

## INFORMATION SHEET

### INTERBANK REGISTER OF BAD CHEQUES AND PAYMENT CARDS

Legislative Decree 507 of 30 December 1999, Article 36 (amending Law 386 of 15 December 1990, Article 10-bis) instituted an electronic interbank database on irregular cheques and payment cards. The Bank of Italy, according to Article 10-bis, is the “proprietor of data processing”. The purpose of the database is to prevent the improper use of cheques drawn on bank and postal accounts and of payment cards, in order to make for the more secure circulation of those instruments and enhance the confidence of final users. The database is governed by the Legislative Decree cited (issued pursuant to Law 205 of 25 June 1999 depenalizing minor crimes) and by the implementing provisions (decree 458 of the Minister of Justice, 7 November 2001, and Bank of Italy regulation of 29 January 2002, as amended by regulation of 16 March 2005).

The reform created a set of sanctions alternative to the previous penal sanctions. The crimes of issuing cheques without authorization or without funding were depenalized, transformed into administrative infractions subject to fine and accessory sanctions<sup>1</sup>. Failure to comply with the latter is a penal offence. The new system centres on “system-wide revocation”: the issuing of bank or postal account cheques without authorization or without sufficient funding brings the revocation, for six months, of all authorizations to issue cheques, a prohibition on opening new cheque facilities at any bank branch or postal office, and the obligation, for the person whose authorization has been revoked, to return the blank cheques in his or her possession. The effect of system-wide revocation is produced by entry of the person’s name in the interbank register.

The register also contains the data on persons whose authorization to use payment cards has been revoked, as well as those on lost, stolen or revoked payment cards. In this case entry in the register does not have interdictive but only informational effects. Intermediaries can decide, independently, whether or not to issue a payment card to a person whose authorization has been revoked.

The register has a central section at the Bank of Italy – now entrusted to a management company (Società Interbancaria per l’Automazione, or SIA) – and remote sections at the reporting institutions<sup>2</sup>. The data are considered to have been entered in the register when they can be accessed simultaneously at all the sections; they are transmitted to the database electronically, with no paper-based communication.

In particular, the register contains the follow data:

- identifying particulars of writers of banking or postal cheques without authorization or adequate funds (CAPRI segment); the data remain in the register for the period of the revocation (6 months);
- identifying data of the banking and postal cheques not returned to the institution after revocation of authorization and of banking and postal cheques reported as lost, stolen or otherwise blocked (PASS segment); these data remain in the register for 10 years;

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<sup>1</sup> The accessory administrative sanctions include the interdiction on issuing bank or postal account cheques for a period of two to five years, interdiction from professional or entrepreneurial activity, interdiction from directive positions in legal persons or enterprises, and disqualification from entering into contracts with the public administration.

<sup>2</sup> The reporting institutions are: banks, supervised financial intermediaries that issue payment cards, post offices, prefects of police, and judicial authorities. The first three are “private reporting institutions”; the judicial authorities are the only reporting institutions that do not have a remote section but enjoy direct access to the central section of the database.

- the identifying particulars of persons whose authorization to use payment cards has been revoked (CARTER segment); the data are retained for 2 years;
- the identifying data of revoked payment cards and of those reported lost or stolen (PROCAR segment); the data are retained for 2 years;
- the identifying particulars of persons who have been subjected to fines and accessory administrative sanctions for the issue of banking or postal cheques without authorization or sufficient funds (ASA segment), and the identifying particulars of persons who have been subjected to penal sanctions for non-compliance with the obligations of an accessory administrative sanction (ASP segment); these data are retained for the period set by the reporting authorities<sup>3</sup>.

Access to the personal data is allowed to the reporting entities and to the persons themselves or persons delegated by them. The non-personal data (identifying data of blocked, lost or stolen cheques and cards) are freely accessible<sup>4</sup>. The data may be accessed at the premises of the private reporting institutions and at the branches of the Bank of Italy.

Banks, post offices, financial intermediaries issuing payment cards, prefects of police and judicial authorities are responsible for the accuracy and completeness of the data transmitted to the register. They also promptly delete or correct erroneous data.

The Bank of Italy, as proprietor of the register and payment system oversight authority, monitors the regular operation of the register; and as banking and financial system supervisor and payment system oversight authority it checks on private reporting entities' compliance with the laws and regulations.

For more extensive discussion of the matter, please consult the documentation posted on the Italian version of the Bank of Italy website.

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<sup>3</sup> The register began operation on 4 June 2002 for the CAPRI and PASS segments, on 9 December 2002 for the CARTER and PROCAR segments, and on 26 April 2005 for the ASA and ASP segments.

<sup>4</sup> These data can be consulted on the SIA's website ([www.sia.it](http://www.sia.it)).