

GLOBAL CREDIT BUREAU PROGRAM



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Critical Financial Infrastructure

Credit bureaus are essential to creating sound financial infrastructures that facilitate lending to a significant share of the population. In many emerging market countries, agencies that compile and distribute credit and personal information to creditors are underdeveloped or non-existent. Credit bureaus support the retail lending business by providing objective information on the credit worthiness of individual customers or small businesses. They allow lenders to make faster and more accurate credit decisions, thereby lowering their default rates and increasing their credit lending volumes. The IFC Global Credit Bureau Program, in partnership with IFC Facilities, is the international leader in credit bureau development throughout the world. It helps close the information gap between lenders and borrowers, creating greater access to finance for underserved populations.

The IFC Global Credit Bureau Program is funded by multiple donors and currently has commitments funded by Australia, Italy, Luxembourg, Netherlands, Norway, New Zealand, Switzerland, Visa International, and IFC.

Global Presence, Global Experience

The IFC Global Credit Bureau Program provides advisory services and expert advice on the development of credit reporting infrastructure through feasibility studies, legal and regulatory advice, research, public awareness projects, and long-term coaching and advice.

The IFC Global Credit Bureau Program has:

- Created or significantly improved credit bureaus in 10 countries
- Received 34.7 million inquiries in countries where IFC helped establish or significantly improve a private credit bureau
- Drafted or contributed to the drafting of new laws and regulations in 19 countries
- Organized over 60 credit bureau seminars, conferences, and outreach events in more than 40 countries
- Monitored the credit reporting environment in over 178 countries through the Doing Business Report

Advisory Services

The core aims of the IFC Global Credit Bureau Program are to:

- Develop an environment that encourages private sector credit information sharing
 - Help government authorities develop credit information sharing
 - Advise on legal and regulatory frameworks
 - Host educational and outreach events for lenders, borrowers, and authorities
- Give direct support to new private credit bureaus
 - Conduct feasibility studies and assessments
 - Provide advisory support in operations and other areas
 - Bring international best practice with expert partners to technology, management, and governance
 - Work as an “honest broker” in creating consensus among key stakeholders
- Enhance existing credit bureaus
 - Assist in the conversion from negative only data sharing to positive information sharing



- Help introduce value added services, such as bureau scores and portfolio monitoring tools
- Support the development of commercial reporting solutions linked to consumer credit bureaus
- Develop credit information management tools
 - Introduce credit scoring for individual financial and non-financial institutions
 - Build shared credit scoring solutions

The program also considers:

- Supporting regional projects to achieve economies of scale, especially in smaller countries
- Investing in credit bureaus that would not otherwise be established, for example, due to lack of trust

IFC maintains separate teams for investment and advisory services work, and provides respective disclosures about its different roles to its clients.

Morocco Establishes First Private Credit Bureau

Partner: Central Bank of Morocco (BAM)

Objective: Create a national, best practice credit reporting infrastructure to support the development of the first private credit bureau in Morocco

Client's Needs: To upgrade the current credit reporting infrastructure to supply banks, financial, and microfinance institutions with useful tools to improve their risk management capacities

IFC's Response: IFC provided a full range of advisory services to the development of Morocco's private credit reporting infrastructure:

- Supported the drafting of the Code of Conduct under which the credit bureau should operate
- Conducted market and data availability analysis and provided expert advice
- Analyzed existing technical infrastructure at BAM and other financial institutions
- Arranged study tours to established private credit bureaus around the world
- Held a national conference to mark the end of the project and the start of the implementation phase

Results: Morocco established a transparent and advanced credit information sharing infrastructure, establishing the foundation for its first private credit bureau

Vietnam Establishes First Private Credit Bureau

Partner: State Bank of Vietnam (SBV)

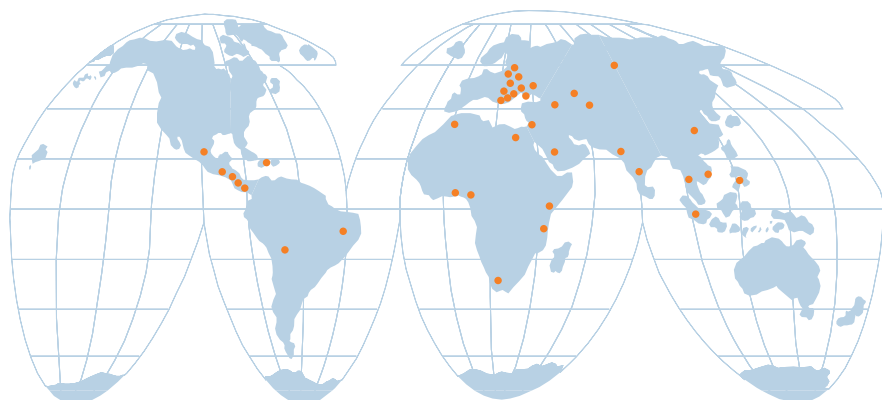
Objective: Develop the first private credit bureau in Vietnam

Client's Needs: The lack of a private credit bureau in Vietnam, and with only 1.1 percent of the adult population in the public registry of SBV in 2005, credit lending was almost impossible.

IFC's Response: In 2005, IFC prepared a strategy paper for SBV on the development of private sector credit reporting. In 2006, a public awareness workshop was held and IFC conducted a feasibility study. A private holding company consisting of 11 local banks commissioned the first private credit bureau in Vietnam in June 2007. In addition to supporting the development of the legal and regulatory environment for the operation of the private credit bureau, IFC is further assisting the consortium of institutions in selecting a technical partner and setting up the private credit bureau.

Results: The first Vietnamese private credit bureau, supported by the holding company, is due to become operational under an enabling legal framework endorsed by the SBV.

Building Financial Infrastructure for Greater Access to Finance



- IFC credit bureau projects

Contacts

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www.ifc.org/FinancialInfrastructure

What Our Clients Say



“The fast growth of consumer credit, particularly credit cards, has raised the demand for credit information to a point where the private sector is best placed to meet this information need through innovation and technology. IFC-MPDF is playing a leading role in formulating a strategy for credit reporting in Vietnam and bringing together the necessary stakeholders and global expertise to build this capacity.”

— Le Thi Kim Nga
Chairman, PCB Holding Company, Vietnam



“The new bureau score cards are a major milestone for Pakistan’s consumer credit industry. For the first time, we have access to sophisticated risk analysis tools that are used typically in developed economies. Credit scores will help reduce the risk of lending and enhance the capacity of credit-granting organizations, making them more efficient and objective in processing loans. These tools will also help financial institutions comply with requirements under Basel II.”

— Tariq Jan
Managing Director, DataCheck, Pakistan



“To allow the implementation of such an important project, we definitely needed the valuable assistance that was offered by IFC to the Moroccan Central Bank.”

— Maha Dassouli,
*Credit Bureau Project Leader,
Central Bank of Morocco (BAM), Morocco*



“IFC has worked closely with I-Score since the 3rd quarter of 2005 and has been instrumental in supporting the establishment of the bureau. Consequently, I-Score, together with the Central Bank of Egypt and our technical partner D&B / SAME as well as the financial community, has managed to create a comprehensive, state of the art dual language credit bureau operating to international best practices. Upon I-Score’s launch, our database included 3.5 million financial instruments which represented approximately 86 percent of the commercial banking market in Egypt. This is a significant achievement when compared to other credit bureau startups.”

— Mohamed Refaat
Managing Director, I-Score, Egypt