



EDBS/KH/0246/2011  
7<sup>th</sup> February 2011

**Chief Executive Officer**  
All Retail Banks and Financing Companies  
Manama  
Kingdom of Bahrain

Dear Sir,

**BCRB's Retention of Adverse Customer Data**

The Central Bank has observed that certain customers of retail banks and financing companies who may have defaulted (often many years ago and sometimes due to reasons beyond their control), are unable to obtain credit from financial institutions, despite being financially sound at present. One of the reasons for this is that the Bahrain Credit Reference Bureau (BCRB) has hitherto retained delinquent customer data on a near permanent basis. Additionally, some financial institutions do not consider the lapse of time that may have arisen when undertaking their credit decision-making due diligence. Such customers tend to be permanently assigned to a delinquent status and find it very difficult to rehabilitate an institution's perception of their creditworthiness.

The Central Bank, with the objective of protecting the interests of customers of retail banks and financing companies, has now issued a direction to the Benefit Company limiting the time period during which the BCRB may retain negative data on customers. This period is 5 (five) years and applies to all consumers regardless of the nature of the facilities pursuant to which the credit was provided. The BCRB's Code of Practice has been amended accordingly and enquiry should be made to the Benefit Company for further detail.

This letter is primarily for your information, but we would also ask you to consider how (if at all) this rule change will impact your institution's credit-providing decision-making process.

Yours sincerely,



**Khalid Hamad**  
Executive Director of Banking Supervision