



Credit Information Reporting

The impact of new
legislation

17 February 2009

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Discussion points

- What is the legislation
- What does it require
- What are its consequences
 - Lender
 - Consumer (borrower)
 - Greater economy
- Closing remarks

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Legal Framework

- The Banking Act – Section 31:
 - Mandatory reporting of NPLs i.e. negative
 - Voluntary reporting of other e.g. positive
 - Provide for the establishment and operation of CRBs
 - No breach of confidentiality
- The Banking (Credit Reference Bureau) Regulations, 2008:
 - Establishment and Licensing of CRB
 - Nature and type of information to be shared
 - Customers' right of access and correction
 - Responsibilities of institutions
- Commencement date:
 - 2nd February 2009

Reporting requirements

- **Mandatory obligation:**
 - non-performing facilities (generally any adverse customer information);
- **Voluntary reporting:**
 - performing facilities,
 - Only where customer consents
- **Consumer rights:**
 - Various provisions (generally right to access own, dispute resolution etc).

Impact on the lenders

- Lending policies:
 - Risk-based pricing as opposed to generalized interest rates
 - Change appraisal processes
 - Change application data capturing procedures
- Remedial actions:
 - Apply credit bureau listing leverage
 - Information-based portfolio management techniques
 - Rewarding customers on good payment behaviour
- Recognise opportunities:
 - Packaging new products
 - Entering new market segments
 - Use interest rate as a competitive tool

Impact on borrowers

- Reputation Collateral:
 - Good history an asset
 - Financial discipline – check repayment habits
 - Responsible borrowing – within disposable income
- Punitive consequences:
 - Seven-year period from date of settlement
 - Manage unforeseen defaults with lender
- Opportunities:
 - Access to credit on enhanced terms
 - Use good credit record as a negotiating tool

Greater economic benefits

- Credit availability / accessibility:
 - Consumer and small business
 - Advent of a credit economy
- Improved asset quality:
 - Stability of the financial system
 - Improved business environment - solvency
- Responsible lending key:
 - Institutional exposure
 - Borrower exposure
 - Over reliance on statistical models.

Credit Bureau Products and Services

- Application Processing and Verifications
- Business Information Reports
- Consumer Credit Reports
- Portfolio monitoring tools
- Fraud Alert and notifications
- Debtor Trace tools
- ID verification
- Collateral check
- Credit Scores and Decisioning tools



Thank You!

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