

**ASB Bank Limited**

**Bank of New Zealand**

**Centrix Group Limited**

**Dun & Bradstreet (New Zealand) Limited**

**Fisher & Paykel Finance Holdings Limited**

**Finance Now Limited**

**GE Finance and Insurance**

**Kiwibank Limited**

**QBE Lenders' Mortgage Insurance Limited**

**Telecom New Zealand Limited**

**Toyota Finance New Zealand Limited**

**Veda Advantage (NZ) Limited**

**Westpac New Zealand Limited**

**HEADS OF AGREEMENT**

*In respect of*

**PRINCIPLES OF RECIPROCITY**

**FOR**

**COMPREHENSIVE CREDIT REPORTING**

**8 March 2013**

**This Heads of Agreement is made this 8th day of March 2013**

**Between:**

**ASB Bank Limited**

**Bank of New Zealand**

**Centrix Group Limited**

**Dun & Bradstreet (New Zealand) Limited**

**Fisher & Paykel Finance Holdings Limited**

**Finance Now Limited**

**GE Finance and Insurance**

**Kiwibank Limited**

**QBE Lenders' Mortgage Insurance Limited**

**Telecom New Zealand Limited**

**Toyota Finance New Zealand Limited**

**Veda Advantage (NZ) Limited**

**Westpac New Zealand Limited**

## **1. Background**

---

- 1.1** The Credit Reporting Privacy Code 2004 (as amended) includes rules in relation to the use of an individual's credit information. With effect from 1 April 2012, The Code allows comprehensive credit reporting meaning that banks, finance companies, and phone or power companies can share repayment history information with credit reporters in accordance with The Code.
- 1.2** The parties wish to share comprehensive credit reporting data and have agreed to do so in accordance with these non-binding Heads of Agreement (including the Principles of Reciprocity set out in Schedule 1) and in accordance with The Code.

By this Heads of Agreement the parties agree that:

## 2. PURPOSE

---

2.1 The HoA and PoR are to:

- (a) Enable the parties to agree to the PoR before participating in CCR Data Sharing and use of CCR Data;
- (b) Seek consistent CCR Data Sharing practice in New Zealand to enable CCR Data Sharing to function in the most efficient manner possible, in a way that benefits both consumers and Credit Providers in the provision of credit in New Zealand by encouraging greater clarity, transparency and efficiency in credit risk assessment and management; and
- (c) Evidence the commitment of all parties to this HoA to adhere to the PoR.

2.2 The HoA and PoR are intended to be a guideline for the parties when participating in CCR Data Sharing. The HoA and PoR are not intended to be relied on as legal advice or to replace or vary the provisions set out in The Code. Each party shall be responsible for ensuring its own compliance with all applicable laws when participating in CCR Data Sharing (including, without limitation, the Privacy Act 1993 (as amended) and The Code).

## 3. DEFINITIONS

---

3.1 In this HoA and the PoR, terms in capitals have meanings as follows:

Term	Meaning
Backdated Repayment History	backdated repayment history, to be provided by Credit Providers for all Products, to the earliest permissible month (post 1 April 2012) with a maximum of 24 months
CCR	comprehensive credit reporting in accordance with The Code
CCR Data	The credit information listed in paragraph (da) of the definition of " <i>credit information</i> " in clause 5 (Interpretation) of The Code
CCR Data Contributors	Credit Providers who provide CCR Data
CCR Data Sharing	The provision and receipt of CCR Data in accordance with the PoR and The Code

Credit Provider	Has the same meaning as the definition of an " <i>externally regulated credit provider</i> " as defined in clause 5 (Interpretation) of The Code, being at the date of this HoA:  <i>"a registered credit provider; an electricity retailer; a gas retailer; or a telecommunications service provider."</i>
Credit Reporter	Has the same meaning as the definition of a " <i>credit reporter</i> " as defined in clause 5 (Interpretation) of The Code, being at the date of this HoA:  <i>"An agency that carries on a business of reporting to other agencies, for payment, information relevant to the assessment of the creditworthiness of individuals."</i>
Exemption	A departure from the PoR sought by a Credit Provider as described further in clause 6 of the PoR
Full CCR Data Contributor	A CCR Data Contributor who provides CCR Data on all of its Products as described further in clause 5 of the PoR. Full shall be construed accordingly.
HoA or Heads of Agreement	This heads of agreement including the PoR
Partial CCR Data Contributor	A CCR Data Contributor who provides CCR Data on some but not all of its Products as described further in clause 5 of the PoR. Partial shall be construed accordingly.
Participant	A member of the relevant Participant Data Group
Participant Data Group	A group of Full CCR Data Contributors and/or Partial CCR Data Contributors established by Credit Reporter(s)
PoR or Principles of Reciprocity	The principles of reciprocity for CCR Data Sharing as set out in Schedule 1 to this HoA
Products	Types of credit made available by Credit Providers to individuals.  This may include (for example) types of credit made available to businesses, sole traders, farms, partnerships and trustees to the extent that the relevant credit information relates to an individual person
RCANZ	Retail Credit Association of New Zealand Incorporated.
Reciprocity	Principle of CCR Data Sharing based on reciprocal or two-way agreements

Registered Insurer	Has the same meaning as the definition of a " <i>registered insurer</i> " as defined in clause 5 (Interpretation) of The Code, being at the date of this HoA:  " <i>An insurer that is registered under Part 2 of the Financial Services Providers (Registration and Dispute Resolution) Act 2008.</i> "
Repayment History Information	Has the same meaning as the definition of a " <i>repayment history information</i> " as defined in clause 5 (Interpretation) of The Code, being at the date of this HoA:  " <i>In relation to a credit account for which there are periodic payments:</i>  <i>(a) whether or not in any given month a periodic payment is due and payable;</i>  <i>(b) where a periodic payment is due and payable in that month, whether or not the individual concerned has made that payment; and</i>  <i>(c) any other information required to identify or classify the payment.</i> "
Subscriber	A Credit Provider or Registered Insurer that has entered into a Subscriber Agreement with a Credit Reporter
Subscriber Agreement	Has the same meaning as the definition of a "subscriber agreement" as defined in clause 5 (Interpretation) of The Code, being at the date of this HoA:  "A written agreement providing a Subscriber with access to credit information held by a Credit Reporter."
The Code	The Credit Reporting Privacy Code 2004 as amended from time to time

#### 4. GOVERNING LAW

---

**4.1** Subject to clause 4.2 below, this Heads of Agreement is governed by the laws of New Zealand.

**4.2** The parties agree and acknowledge that this HoA (including the PoR) is not intended to be legally binding on any of the parties.

## 5. COSTS

---

5.1 Each party will pay its own costs and expenses in relation to this HoA.

## 6. COUNTERPARTS

---

6.1 This HoA can be signed in any number of counterparts, all of which together will constitute the same agreement.

## 7. AMENDMENTS

---

7.1 Any amendments to the PoR will apply to a party to this HoA only after that party has signed a variation to this HoA adopting the amendment(s) made.

7.2 Subsequent parties to this HoA will be party to the version of the PoR in force at the time they join the HoA

7.3 If a subsequent party signs the HoA, such party may sign in counterpart and signatures from all existing parties to the HoA will not be required. A list of all parties to the HoA will be maintained by RCANZ and RCANZ will notify in writing all existing parties when a subsequent party signs the HoA.

## 8. Acknowledged and agreed by:

---

Signed on behalf of **ASB Bank Limited** as a Credit  
Provider:

“Kevin McDonald”

---

Kevin McDonald

Chief Risk Officer

---

---

**Signed** on behalf of **Bank of New Zealand** as a  
Credit Provider:

“Tony Lane”

---

Tony Lane

Chief Risk Officer - Retail

---

**Signed** on behalf of **Centrix Group Limited** as a  
Credit Reporter:

“Keith McLaughlin”

---

Keith McLaughlin

Director

---

**Signed** on behalf of **Dun & Bradstreet (New  
Zealand) Limited** as a Credit Reporter:

“Steven Brown”

---

Authorised signatory

Steven Brown

Director – Consumer Risk Solutions

---

---

**Signed** on behalf of **Fisher & Paykel Finance Holdings Limited** as a Credit Provider:

“Adrian Lichkus”

---

Adrian Lichkus

Chief Risk Officer

---

**Signed** on behalf of **Finance Now Limited** as a Credit Provider:

“Jared Stockman”

---

Authorised signatory

Jared Stockman

General Manager Operations

---

**Signed** on behalf of **GE Finance and Insurance** as a Credit Provider:

“Kevin James”

---

Authorised signatory

Kevin James

Chief Operating Officer

---



---

**Signed** on behalf of **Kiwibank Limited** as a Credit Provider:

“Mark Wilkshire”

---

Authorised signatory

Mark Wilkshire

General Manager Personal Markets

---

---

**The Common Seal of QBE Lenders’ Mortgage Insurance Limited** as a Registered Insurer **was affixed in the presence of:**

“Jennifer Anne Boddington”

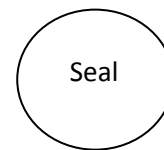
“Katherine Jane O’Loughlin”

---

Director

---

Director/Secretary



---

**Signed** on behalf of **Telecom New Zealand Limited** as a Credit Provider:

“Scott Burgess”

---

Scott Burgess

Head of Billing, Collections & Fraud Operations

---

---

**Signed** on behalf of **Toyota Finance New Zealand Limited** as a Credit Provider:

“Mark Cowling”

---

Mark Cowling

General Manager

---

---

**Signed** on behalf of **Veda Advantage (NZ) Limited** as a Credit Reporter:

“John Roberts”

---

John Roberts

Managing Director – NZ & International

---

**Signed** on behalf of **Westpac New Zealand Limited** as a Credit Provider:

“Grant Allerby”

---

Authorised Signature

Grant Allerby

Head of Risk Analytics, Retail and Private Credit

---

## **Schedule 1**

### **PRINCIPLES OF RECIPROCITY FOR COMPREHENSIVE CREDIT REPORTING**

#### **1. BACKGROUND**

---

- 1.1** The PoR are intended to be guidelines for the sharing of CCR Data by CCR Data Contributors.
- 1.2** CCR was incorporated into The Code by way of Amendments 4 and 5 to The Code.
- 1.3** Those who may receive CCR Data are set out in and subject to The Code.
- 1.4** CCR Data must not be used for any purpose other than the purpose for which it was received (including, without limitation, any purpose directly or indirectly related to direct marketing, including the facilitating of direct marketing by a Subscriber) except as permitted by The Code.

#### **2. CONCEPT OF RECIPROCITY**

---

- 2.1** The concept of Reciprocity at its most basic form is the governing principle of:

*“You give all you have – you get all”*
- 2.2** The PoR recognise that there may be a transitional process to allow organisations to move into a full CCR Data Sharing environment in a graduated manner taking account of their practical and systems requirements, but recognising their executive commitment to the PoR.
- 2.3** There will be two defined classes of CCR Data Contributors during the transition phase: Full and Partial. These classes are defined in clause 3 of the HoA and are more fully described in clause 5 of the PoR.
- 2.4** Whilst not formally time bound, the state of Partial CCR Data Sharing is only intended to be a transitional state. By signing the HoA all CCR Data Contributors commit to become Full CCR Data Contributors as soon as their internal systems and processes permit, in order that as full and complete a view of all customer credit commitments are known to all Subscribers, to the extent permitted by law.
- 2.5** In addition there are provisions for Exemptions in clause 6 of the PoR.
- 2.6** It is intended that the New Zealand credit industry should aim to ensure best practice data quality by encouraging all industry participants to undertake to abide by the PoR.

- 2.7** Subscriber Agreements should be consistent with the PoR and in accordance with The Code in order to ensure data quality, transparency, consistency and adherence to the PoR.
- 2.8** This HoA and PoR will be reviewed at least annually or as agreed by the parties from time to time.

### **3. ELIGIBILITY**

---

- 3.1** The Code sets out who may collect credit information, what credit information may be collected and to whom it may be disclosed.
- 3.2** Subscribers may only receive CCR Data in accordance with The Code. Subscribers will enter into Subscriber Agreements with one or more Credit Reporters.

### **4. GOVERNING PRINCIPLE**

---

- 4.1** The PoR are designed to:
- (a)** Improve standards and methodologies in the New Zealand retail credit sector generally; and
  - (b)** Encourage greater clarity, transparency and efficiency in credit risk assessment and management in order that the benefits gained may be shared by consumers and Credit Providers.

### **5. PRINCIPLES OF CREDIT ACCOUNT DATA SHARING**

---

- 5.1** All parties must ensure that CCR Data Sharing complies with all legal and regulatory requirements including, without limitation:
- (a)** ensuring that a Subscriber Agreement is entered into before CCR Data is provided to Credit Reporters ;
  - (b)** ensuring that the CCR Data is used only for the purposes prescribed by The Code;
  - (c)** ensuring that the CCR Data is stored in accordance with The Code; and
  - (d)** ensuring that appropriate consent is obtained from the relevant individual before CCR Data is shared.

- 5.2** Subscribers must use CCR Data in a manner consistent with the form of consent or notice obtained from the relevant individual in accordance with The Code.
- 5.3** CCR Data will be shared on the principles that:
- (a)** CCR Data Contributors who contribute all their Products will be entitled to receive from the relevant Credit Reporter with whom they have a current Subscriber Agreement all available CCR Data from all Credit Providers that also have a Subscriber Agreement with that Credit Reporter.
  - (b)** Partial CCR Data Contributors may receive CCR Data from the relevant Credit Reporter with whom they have a current Subscriber Agreement on Products comparable to the CCR Data they contribute to that Credit Reporter (see Table 1 under clause 5.8 below).
  - (c)** CCR Data Contributors endeavour to contribute all CCR Data on all Products to the relevant Credit Reporter(s) with whom they have a Subscriber Agreement.
- 5.4** Credit Reporters will promote commitment to the PoR to prospective Subscribers who are not a party to this HoA. Where agreed to by a Subscriber, Credit Reporters will include adherence to the PoR within the relevant Subscriber Agreement. A Credit Reporter will adhere to the PoR unless otherwise agreed between that Credit Reporter and its CCR Data Contributors.
- 5.5** Credit Providers acknowledge that they may be in competition with other Credit Providers who are also a party to this HoA, so shared CCR Data must not be used by a Credit Provider to reach any arrangement or understanding with another Credit Provider regarding any matter or thing in respect of which the parties would otherwise compete (for example, decisions as to whether or not to grant credit to a particular individual).
- 5.6** All Credit Providers are expected to provide Backdated Repayment History, for all Products, to the earliest permissible month (post 1 April 2012). If the earliest month to when a Credit Provider provided Backdated Repayment History varies by Product then it is considered an Exemption if this variance is greater than 2 months.
- 5.7** Partial CCR Data Contributors - Partial CCR Data Sharing, while not time bound, works on the basis of the equal sharing of comparable CCR Data. Partial CCR Data Contributors commence CCR Data Sharing by providing CCR Data on one or more of their Products, for example their credit cards . If Bank Y only provides CCR Data on credit cards, and Bank Z provides CCR Data on all Products, provided Bank Z gives their express written consent, Bank Y may receive CCR Data on Bank Z's credit cards from the earliest month for which Bank Y provided Backdated Repayment History (and vice versa).

**5.8** The tables below illustrates the difference between Full CCR Data Contributors and Partial CCR Data Contributors:

Table 1

EXAMPLE ONLY FOR ILLUSTRATIVE PURPOSES

*Equitable data sharing - what partial data contributors receive if full data contributors are willing to share data*

Partial data contributors;	Data received from full contributor	Full data contributors			
		Bank	Fin Company	Telco	Utility
Data Standard Account Types					
Home Loan (RM)		RM	RM	N/A	N/A
Credit Card (CC)*		CC or CA	CC, CA or RF	N/A	N/A
Charge Card (CA)*		CC or CA	CC, CA or RF	N/A	N/A
Personal Loan (PL)**		PL or AL	PL, AL or R	N/A	N/A
Auto Loan (AL)**		PL or AL	PL, AL or R	N/A	N/A
Rental / Hire Purchase (R)**		PL or AL	PL, AL or R	N/A	N/A
Overdraft (OD)		OD	OD	N/A	N/A
Telco account (TC)***		N/A	N/A	TC	UA
Utility account (UA)***		N/A	N/A	TC	UA

\* Credit Cards (CC), Charge Cards (CA) & Retail Finance (RF) are considered equivalent market products

\*\* Auto Loans (AL), Rentals / Hire Purchases (R) & Personal Loans (PL) are considered equivalent market products

\*\*\* Telco Accounts (TC) and Utility Accounts (UA) are considered equivalent market products

N/A equates to no equivalent market product. Note RF is not a recognised account type within data standards

Table 2

Example of full vs. partial data sharing			
Name	Credit Provider A	Credit Provider B	Credit Provider C
Full or partial contributor?	FULL	FULL	PARTIAL
Shares with partial contributors?	YES	NO	N/A
Total Credit Portfolio held	Credit Cards Home Loans	Credit Cards	Mortgages Credit Cards Personal Loans
Credit portfolios shared	Credit Cards Home Loans	Credit Cards	Credit Cards Personal Loans
<i>Returned view from</i>			
Credit Provider A	(own data) Credit Cards Home Loans	Credit Cards Home Loans	Only equitable data share permitted; Credit Cards
Credit Provider B	Credit Cards	(own data) Credit Cards	N/A - sharing not permitted
Credit Provider C	Credit Cards Personal Loans	N/A - sharing not permitted	(own data) Credit Cards Personal Loans

Notes to the tables above:

1. Credit Reporters will maintain a record of each Credit Provider's CCR Data contribution class, and any relevant permissions/consents, to ensure transparency and adherence to the PoR and The Code.
2. Any Credit Provider who is a Full CCR Data Contributor has the authority to share (or not share) their CCR Data, with Partial CCR Data Contributors. Full CCR Data Contributors must decide whether they are willing to share with all Partial CCR Data Contributors.
3. Any Credit Provider who is a Full CCR Data Contributor, and elects (at its option) to share CCR Data with a Partial CCR Data Contributor, will have access to all Products submitted by that Partial CCR Data Contributor from the earliest month for which the Full CCR Data Contributor has provided Backdated Repayment History.
4. Any Credit Provider who is a Partial CCR Data Contributor, and is granted access to a Full CCR Data Contributor's CCR Data, will only receive CCR Data on the Products comparable to those on which they provided CCR Data, and back to the earliest month for which they (the Partial CCR Data Contributor) provided CCR Data. Refer Table 1 under clause 5.8.
5. If a Full CCR Data Contributor elects not to share CCR Data with any Partial CCR Data Contributors, then that Full CCR Data Contributor and that Partial CCR Data Contributor do not share CCR Data as the Full CCR Data Contributor has not provided its written consent to do so.
6. All participants are expected to commit to a Full state of CCR Data provision over time so that a full and complete view of all customers' credit commitments is known to all CCR participants, to the extent permitted by law.

## **6. EXEMPTIONS TO FULL RECIPROCITY**

---

- 6.1** Credit Reporters will have discretion to manage Exemptions on the basis that this process is transparent to the Participant Data Group and any scenario outside the Exemption guidelines is promptly tabled with the Participant Data Group for review and where necessary decision. For the avoidance of doubt, this clause 6 sets out exemptions to the PoR and not exemptions to The Code which will only apply in accordance with The Code.
- 6.2** New CCR Data Contributors will supply CCR Data in accordance with the outlined classes: either Partial CCR Data Contributor or Full CCR Data Contributor. Credit Reporters will only return Repayment History Information back to the earliest date for which the new CCR Data Contributors have provided backdated CCR Data. For example, if a new CCR Data Contributor provides one month of Repayment History Information

then they will receive no more than one month of Repayment History Information from Credit Reporters.

**6.3** In instances whereby Exemptions are referred to the relevant Participant Data Group a majority vote of 75% of that group must be achieved on any Exemption.

**6.4** The table below outlines Exemption guidelines:

<b>Exemption type</b>	<b>Description (IF)</b>	<b>Response (THEN)</b>	<b>Otherwise (ELSE)</b>
Transition	See clause 5 of the PoR	See clause 5 of the PoR	Refer to relevant Participant Data Group for decision
Run off Products	If a Participant is unable to supply all defined CCR Data fields as defined in the RCANZ Credit Data Reporting Industry Requirements for a run-off Product	Access to Full CCR Data permitted against an executive commitment that the run off products represent less than 3% of Participant's total lending book.	Refer to relevant Participant Data Group for decision
Acquisitions	If a Participant is unable to supply all defined CCR Data fields as defined in the RCANZ Credit Data Reporting Industry Requirements for a newly acquired Product.	Refer to relevant Participant Data Group for decision	Not applicable
CCR Data Provision – permanent	If a Participant is unable to supply all defined CCR Data fields as defined in the RCANZ Credit Data Reporting Industry Requirements.	Refer to relevant Participant Data Group for decision	Not applicable



## **7. REGISTERED INSURERS**

---

- 7.1** Amendments 4 and 5 of The Code permit a Credit Reporter to disclose CCR Data in accordance with Rule 11(3) (c) (ii) of The Code to a prospective insurer that is a Registered Insurer for the purpose of that Registered Insurer’s decision on the underwriting or continuation of insurance in respect of a credit related transaction relating to an individual.
- 7.2** For the purposes of the PoR, Registered Insurers are granted an Exemption from the general principles of Reciprocity as no CCR Data supply is to be provided by them.
- 7.3** This Exemption will operate on the basis that, at the time of application for insurance:
- (a)** Registered Insurers may only receive the same CCR Data as that which the Credit Provider who applied to that Registered Insurer for insurance may receive.
  - (b)** Registered Insurers may not disclose any additional CCR Data to the Credit Provider who applied to that Registered Insurer for insurance.
  - (c)** Registered Insurers may base their insurance decisions on all information in their possession at the relevant time. For the avoidance of doubt, it is acknowledged that this may include some CCR Data which the relevant Credit Provider was not entitled to receive under the PoR.
  - (d)** Credit Reporters must ensure that CCR Data provided to Registered Insurers includes only that CCR Data to which the relevant Credit Provider is entitled to receive at the relevant time.

## **8. ADMINISTRATION**

---

- 8.1** Credit Reporters may include new participants in the sharing of CCR Data provided those participants comply with the PoR and are a party to this Heads of Agreement. Any material deviation from the PoR will be referred to the relevant existing Participant Data Group for approval.
- 8.2** The existence of new participating members will be included in the reporting schedule provided by the Credit Reporters to their respective Subscribers.
- 8.3** It is each Credit Reporter’s responsibility to advise its respective Credit Providers of any material change to the user group CCR Data.
- 8.4** All relevant decisions relating to:

- (a)** The access or disclosure of Credit Provider CCR Data will be advised by the relevant Credit Reporter to their respective Subscribers (this includes instances whereby a Partial CCR Data Contributor is a Participant); and
  - (b)** Instances whereby Exemptions are referred to the relevant Participant Data Group will be advised by the relevant Participant Data Group to the relevant Credit Reporter.
- 8.5** Each Credit Reporter may form a working group of its CCR Data Contributors.
- 8.6** It is the choice of each Credit Provider which Credit Reporter(s) they provide CCR Data to or consume from.
- 8.7** Each Credit Reporter will have appropriate reporting ensuring all CCR Data Contributors (Full and Partial) have full disclosure regarding the contributing providers, Products, and Exemptions etc. of that group. This disclosure will not be wider than the impacted user Participant Data Group.
- 8.8** Schedules will be maintained by each Credit Reporter documenting providers, Products and Exemptions – this will be shared by Credit Reporters with their Participant Data Group. A standardised reporting template will be agreed across the industry.
- 8.9** This schedule will be distributed by each Credit Reporter to its respective CCR Data Contributors at intervals agreed between that Credit Reporter and its CCR Data Contributors.
- 8.10** Credit Reporters will work with all other parties to this Heads of Agreement to address adherence to the PoR. If any party does not comply with the PoR or there is a dispute regarding adherence to the PoR, the matter will be communicated to the affected Participant Data Group as soon as possible.
- 8.11** Credit Providers must maintain the following information with those Credit Reporters with whom they have dealings:
- a) Name of Organisation
  - b) Accountable Compliance Officer, Name, Title and Contact Details
  - c) Full or Partial Data Contributor
  - d) Whether that Credit Provider (if Full) is willing to share with Partial CCR Data Contributors
  - e) Products
  - f) Products for which CCR Data is being made available under the PoR
  - g) Exemptions