

参考資料
「FCRA FACTA プレゼンテーション」

2005年6月29日

GE コンシューマー・ファイナンス株式会社
代表取締役社長 山川丈人



FCRA / FACT Act Evolution...

And Concurrent Improvements in
the Credit Reporting System

Evolution / Encouragement



This regulation has evolved to:

**Improve reliability and accuracy of
consumer credit data**

And...

Protect the consumer


To...

Enhance availability of consumer credit


Background: National Credit Reporting System

- Three national consumer reporting agencies: Experian, Equifax and Trans Union.
- Information is voluntarily provided to these agencies by financial institutions, but must be accurate.
- Agencies maintain records on 1.5 billion accounts, held by approximately 190 million individuals.
- Current "State of the Art":
 - “This national credit reporting system provides creditors with an efficient, competitive, and cost effective method of obtaining data for credit decision-making and consumers with increased credit availability” (Federal Reserve Testimony, July 29, 2003)

Reporting and Regulation Grew Together...

- The Fair Credit Reporting Act (FCRA) originated 1970:
 - Basic Purpose: Regulates Consumer Reporting Agencies and protects the consumer.
- 

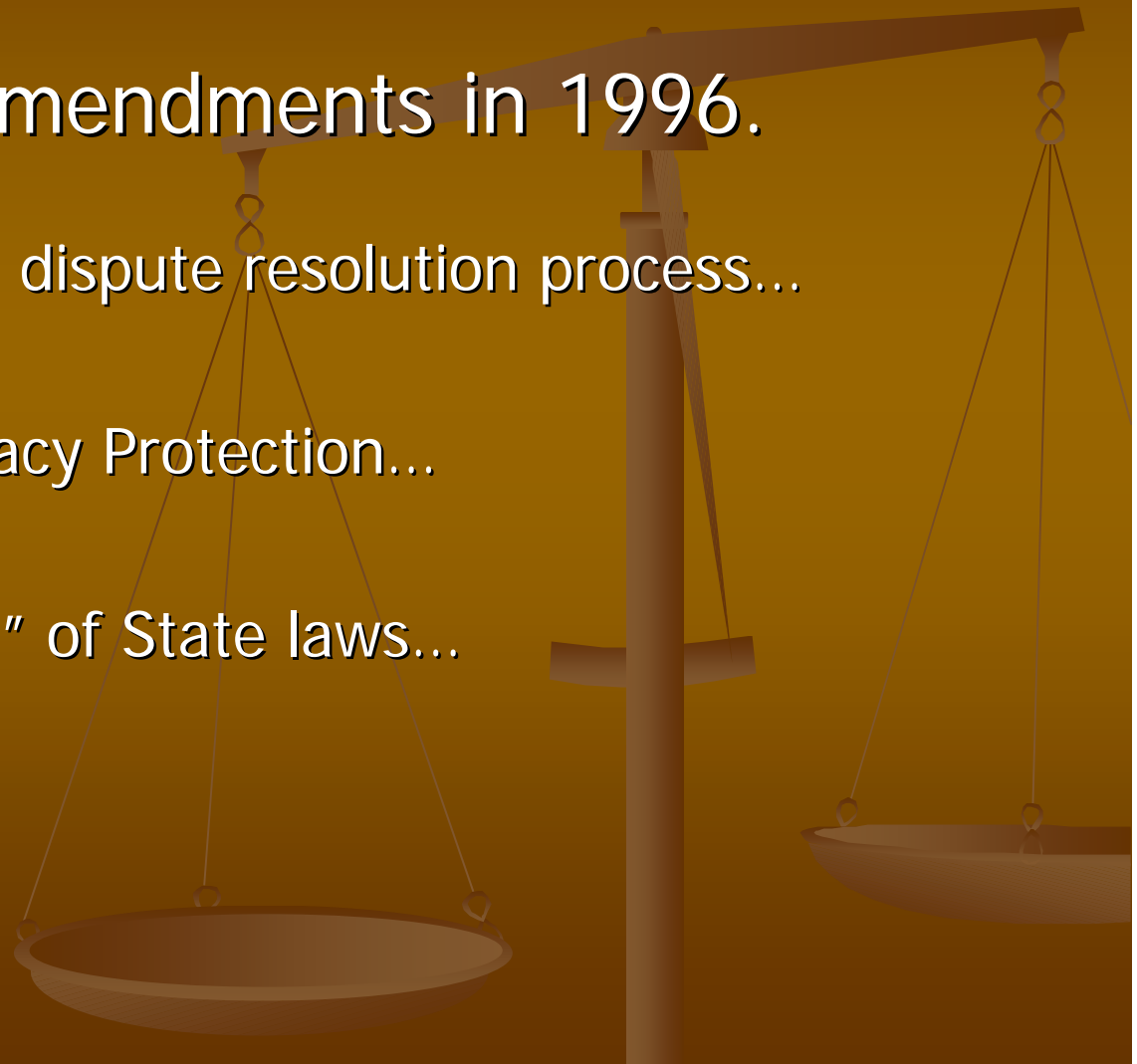
FCRA and Data Accuracy...

- It imposed significant responsibilities on consumer reporting agencies. This helps to improve data quality and encourage use of information by creditors.
 - Establishes consumer protections, which encourage the participation of consumers.
- 

While a good start... Refinements were necessary.

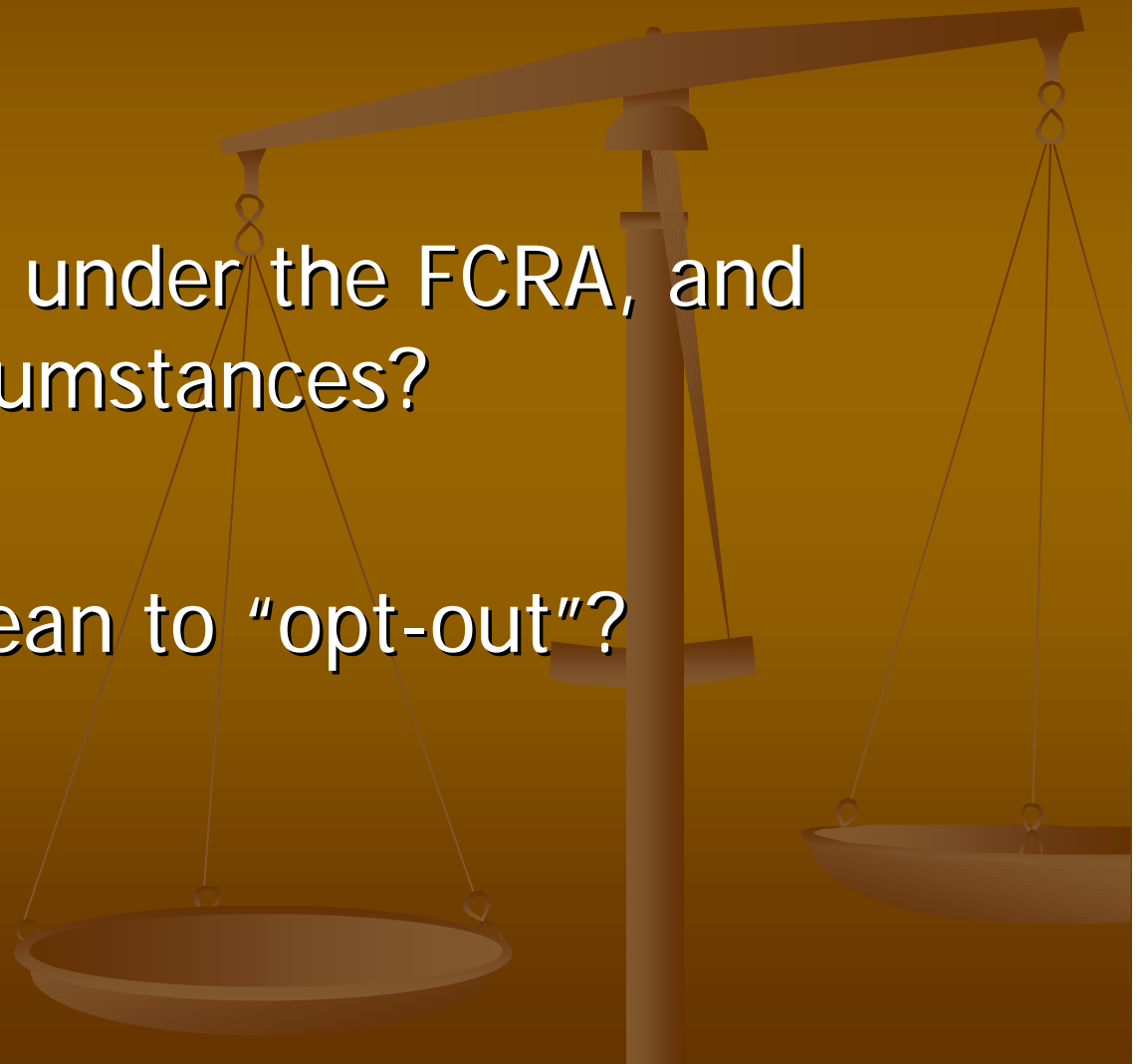
Thus, the FCRA Amendments in 1996.

- Improvements to the dispute resolution process...
- Enhancement of Privacy Protection...
- Federal "Pre-emption" of State laws...



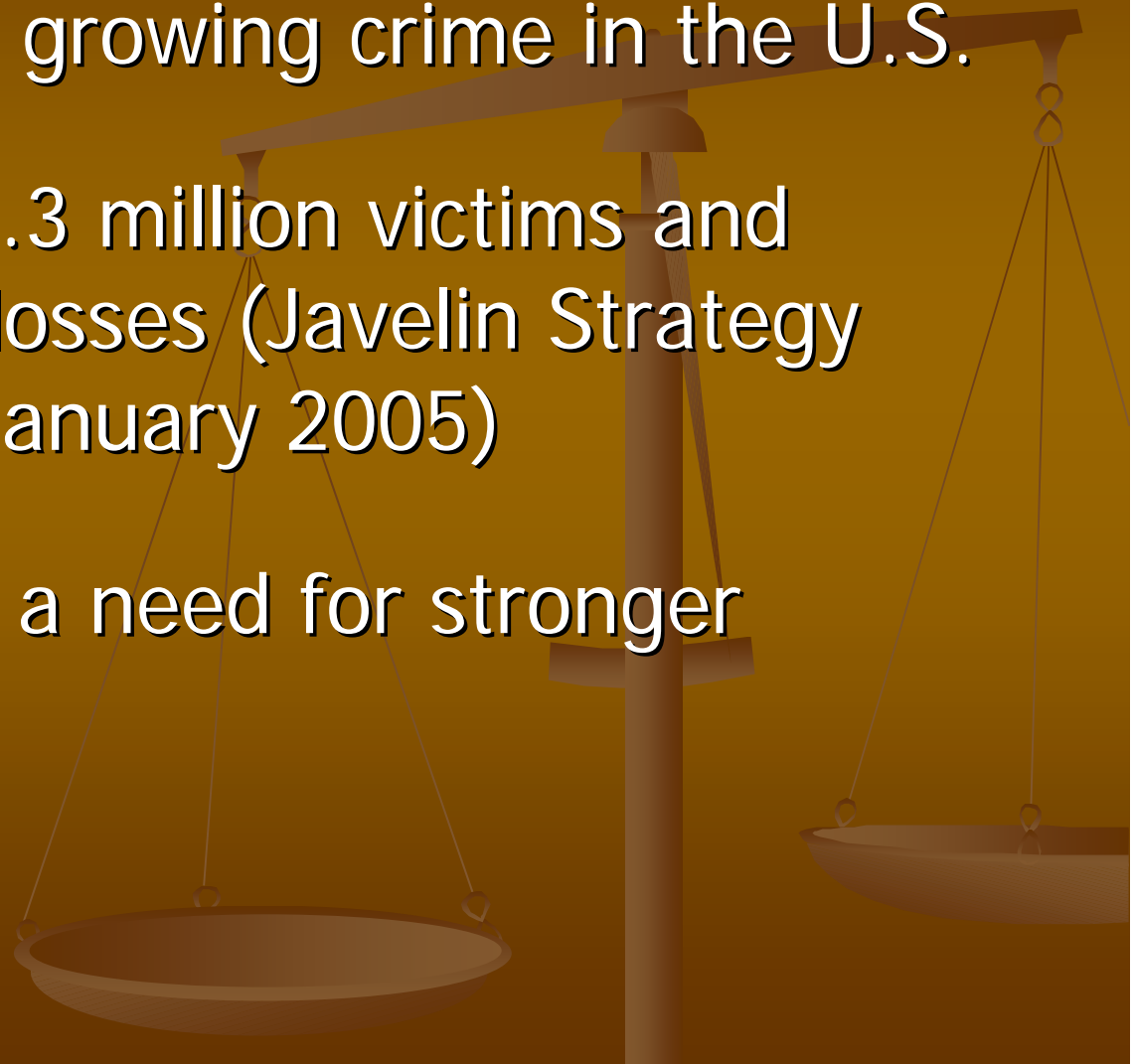
Pre-Screening

- What is it?
- Is it permissible under the FCRA, and under what circumstances?
- What does it mean to “opt-out”?



The New Challenge: Identity Theft

- Now the fastest growing crime in the U.S.
- During 2004: 9.3 million victims and \$52.6 billion in losses (Javelin Strategy and Research, January 2005)
- Clearly, there is a need for stronger protection.

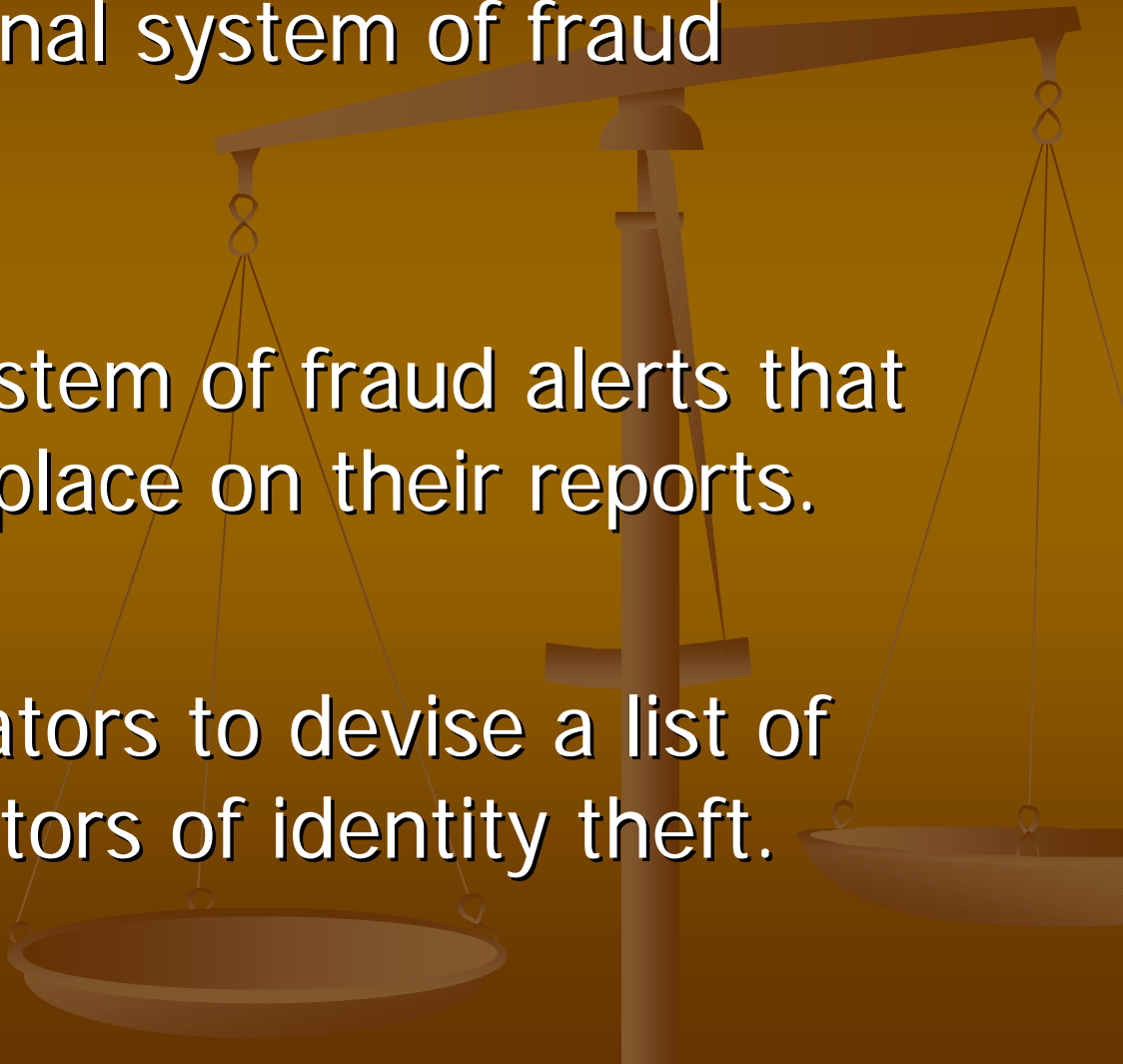


New Challenge...New Response

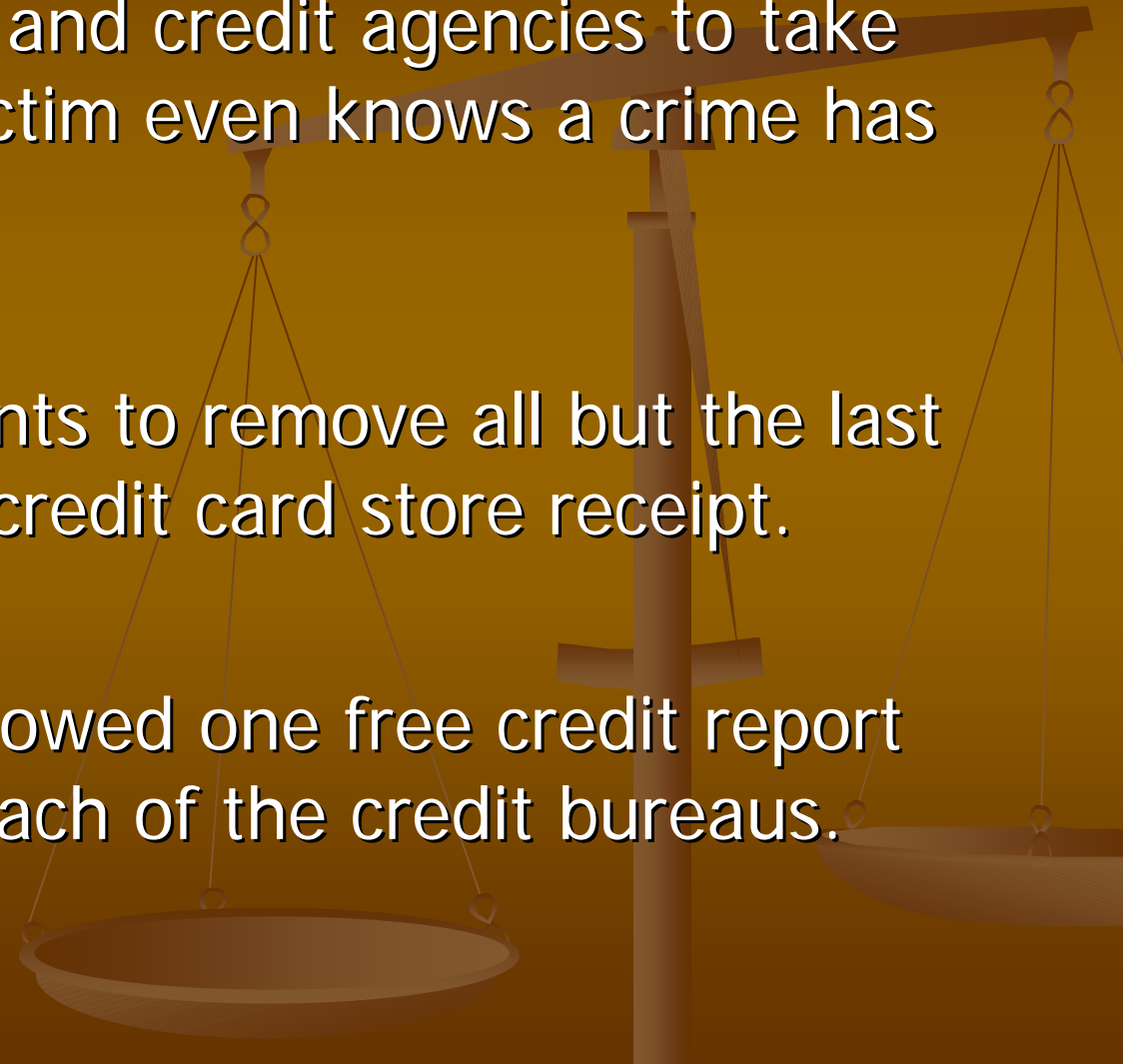


- Thus, the amendments in the Fair and Accurate Credit Transactions (FACT) Act, mostly effective December 2004.
- Major Aspects of the Amendment:
 - Protect the Consumer: Provides numerous protections against identity theft, and require disclosure of credit scores.
 - Improve accuracy of data: Builds in processes to stem problems caused by identity theft. Prevention of “repollution” of consumer reports, notice of reporting negative credit information.
 - Maintain National Regulatory Standards: Pre-emption of State laws made permanent.

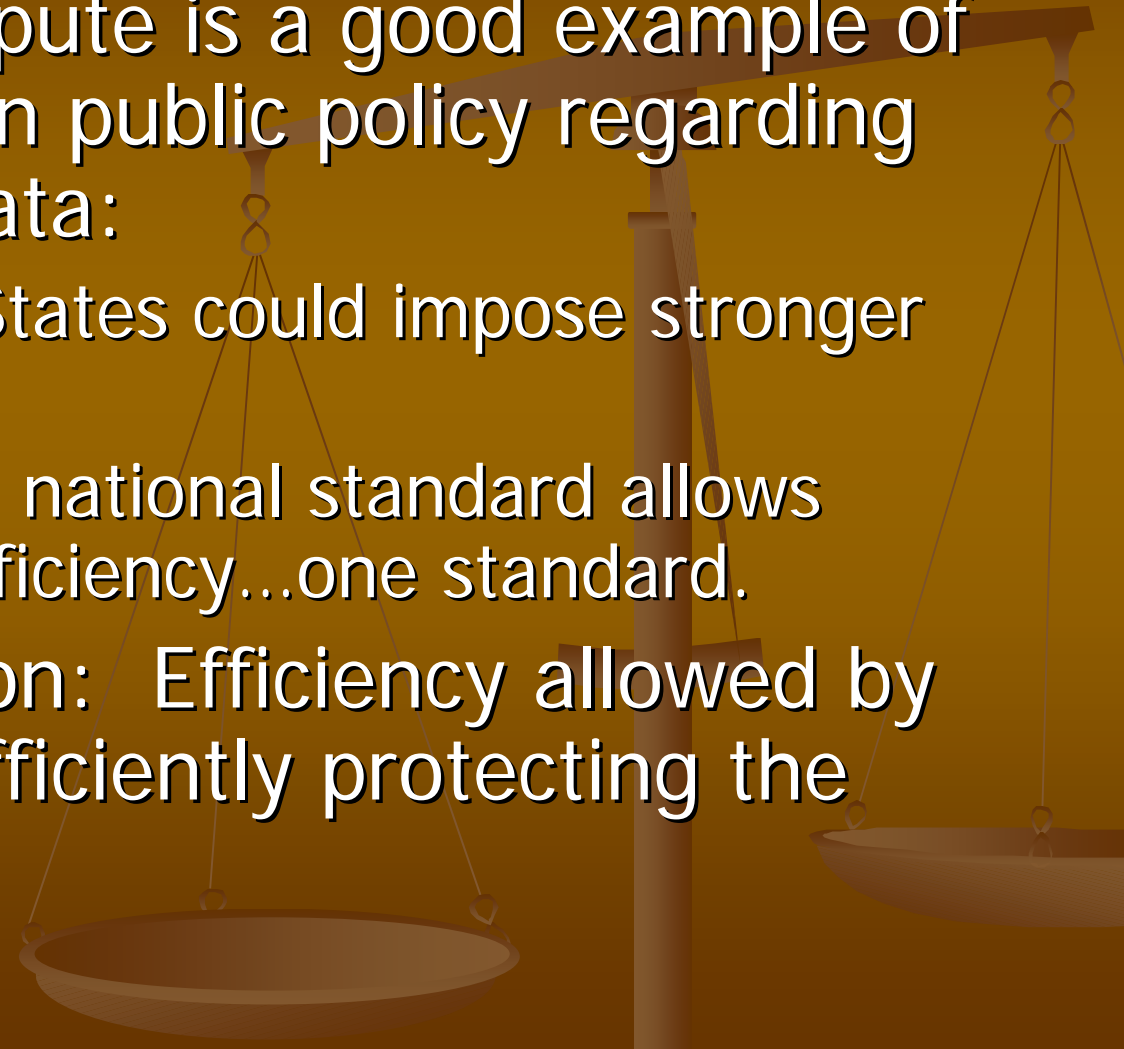
FACTA Identity Theft Protection

- Creating a national system of fraud detection.
 - Establishes a system of fraud alerts that consumers can place on their reports.
 - Requiring regulators to devise a list of “red flag” indicators of identity theft.
- 

Identity Theft Protection, cont.

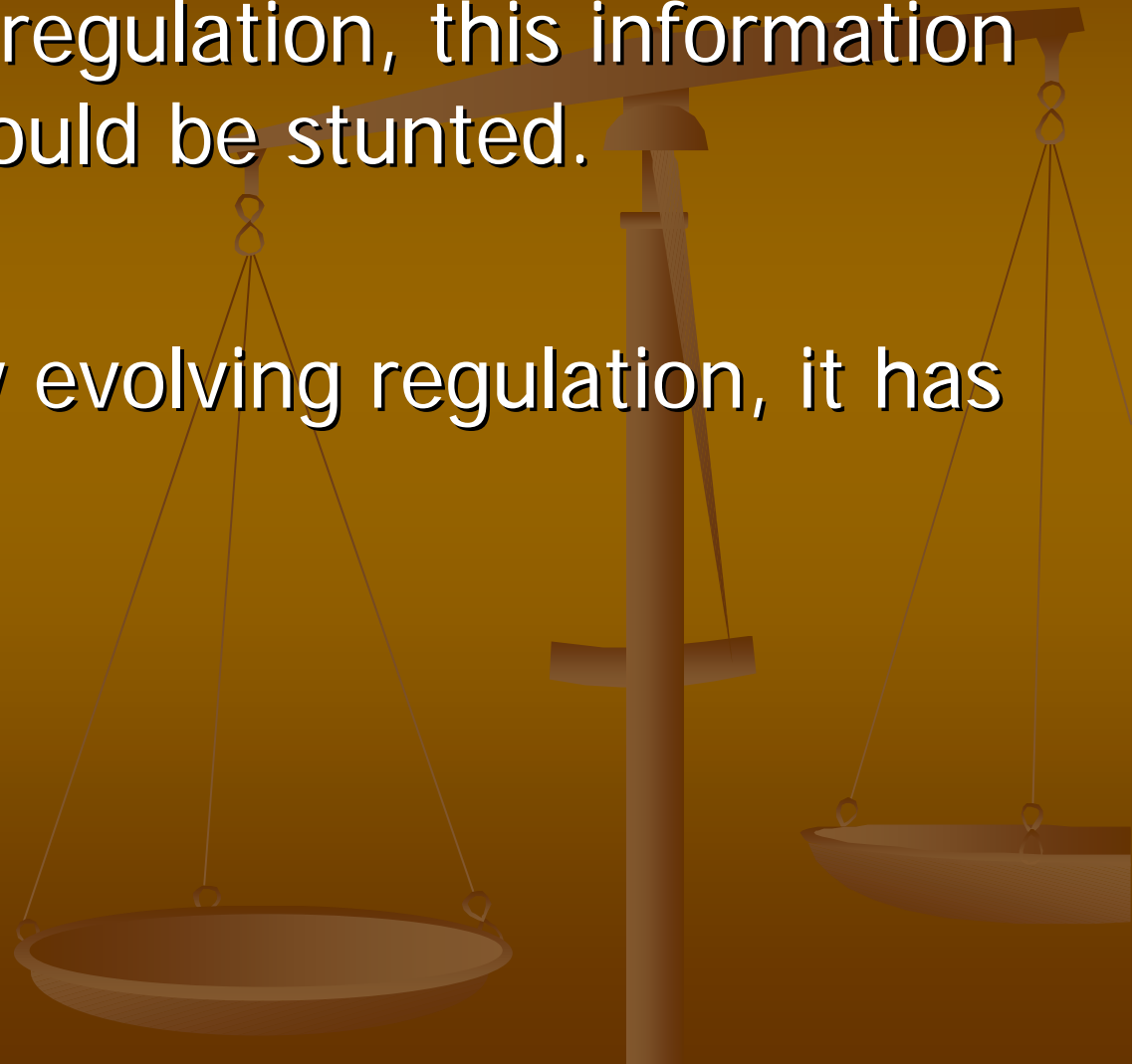
- Requiring lenders and credit agencies to take action before a victim even knows a crime has taken place.
 - Requiring merchants to remove all but the last five digits from a credit card store receipt.
 - Consumers are allowed one free credit report every year from each of the credit bureaus.
- 

Pre-Emption...

- This area of dispute is a good example of the tug of war in public policy regarding credit ratings data:
 - On one hand, States could impose stronger requirements.
 - On the other, a national standard allows considerable efficiency...one standard.
 - The final decision: Efficiency allowed by one system, sufficiently protecting the consumer.
- 

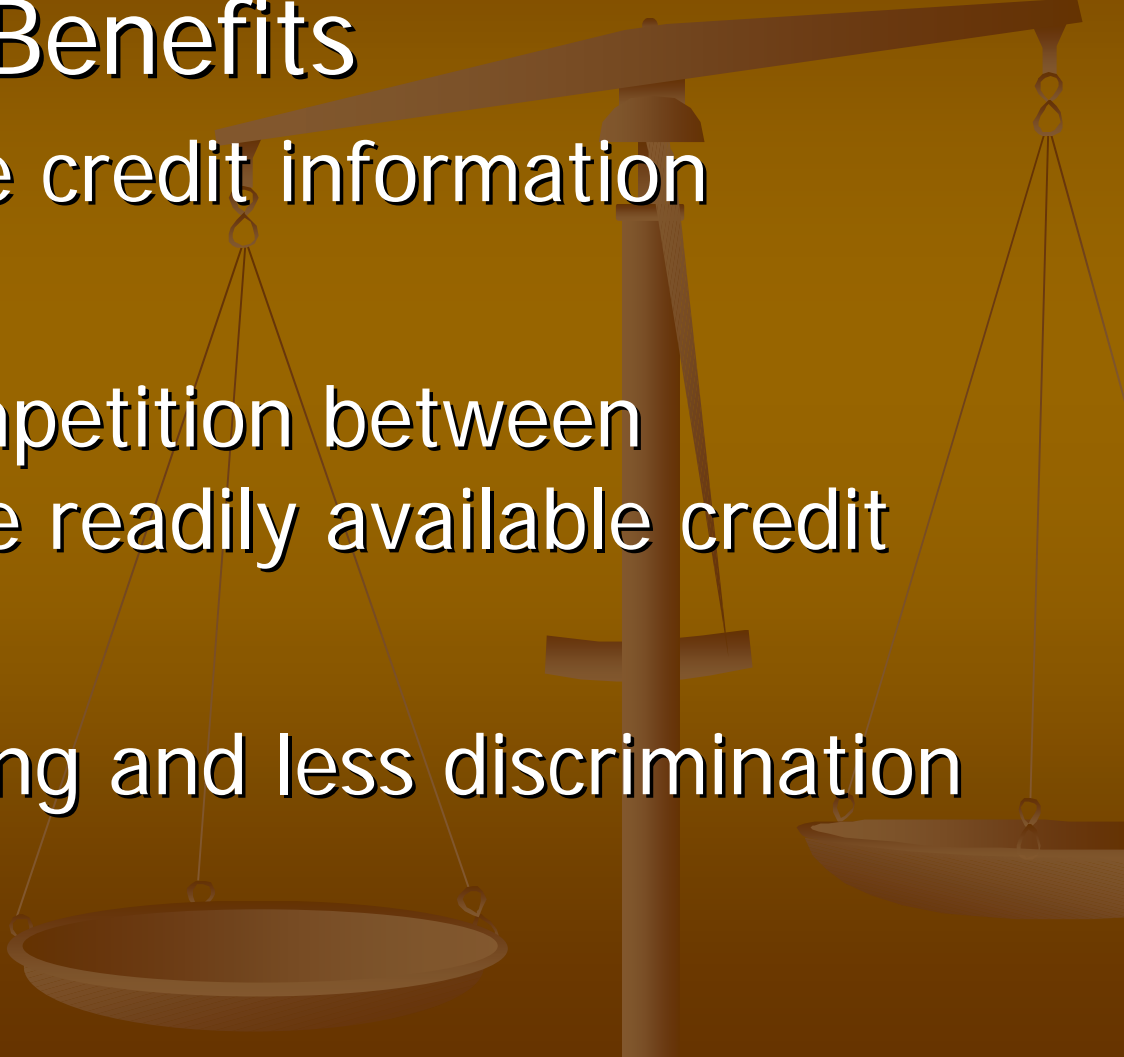
Encouragement / Evolution

- Without proper regulation, this information market place would be stunted.
- With continually evolving regulation, it has thrived...



Encouragement / Evolution

Benefits

- Openly available credit information
 - Heightened competition between borrowers, more readily available credit
 - Risk-based pricing and less discrimination
- 

Information Resources



- “National Credit Reporting System” (FRB Testimony / Dolores S. Smith, July 29, 2003)
- “Credit Reporting Accuracy and Access to Credit” (Federal Reserve Bulletin, Summer 2004)
- “The Impact of National Credit Reporting Under the Fair Credit Reporting Act: The Risk of New Restrictions and State Regulations” (Michael E. Staten and Fred H. Cate, 2003)



Questions?

Comments?