



On approval of Rules and conditions of calculation of credit scoring by credit bureau

Unofficial translation

Resolution of the Board of the National Bank of the Republic of Kazakhstan dated July 30, 2018 № 158. Registered with the Ministry of Justice of the Republic of Kazakhstan on August 27, 2018 № 17310.

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In accordance with the Law of the Republic of Kazakhstan “On Credit Bureaus and Formation of Credit Histories in the Republic of Kazakhstan” of July 6, 2004, the Board of the National Bank of the Republic of Kazakhstan **RESOLVES**:

1. To approve the attached Rules and conditions of calculation of credit scoring by credit bureau.

2. The Department of Financial Market Methodology (N.A. Abdrakhmanov) in accordance with the procedure established by the legislation of the Republic of Kazakhstan shall:

1) together with the Legal Department (N.V. Sarsenova) provide the state registration of this resolution with the Ministry of Justice of the Republic of Kazakhstan;

2) within ten calendar days from the date of state registration of this resolution direct its paper and electronic copy in the Kazakh and Russian languages

to the Republican State Enterprise with the Right of Economic Management “Republican Center of Legal Information” for official publication and inclusion in the Reference Control Bank of Regulatory Legal Acts of the Republic of Kazakhstan;

3) place this resolution on the official Internet resource of the National Bank of the Republic of Kazakhstan after its official publication;

4) within ten working days after the state registration of this resolution, submit to the Legal Department the data on execution of the actions provided for in subparagraphs 2), 3) of this paragraph and paragraph 3 of this resolution.

3. Within ten calendar days after the state registration of this resolution, the Directorate for the Protection of the Rights of Consumers of Financial Services and External Communications (A.L. Terentiev) shall direct its copy for official publication in periodicals.

4. Control over the execution of this resolution shall be entrusted to the Deputy Chairman of the National Bank of the Republic of Kazakhstan O.A.Smolyakova

5. This resolution shall be enforced upon expiry of thirty calendar days after the date of its first official publication.

*Chairman
of the National Bank*

D. Akishev

Approved

Rules and conditions of calculation of credit scoring by credit bureau

Chapter 1. General Provisions

1. These Rules and Conditions for calculation of credit scoring by a credit bureau (hereinafter - the Rules) are developed in accordance with the Law of the Republic of Kazakhstan “On Credit Bureaus and Formation of Credit Histories in the Republic of Kazakhstan” dated July 6, 2004 (hereinafter the “Law”) and determine procedure and conditions of calculation of credit scoring by credit bureau.

2. For the purposes of the Rules, the following concepts shall be used:

1) data modification - the process of change, correction or removal of distorted and (or) invalid data used in the development of credit scoring;

2) scale of credit scoring - ordered series of marks characterizing creditworthiness of the subject of credit history;

3) validation - process of control of correctness and efficiency of the credit scoring developed by the credit bureau.

Chapter 2. Procedure and conditions of calculation of credit scoring by credit bureau

3. Assessment of creditworthiness of the subject of credit history, determination of likelihood of his performance of obligations under the loan agreement, and also the expected credit losses, shall be carried out by the credit bureau with use of the credit scoring developed by the credit bureau independently and (or) acquired from third-party developers.

4. Development of credit scoring by the credit bureau shall comprise the following steps:

1) selection of data on the subjects of credit history;

2) determination and analysis of data on the subjects of credit history;

3) preparation and modification of data on the subjects of credit history;

4) development of credit scoring;

5) validation of credit scoring.

5. Selection of data on the subjects of credit history for the development of credit scoring shall be performed on the basis of qualitative and quantitative characteristics, including demographic, financial, behavioral and other information obtained from the database of credit histories of the credit bureau and other sources, allowing to evaluate the ability of the subject of credit history to fulfill obligations to third parties.

6. Credit scoring of the credit bureau shall be based on any of the following information about the subject of credit history, but without being limited to them:

1) gender;

- 2) age;
- 3) education;
- 4) marital status;
- 5) number of dependents;
- 6) monthly income;
- 7) occupation;
- 8) employment record;
- 9) employment of the subject of credit history (full or partial);
- 10) industry in which the subject of credit history is engaged (the name of industry on the general classifier of the types of economic activity);
- 11) the presence and amount of the principal debt and (or) interest on a loan, microcredit, financial products and services with credit risk to a bank, a branch of a non-resident bank of the Republic of Kazakhstan, an organization carrying out certain types of banking operations, and (or) other organizations, and also the presence and amount of overdue debt on a loan, microcredit, financial products and services with credit risk, owed to them;
- 12) other data.

The period in which selection is performed of the data on the subjects of credit history used in development of credit scoring, shall be determined by the credit bureau.

Footnote. Paragraph 6 as amended by the Resolution of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated February 17, 2021 No. 34 (shall come into effect ten calendar days after the day of its first official publication).

7. The data on the subjects of credit history obtained after selection shall be analyzed for reliability, completeness, errors, correlation and statistical significance. Inaccurate, incomplete data on subjects of credit history and data on subjects of credit history with errors shall be excluded or modified.

8. Credit scoring, relying on the obtained data on the subjects of credit histories, shall be developed with the use of mathematical and (or) statistical models.

9. The credit bureau shall perform the credit scoring validation at least once a year in the manner prescribed by the internal documents of the credit bureau.

Validation of credit scoring shall be carried out on a set of data on the subjects of credit history, which were not used in the development of credit scoring. The credit bureau shall perform the credit scoring validation by using common statistical methods.

Depending on the results of credit scoring validation, the credit bureau shall determine the effectiveness of credit scoring and, if necessary, shall make appropriate adjustments.

10. Credit scoring acquired from third-party credit scoring developers shall be based on the data from the credit bureau's credit history database and other sources, which allow assessing the ability of the credit history subject to fulfill obligations to third parties.

11. Data on credit scoring of the credit bureau shall contain the results of credit scoring calculation, which are expressed in the form of a numerical and / or literal value (scoring point) in accordance with the scale of credit scoring and (or) in terms of the likelihood of fulfillment of obligations under loan agreements, expected credit losses.

12. The scale of credit scoring of the credit bureau shall consist of at least 3 (three) levels of creditworthiness of the credit history subject with corresponding ranges of the scoring points.

13. Data on credit scoring of the credit history subject shall be provided by the credit bureau at the request of the credit history subject electronically or on paper in the manner determined by the credit bureau and shall contain the following information:

- 1) full name of the subject of credit history;
- 2) scoring point assigned to the subject of credit history;
- 3) the date of calculation of the credit scoring by the credit bureau;
- 4) credit scoring scale of the credit bureau;
- 5) factors that influence the value of the credit scoring of the subject of the credit history;
- 6) information on the right of the credit history subject to contact the credit bureau in case of disagreement with results of the credit scoring calculation.

When providing the subject of credit history with information about his credit scoring, the credit bureau can indicate the facts of obtaining information about credit scoring by the subject of credit history and / or information providers specified in subparagraph 1) of paragraph 1 of Article 18 of the Law.

The content and form of data on credit scoring provided to information providers indicated in subparagraph 1) of paragraph 1 of Article 18 of the Law shall be determined by the credit bureau independently.

14. Data on credit scoring of the credit bureau shall be provided to the subject of credit history ad informandum and for use in order to determine the level of his own creditworthiness prior to receiving loans, microloans and purchasing financial products and services with credit risk.

Information providers indicated in subparagraph 1) of paragraph 1 of Article 18 of the Law shall use information on credit scoring of the credit bureau to determine the likelihood of fulfillment of obligations by the subject of credit histories, estimate expected credit losses when considering the issue of loans, microloans and purchasing financial products and services with credit risk.

The decision on the use of information about the credit scoring of the credit bureau shall be made by the information providers indicated in subparagraph 1) of paragraph 1 of Article 18 of the Law, independently.

