the violation:

- a) Failure to submit the reports to the credit bureau as per reporting requirement;
Penalty: Fifty thousands (Rwf 50,000) per report;
- b) Submission of incomplete, inaccurate or outdated reports to the credit bureau;
Penalty: Rwf 50,000 per report;
- c) Delay to submit any report as per reporting requirement;
Penalty: Frw 50,000 per day of delay and per report;
- d) Delay to pay the cost for special investigation to the credit bureau;
Penalty: Frw 50,000 per day of delay and per case;
- e) Any other violation of the provision of the Law governing Credit Information System and this regulation;
Penalty: Frw 50,000 per data provider.

Article 26 – Mode of payment of penalty fees

The Central Bank shall notify in writing the credit bureau or a data provider of the contraventions made and the related pecuniary sanction.

The amount of penalty shall be paid to the Central Bank account within ten (10) calendar days upon reception of the notification. Failure to pay within the deadline, the delay fee of 2% per day of the due amount of the penalty is registered.

Chapter VI Final provisions

Article 27 – Repealing provision

All prior regulatory provisions inconsistent with this Regulation are hereby repealed.

Article 28 – Commencement

This Regulation shall come into force on the date of its publication in the Official *Gazette* of the Republic of Rwanda.

Appendices 1 - 3

Forms

[Editorial note: The forms have not been reproduced.]