EUROPEAN CENTRAL BANK

EUROSYSTEM

OPINION OF THE EUROPEAN CENTRAL BANK

of 19 December 2013

on the credit register

(CON/2013/93)

Introduction and legal basis

On 22 November 2013, the European Central Bank (ECB) received a request from Latvijas Banka for an opinion on a draft law amending the Law on the credit register (hereinafter the 'draft law').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and the third indent of Article 2(1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions[1], as the draft law relates to Latvijas Banka. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. Purpose of the draft law

1.1 The Law on the credit register[2] (hereinafter the 'Law') provides financial institutions with additional possibilities for assessing the creditworthiness of their customers and promotes responsible lending and borrowing. The Law enables: (a) the Financial and Capital Markets Commission (FCMC) to obtain data required for the supervision of financial market participants; (b) Latvijas Banka to use credit register data for statistical purposes; and (c) both institutions to obtain data for macroeconomic analysis. The Law also allows these institutions to share this data with domestic and foreign institutions. The credit register is operated by Latvijas Banka.

1.2 The purpose of the draft law is, *inter alia*, to broaden the objectives of the Law by 'contributing to the fulfilment of the tasks of the European System of Central Banks' (ESCB), and to allow Latvijas Banka and the FCMC to provide credit register data to the institutions of the European Union for the purposes stipulated in the Law.

2. Specific observations

2.1 The ECB welcomes the explicit authorisation for Latvian authorities to provide credit register data to, *inter alia*, institutions of the Union, and the fact that the draft law specifically provides that one

1 OJ L 189, 3.7.1998, p. 42.

2 The ECB was consulted on the Law and issued Opinion CON/2011/47. All ECB opinions are available on the ECB's website at www.ecb.europa.eu.

of the objectives of the Law is to contribute to the tasks of the ESCB. The ECB notes that these provisions will allow the data collected in the Latvian credit register to be shared with the ECB and other institutions of the Union listed in Article 13 of the Treaty on the European Union and, in this context, will support the ESCB tasks laid down in Article 127 of the Treaty on the Functioning of the European Union, including the task laid down in Article 127(5) of that Treaty, i.e. the ESCB's contribution to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.

2.2 The ECB understands that the draft law also allows data from the Latvian credit register to be shared with other bodies and agencies of the Union[3], such as the European Systemic Risk Board, the European Banking Authority and other relevant bodies established at Union level, such as the European Stability Mechanism and the future European Single Resolution Mechanism.

2.3 The reference to ESCB tasks in Article 2 of the draft law could be complemented with an explicit reference to the tasks conferred on the ECB in the area of prudential supervision, such as the tasks referred to in Council Regulation (EU) No 1024/2013[4].

2.4 Currently, Eurosystem central banks are examining the feasibility of introducing, in the longer term, harmonised arrangements for collecting and exchanging granular credit data within the Eurosystem. This may be achieved by way of specific ECB legal acts[5]. Such arrangements will also apply to Latvijas Banka on its entry into the Eurosystem, and further adjustments of the Law might be required.

2.5 Finally, the ECB reiterates that other relevant national regulations already in force may also need to be amended in line with the above considerations[6].

This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 19 December 2013.

[signed]

The President of the ECB

Mario DRAGHI

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3 The ECB understands that the Latvian term 'institutions' used in Article 3 of the draft law encompasses any institutions, bodies and agencies.

4 Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

5 For example ECB legal acts complementing the Memorandum of Understanding on the exchange of information among national central credit registers for the purpose of passing it on to reporting institutions, published in April 2010 and available on the ECB's website at www.ecb.europa.eu.

6 See Opinion CON/2011/47, paragraph 3.4, where a reference is made to the detailed regulation of Latvijas Banka on the content of data to be included in and provided from the credit register as well as the procedure for submitting and receiving data.