

PERSONAL FINANCE

# How your credit history affects you

By BALKISH ROSLY

## CCRIS, CTOS, DCHEQS?

To some, these may look like secret codes that James Bond uses. In reality, they are tools banks and other interested parties use to check your credit history and ratings before offering you their services.

How do they affect you? And what exactly is a credit history? It is basically a record of a person's ability to repay debts as well as the person's level of responsibility in repaying his or her debts.

A credit history can consist of information such as the number and types of credit cards and loans, amounts owed, the amount of available credit used, whether bills are paid on time and the number of recent credit inquiries.

It also contains information about whether the consumer has any bankruptcies and liens, among other things.

How does your credit history matter? Just like how we scan for potential suitors (steady job, impeccable dress sense, etc), banks will first analyse your credit history before saying okay to your loan and/or credit card applications.

CCRIS and DCHEQS are internal systems within Bank Negara; and CTOS, RAM, and FIS are private third party companies which hold credit information and are frequently used by banks, insurers, suppliers, and other parties to determine your credit history and rating.

### CCRIS

The Central Credit Reference Information System, or CCRIS (pronounced as "see-kris") is a computerised database maintained by the folks at the Credit Bureau in Bank Negara Malaysia since 1982 under the Bank of Malaysia Act 1958.

Financial institutions in Malaysia will send a monthly report of all their borrowers to the Credit Bureau. Next, the data received by the central bank will be processed by CCRIS to format a credit report.

This report can be accessed by any financial institution upon request, but the finan-

cial institution is required to inform the applicant, in writing, that a credit check is being conducted under the applicant's name and that the credit facility application will be reported to the Credit Bureau.

### How does CCRIS affect you?

A CCRIS report contains factual and historical information on the loan amount, interest, and charges outstanding on each loan (like housing loan, personal loan, hire purchase, credit card and overdraft).

It also shows the amount of each monthly payment to be in arrears to the bank for one year (12 months). By having this CCRIS report, financial institutions can assess your credit rating by analysing each loan by the loan balance and payment record of the loan.

Typically, financial institutions will reject an application if there are two months in arrears of instalment payment for each loan the applicant has undertaken. Some financial institutions will also reject loans if there is a debt ratio of 50% or more.

Ultimately, lending decisions depend on the risk evaluation by the financial institutions and their policies. Using the same credit report information, one lender may approve an application while another may not. The Credit Bureau does not express any opinion on the information provided in the credit report.

### How do I get my CCRIS report?

Any individual or company can apply for their own report once in three months. The credit report can be obtained from Bank Negara at no cost. Simply go to the Customer Service Centre at any Bank Negara Branch, send a mail request or check out their website.

Stay tuned for our review of the other methods!

BALKISH ROSLY is an investigative journalist at [SaveMoney.my](http://SaveMoney.my), an online consumer advice portal which aims to help Malaysians save money through smart (and most of the time, painless) savings in their daily banking, technology and lifestyle spending habits