

**Access to Microfinance & Improved Implementation of Policy Reform
(AMIR Program)**

Funded By U.S. Agency for International Development

**FCRA SPECIALIST
CREDIT BUREAU DRAFT LAW REVIEW**

Final Report

**Deliverable for SMI Component, Task No. 3.3.3
Contract No. 278-C-00-98-00029-00**

June 2000

This report was prepared by Mr. Arthur Herold, in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.

I. Introduction

Pursuant to the Employment Agreement with Chemonics International, Inc., I have reviewed the draft of The Credit Reporting Law for introduction in the Jordanian legislature. I have compared the draft law with the Fair Credit Reporting Act, 15 U.S.C. §1681, et seq., and have the following comments which I shall address in chronological order.

II. Comments

1. Article (1).

The Law is to become effective 30 days after “its publication in the Official Gazette”. When the Fair Credit Reporting Act (FCRA) was enacted in the United States on October 26, 1970, the statute did not become effective for six months, or until April 26, 1971. There was already a credit reporting industry within the United States, and it took six months for the Federal Trade Commission and the credit reporting industry to educate furnishers of data, users of data, the credit reporting industry, and consumers about the various requirements of the FCRA, as well as for the Federal Trade Commission staff to be in a position to enforce this new statute. While I am not certain how long it takes between the date of enactment and publication in the Official Gazette, 30 days may be too short a period before the Law becomes effective.

2. Article (2).

The definition of “person” includes “juridical person”. The term “juridical person” is also used in Articles (12) and (19). I am not certain what this term means, but it appears to mean “corporation”. If the meaning of this term is clear in Jordan, then no change is necessary. If there is any lack of clarity, I would suggest the use of a different term.

The definition of “credit reporting industry” should be revised to read: “means a company which, for monetary fees or dues, regularly engages in the practice of assembling or evaluating information.”

The word “Minister” is referred to throughout the Law, and I think it would be helpful to define that term in Article (2).

3. Article (4).

The words “a credit reporting Bureau” should be changed to “a credit reporting agency”.

4. Article (7).

The letter “A” on the word “agency” should be a small “a” in the two places it appears.

This Article states that the furnishers will be “members” of the credit reporting agency. If the credit reporting agency is privately owned, the furnishers and users of information more appropriately would be designated “subscribers”, rather than “members”. Accordingly, you might wish to change the last few words of this Article to read: “become subscribers of the agency”.

5. Article (9).

Article (9), sections (a)2 and (b)4, 5, and 7 contain no limitation on how long this type of information may be reported. I believe specific time frames should be mentioned in each of these sections. Additionally, in Article (9)(b)6, the word “for” should be deleted.

6. Article (11).

The first line of the title should read: “A credit reporting agency shall report:”

7. Article (14).

Reference is made to “Sub-paragraph (4) and (7) of paragraph (c) of Article (9)”. There is no Article (9)(c) and therefore I think this citation is incorrect.

8. Article (16).

This appears to be a definition and might be more appropriately included in Article (2).

9. Article (18).

The first line of Article (18) would seem to be clearer if it read as follows: “A consumer may elect to have his/her name and address ...”

10. Article (20).

The reference to “sub-paragraph (3) of paragraph (c) of Article (19)” appears to be an incorrect cite since there is no such paragraph.

11. Article (21).

Article (21)(c) should state “Assure maximum possible accuracy of the information furnished”. A credit reporting agency cannot assure the accuracy of the information it reports but only that it has established reasonable procedures to assure “maximum possible” accuracy of the information it furnishes.

12. Article (22).

The last sentence in this Article should read: “The certification may be general or specific.”

13. Article (29).

This appears to be a definition and it might be more appropriately included in Article (2).

14. Article (30).

Sub-paragraphs designated as (b) and (c) should be (a) and (b).

15. Article (31).

In sub-paragraph (c), delete the words “any condition of the” so that the provision will read:

“(c) If applicable, the offer is conditioned on conditions allowed under Article (16); and”

16. Article (47).

The furnisher of information should be prohibited from furnishing any information that “it knows” is inaccurate. It is possible that a furnisher could inadvertently report inaccurate information, and therefore the prohibition that currently exists in this Article seems to be too stringent. Accordingly, the words “it knows” should be inserted.

17. Article (51).

The first sentence of Article (51) should read:

“A bank shall not report a bad check written by one of its clients to a credit reporting agency before:”

Sub-paragraph (One) of Article (52) and Article (51) seem to say the same thing and are redundant. Therefore, if sub-paragraph (Two) of Article (52) is added to sub-paragraph (Two) of Article (51), it would seem that Article (52) could be deleted. Sub-paragraph (Two) of Article (51) would then read:

“Give the client fifteen days from the day of rejection to settle the amount of the check. The settlement must be either in front of a notary or a judicial body, and the bank must receive notice of the settlement.”

18. Article (56).

The first phrase of the first sentence should read:

“Any person who knowingly uses or obtains a consumer report not in accordance with Article (27) or obtains a consumer report under false pretences ...”

19. Article (60).

This provision should be expanded to give the Minister the authority to conduct an investigation to make sure that “any credit reporting agency, data furnisher, or user” is complying with the Law.

20. With respect to the liabilities portion of The Draft, that is Articles (55), (56), (57) and (58), it is not clear to me when an employee of a credit reporting agency is liable and when the credit reporting agency itself is liable. I would suggest that this be clarified.

III. Conclusion

In general, the authors of this Draft have done an excellent job in developing this Law. I do suggest that the above comments be considered and that the numbering and lettering of the Articles be made consistent.